

ROYAL MONETARY AUTHORITY OF BHUTAN



ANNUAL REPORT 2000/2001

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PREFACE

This Report is published by the Research and Statistics Division (RSD) of the Royal Monetary Authority of Bhutan (RMA). The Report covers the domestic economy up to June 2001 and touches upon possible future developments, including a summary of Medium-Term Macroeconomic Prospects on the basis of the 9th Five-Year Plan outlay. The Annual Accounts of the RMA are presented in accordance with the requirements stipulated in the RMA Act of 1982. Furthermore, an overview of events in the global economy and possible future development is presented. The commentaries are based on information provided by government authorities, financial institutions, and other private sector sources, as at November 2001. The section on the world economy is based on information obtained from the ECONOMIST (September 29th 2001). Comprehensive background data on Bhutan's economy are made available in the Statistical Section. In the Annexes detailed information is provided on Bhutan's four Financial Institutions and the Power Sector. The views expressed in this Report, however, are those of the RMA and do not necessarily represent those of the sources of data.

We thank all those who have contributed to the information contained in this Report.

BOARD OF DIRECTORS

H.E. Lyonpo Yeshey Zimba Minister of Finance	-	Chairman
H.E. Lyonpo Khandu Wangchuk Minister for Trade, Industries & Power	-	Director
H.E. Lyonpo Dr. Kinzang Dorji Minister for Agriculture	-	Director
Dasho Ugyen Tshering Foreign Secretary	-	Director
Dasho Wangdi Norbu Finance Secretary	-	Director
Mr. Daw Tenzin Secretary Planning Commission	-	Director
Mr. Sonam Wangchuk Managing Director Royal Monetary Authority Secretary	-	Member

MANAGEMENT

- | | |
|---|-----------------|
| 1. Managing Director
Wangchuk | Sonam |
| 2. Deputy Managing Director | Dechen Tshering |
| 3. Division Head, Administration and Personnel Division
Tangbi | Phub Dorji |
| 4. Division Head, Banking Division
Pradhan | J.N. |
| 5. Division Head, Financial Institutions Supervision Division
Tshering | Pema |
| 6. Division Head, Foreign Exchange Division
Tshering | Namgay |
| 7. Currency Officer, Issue Division
Tshering | Namgay |
| 8. Division Head, Research and Statistics Division | Penjore |
| 9. Head, Reserve Management Unit
Tshering | Chador |
| 10. Head, Internal Audit Unit
Chettri | Pushpa Lal |
| 11. Chief Programmer, Electronic Data Processing Unit
Sonam Dem | Karma |

STATISTICAL ABBREVIATIONS AND SYMBOLS

e	estimated
p	provisional
r	revised estimates
-	the figure is zero or less than half the final digit shown or the item does not exist or the figure is not available
.	the figure is unknown or is not meaningful or is not to be published
---	change within a time series, causing a break in continuity
+	fiscal year, July-June

Discrepancies in the totals are due to rounding

KEY ECONOMIC INDICATORS (+)

	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01
GDP growth and prices (percent change)						
Real GDP at factor cost (b)	7.4	6.0	7.3	5.5	5.9	6.1
Consumer prices (a)	9.3	7.4	9.0	9.2	3.6	3.6
Government Budget (in millions of Nu.)						
Total Revenue & Grants	4491.3	4656.5	4949.3	6919.5	7859.5	8408.3
Of which: Foreign Grants	2363.6	2232.1	1816.3	3262.6	3274.1	3310.7
Total expenditure and net lending	4252.7	4957.2	4806.0	7224.4	8624.1	9704.9
Current Balance	159.5	83.2	505.2	478.6	883.3	700.0
Overall Balance	238.6	-300.7	143.3	-304.9	-764.5	-1296.6
Money and Credit (percent change, end of period)						
Broad Money	30.4	30.9	41.7	21.4	21.4	5.5
Credit to private sector	5.1	-3.5	13.2	5.2	4.1	48.3
Interest rates (end of period)						
One year deposits	10.0	10.0	10.0	10.0	9-10	9-10
Lending rate	13-16	13-16	13-16	13-16	12-16	12-16
91-day RMA bills	8.0	8.5	8.5	4.0	8.5	6.9
Balance of Payments (in millions of Nu.)						
Trade balance	-453.2	-1143.4	-951.9	-2453.7	-3087.3	-4778.6
With India	288.4	158.8	357.2	-738.3	-1354.5	-2469.5
Current account balance	-1272.5	-2011.9	-1787.5	-4170.1	-5668.4	-5817.8
(In percent of GDP)	13.2	17.7	12.8	26.2	31.1	28.1
With India	-205.5	-461.1	-981.0	-3063.5	-4373.6	-3956.4
(In percent of GDP)	2.1	4.1	7.0	19.2	24.0	19.1
Foreign aid	2396.5	2867.4	3538.2	6550.8	7547.3	7320.7
Of which: India	682.1	1364.2	2366.1	5030.6	5981.3	5072.6
Errors and Omissions	-190.8	-50.6	81.8	-245.4	-289.8	-378.8
Overall balance	855.8	794.1	1742.0	1882.5	1589.1	1124.1
(In percent of GDP)	8.9	7.0	12.5	11.8	8.7	5.4
External Indicators (end of period)						
Gross official reserves in millions of USD	145.1	176.1	216.7	259.0	292.6	294.2
(In months of imports)	16.0	16.1	21.0	19.4	19.4	16.6
External debt (percent of GDP)	41.4	37.2	36.9	43.3	41.7	53.1
Debt-service ratio (c)	20.8	8.5	6.8	10.2	4.1	3.5
Memorandum items:						
Nominal GDP (in millions of Nu.)	9610.6	11354.7	13971.1	15927.5	18201.8	20685.5
Ngultrum per USD (period average)	34.3	35.8	38.4	42.6	43.6	46.4
Money Supply, M2	3268.5	4277.7	6063.1	7359.2	8930.5	9419.8
Money Supply, M1	1315.6	1973.2	2500.2	2868.4	3691.7	4477.9
Counterparts						
Foreign Assets (Net)	5017.9	6233.2	9088.0	11335.9	13248.3	12788.9
Domestic Credit	794.3	1535.0	1245.6	380.9	752.1	2017.9
Claims on Private Sector	532.9	1097.1	1242.1	1306.5	1360.0	2016.6
Components						
Currency Outside Banks	455.0	617.0	1050.3	852.8	1119.4	1483.1
Demand Deposits	860.6	1331.9	1327.1	1832.6	2474.8	2889.7
Quasi-Money	1952.8	2304.5	3562.9	4490.8	5238.9	4942.0
Reserve Money of which	2567.1	2122.6	3318.5	4464.0	4950.9	4710.9
Currency Issued	455.0	617.0	1050.3	852.8	1119.4	1483.1
Banks' Deposits	-	1419.1	2082.7	3350.1	3686.0	3045.3

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.

THE ROYAL MONETARY AUTHORITY OF BHUTAN

1.1. Development

The Royal Monetary Authority of Bhutan Act was passed by the National Assembly of Bhutan during its fifty-sixth session in August 1982. Due to the non-availability of appropriate manpower it took about a year for the RMA to finally emerge as an organisation. During the initial stage of the RMA's development, various Central Banking functions continued to remain with the Ministry of Finance. As the organisational capabilities were being built up during this period, some of these responsibilities were gradually shifted to the RMA in a phased manner. It was, therefore, only with effect from November 1983, that the RMA started its actual operations.

Over the years, the RMA has been in the process of building the institutional and operational framework for the purpose of assuming an increasingly active Central Banking role. Furthermore, commensurate with its mandate, the RMA was also actively involved in strengthening the Country's Financial Sector. Important steps in that regard are summarised below.

- In 1983, the RMA took over the issue of the national currency, the management of external reserves, and foreign exchange operations.
- In 1984, the Cash Reserve Ratio was implemented for the purpose of liquidity control and for prudential purposes.
- In March 1988, the RMA took over the additional function of Banker to the Government, by holding the bulk of Government deposits and to provide means for financing the Government, whenever necessary.
- In November 1992, the Financial Institutions Act was passed by the National Assembly to provide the RMA with the legal framework to issue licences for financial institutions and to regulate, supervise, and inspect their operations.
- The RMA organised the establishment of the Royal Securities Exchange of Bhutan (RSEB) in 1993 to begin a small capital market for the purpose of facilitating public participation in the holding of securities of public and private companies.
- In 1993, RMA Discount Bills were introduced as an instrument of Central Bank Policy.
- For the purpose of improving the RMA's liquidity management, the RMA introduced the Reserve Repurchase in September 1996 as its second debt instrument.

- To enhance competition in the banking sector, the Unit Trust of Bhutan (UTB) was converted into a full-fledged commercial bank, called Bhutan National Bank (BNB) in January 1997.
- Until 1997, interest rates on both deposits and advances were directly administered by the RMA, thereby providing insufficient flexibility to financial institutions for setting their rates on the basis of the actual cost of funds. Since this arrangement was not conducive to the long-term growth of the Financial Sector and the economy, the RMA liberalised interest rates with effect from October 1997, allowing each institution to determine the rates on the basis of the prevailing market conditions.
- In line with the Government's programme of liberalising trade and industrial policies, the RMA Board approved the new Foreign Exchange Regulations 1997, removing various restrictions on foreign exchange transactions. The aim is to eventually move towards current account convertibility.
- Check clearing facilities were established in the country (the first in Thimphu in 1997 and the second in Phuentsholing in 1999), in order to provide an efficient system through which the country's commercial banks could settle their claims on each other for checks and other negotiable demand items. The facilities are also envisaged to enhance the payments and settlement system through the use of negotiable instruments.
- As part of the Financial Sector Reform Programme, the Government Employees Provident Fund (GEPF) was transferred in 2000 from the Royal Insurance Corporation of Bhutan to the newly created National Pension and Provident Fund Bureau (NPPFB).
- One of the causes for sluggish credit activity in the country has been the inadequate legal framework for loan recovery and the high collateral requirements. For the purpose of dealing effectively with that problem, the Government passed in 1999 the Moveable and Immovable Property Act and the Bankruptcy Act. Furthermore, in order to provide legal support for the Check Clearing Houses and the use of negotiable instruments in the payments and settlement system, the Negotiable Instruments Act was passed in the 78th session of the National Assembly in July 2000. Nevertheless, more important legislation needs to be drafted and be passed in the Financial Sector. In that regard, an Insurance and a Securities Law are very urgent, with efforts being made towards the drafting of such legislation, while it is also necessary to draw up legislation for the NPPFB. Furthermore, there is an urgent need to revise the RMA Act of 1982, which has become out of date.

1.2. Functions

According to the Act, the basic functions of the RMA are as follows:

- a) Achievement and maintenance of Price Stability. For that purpose an Exchange Rate Target was chosen, i.e., the one-to-one peg between the Ngultrum and the Indian Rupee, in view of the close economic relationships between India and Bhutan.
- b) Bank of Issue.
- c) The Bankers' Bank.
- d) The Government's Bank.
- e) The Advisor to the Government.
- f) The Guardian of the Country's External Reserves.
- g) Supervision of Banks and other Financial Institutions.
- h) Promotion of Financial Development.

1.3. Organization Structure

While all the major Central Banking and Administrative decisions are taken by the Board of Directors (please see page 2), the day-to-day management of the RMA is the responsibility of its Managing Director. According to the Act, the Board should meet "not less frequently than once every two months".

The Organisation Structure of the RMA (shown below), recently approved by the Board of Directors, is in the process of being implemented. The basic responsibilities of the organisation units shown in the Organisation Chart, apart from those of the Board of Directors and the Managing Director, can be summarised as follows:

- a) The Deputy Managing Director/Administration and Operations reports directly to the Managing Director and is responsible for the overall management of the Administration and Personnel Division, the Issue Division, and the Banking Division. He advises the Managing Director on all issues related to his particular area.
- b) The Deputy Managing Director/Research and Planning reports directly to the Managing Director and is responsible for the Research and Statistics Division, the Financial Institutions Supervision Division, and the Foreign Exchange Division. He advises the Managing Director on all issues related to his particular area.

- c) The Administration and Personnel Division is generally responsible for administrative matters and human resources development.
- d) The work of the Issue Division involves the printing of new notes, the supply of notes to banks (currency chest) and the public (RMA counters), and the supply of coins. Furthermore, soiled notes are sorted into re-issuable and non-re-issuable notes, while non-re-issuable notes are destroyed.
- e) The Banking Division maintains the Government account, the financial institutions' accounts, the foreign exchange accounts, the administrative accounts, the central accounts, and is responsible for the transactions pertaining to the Clearing House.
- f) The Research and Statistics Division is responsible for Research and Statistics, advice to Management and Government, information on Government and the Public, and computer and library services.
- g) The Financial Institutions Supervision Division supervises on a regular basis all financial institutions by means of on-site and off-site inspection with regard to internationally accepted Financial Sector practices, licenses new institutions, issues and monitors Regulations, and monitors money laundering.
- h) The Foreign Exchange Division monitors the Foreign Exchange regulations, releases foreign exchange, and provides information of exchange rates.
- i) The Reserve Management Unit, which is directly responsible to the Managing Director, manages Bhutan's Convertible Currency and Rupee Reserves (the management of the latter is in the process of being taken over from the two commercial banks) with regard to safety, liquidity, and profitability; in that order.
- j) The Internal Audit Unit, which reports directly to the Managing Director, is responsible for the efficient use of resources and the compliance with policies, plans, procedures, laws, and regulations.

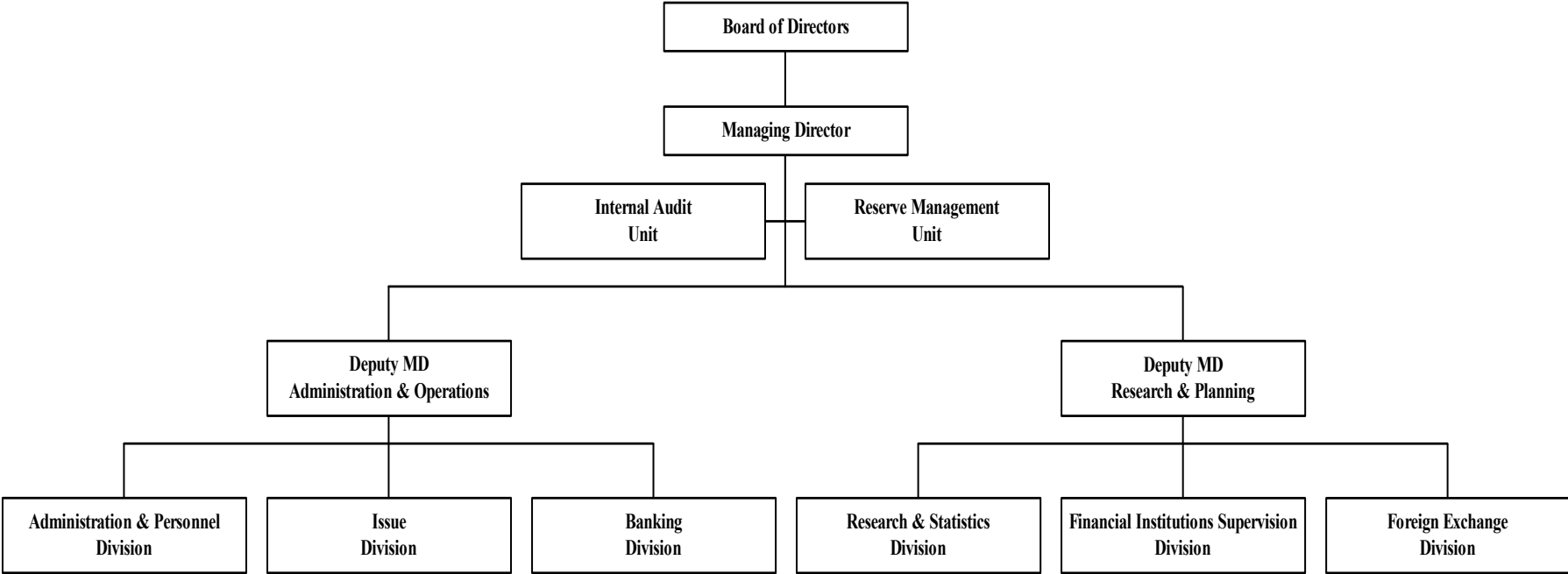
1.4. Future Plans

Concerning the future role of the RMA, it is worth mentioning that the RMA was established as a "Transitional Central Banking Institution", which over time was expected to develop into a "full-fledged Central Bank". After 18 years of Central Banking development, during which the RMA's Central Banking capacity was gradually built up and the capability of the Financial Sector was strengthened, the RMA appears to be ready

now for take-off as a “full-fledged Central Bank”. In support of the RMA becoming a full-fledged and most effective Central Bank, the following basic steps appear to be necessary in the near future:

- a) Revision of the RMA Act, which was quite appropriate at its inception, but is now outdated due to new developments and findings in Central Banking all over the world and Financial Sector developments in Bhutan. For example, improvements appear to be necessary in the following areas: increased RMA independence, better timing and increased frequency of Board Meetings, enhancement of the status of the RMA, clear specification of the Primary Objective, and specification of the general Monetary Policy Framework.
- b) Further development of the RMA’s Monetary Policy Framework and the strengthening of the Monetary Policy Tools (at present only applicable to the maintenance of the one-to-one peg between the Indian Rupee and the Ngultrum).
- c) Streamlining of the RMA’s organisation structure and management procedures.
- d) Further strengthening of the RMA’s staff capability through training and staff recruitment.
- e) Establishment of a computerised time series database for economic time series.
- f) Acquisition of more computers, provision of more computer training, and establishment of a well-designed Local Area Network (LAN). Development of an overall Information Technology Plan, together with a Data-flow System.
- g) Further enhancement of Financial Sector Development (e.g., improvement of payment systems, increased competition, and improvement of the professional expertise of the staff of financial institutions).
- h) Improvement of the RMA’s Corporate Image.

Chart 1: Core Organization Chart of the RMA



2. DOMESTIC ECONOMY

This Section provides an overview of economic developments in Bhutan during 2000/2001. Since the actual national accounts data for 2000/2001 are not yet available, economic prospects for that year are indicated on the basis of most recent provisional GDP data published by the Central Statistical Organization (CSO).

In 2000, real GDP is estimated to have grown by 6.1 percent, marginally faster than the 5.9 percent of the previous year. The Construction Sector, with an estimated growth of about 20 percent – although lower than the 25 percent of the previous period - continues to exert a major influence on the GDP growth. This, in turn, is mainly due to the ongoing construction of large hydropower projects, such as Tala, Kurichu, and Basochu. The growth in other major sectors, which includes Mining and Quarrying, Manufacturing and Electricity, taken together, is estimated to weaken to 6 percent in 2000 from 7 percent of the previous year, partly reflecting the devastating effects of the flood that occurred in August 2000. However, the decline in this sector is expected to be compensated by the performance in the Transport, Storage, and Communications Sector, with estimated growth of about 6 percent, compared to a growth of 5 percent in the previous period.

During 2000/2001, the growth of money supply slowed, with Narrow Money (M1) growing by 21.3 percent, as compared to 28.7 percent in 1999/2000, and Broad Money (M2) by 5.5 percent, as compared to 21 percent in the previous period. The reduction in M2 growth was mainly due to the negative growth (of 5 percent) in Quasi Money.

The Rate of Inflation, as measured by the Consumer Price Index (CPI), decreased to 3.6 percent (year-to-year rate of change) as of June 2001, as compared to the 4.4 percent for December 2000.

During the review period, Bhutan's overall exports and imports increased by approximately 4 and 23.7 percent, respectively. The capital inflows through grants and loans during the year had more than offset the Trade and Current Account Deficits, and, thereby, contributed to a positive Overall Balance of Payments.

On the fiscal side, as per the available budget estimates, the total expenditure increased by 12.5 percent during the current period, far exceeding the 7 percent increase in the total revenue and grants receipts. This resulted in a budget deficit of Nu.1296.6 million, which works out to around 6 percent of the GDP, almost double that of the previous period.

Box 1: Medium-Term Macroeconomic Prospects

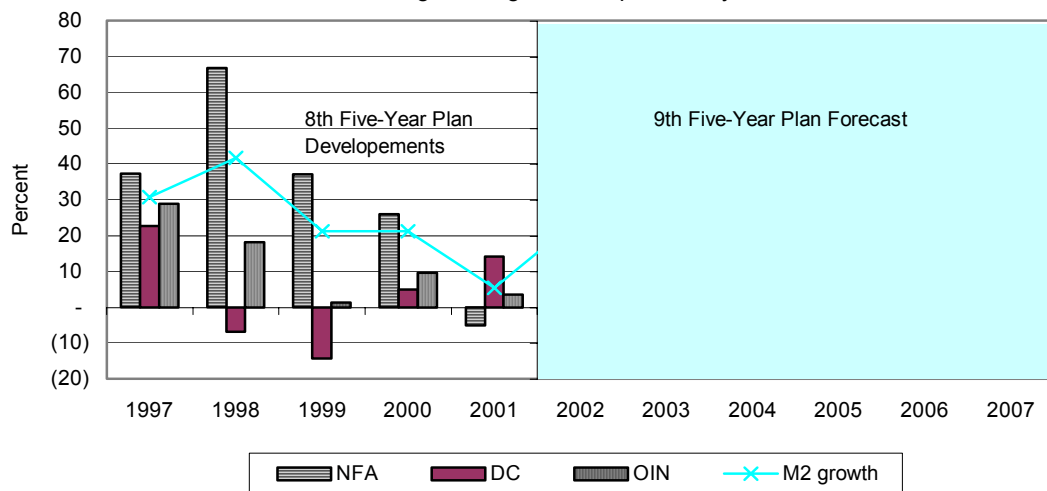
The Ninth Five-Year Plan (9FYP) begins from July 2002 and in the light of preliminary estimates, macroeconomic prospects in the Plan period are favorable. The expected capital investments and the completion of three power projects during the Plan period (Kurichu, Basochu, and Tala) are estimated to raise economic growth from the present rate of 6.5 percent to about 8 percent. Further economic growth is envisaged to come through broadening and strengthening the Private Sector activities in the economy.

With the fiscal deficit projected at about 2-3 percent of GDP and the policy emphasis on Private Sector development, the domestic investment environment is expected to improve in the near future, relieving the Financial Sector of the current problem of excess liquidity. Unlike the high monetary growth experienced in the past, mainly fuelled by Net Foreign Assets, the Money Supply is projected to stabilize at around 11-13 per annum, well in line with the expected growth of nominal GDP.

M2 growth and major contributing factors

(End of June)

Percentage change on the previous year



The External Sector will continue to be dominated by close trade and exchange links with India. As more economic activities are envisaged in the Ninth Plan, the Current Account Deficit in the Balance of Payments is expected to widen further during the period. As an import-dependent economy, the expansion of domestic activities entails the use of Foreign Currency Reserves, limiting the influence of the External Sector on the monetary expansion, which was experienced in the 8FYP. Nevertheless, the projected capital inflow in the 9FYP would not only be sufficient to cover the Current Account Deficit, but it is also forecasted to allow the Foreign Exchange Reserves to grow at about 10 percent per annum.

2.1. Agriculture, Animal Husbandry, and Forestry

The estimates indicate that the contribution of the Agricultural Sector to GDP will continue to decline gradually, reaching 32.3 percent in 2000 from 33.6 percent in the preceding year, while it continues to provide occupation for almost 80 percent of the population.

Estimates also indicate that output growth of the Agricultural Sector, consisting of the agriculture proper, livestock production, and forestry and logging, will weaken to 2.5 percent from 3 percent of the previous year. The agriculture proper, which grew by 2.3 percent, compared to 2.5 percent of the previous period, consists of principal crops like maize, rice, wheat, and major cash crops, such as apples, oranges, potatoes, ginger, and cardamom. The output growth of both the livestock production and forestry and logging sector are also expected to decline from 5.7 to 3.5 percent and from 2 to 1.9 percent, respectively.

Table 1: Real GDP Growth by Sector 1996 - 2000

Year-to-year change in %

Item	1996	1997	1998	1999	2000(p)
GDP at Factor Cost	6.0	7.3	5.5	5.9	6.1
Agriculture	6.4	3.1	1.3	3.0	2.4
Industry	8.4	3.8	7.7	12.4	10.3
Services	5.1	13.4	6.3	4.5	5.6

2.2. Manufacturing, Mining, and Electricity

The estimates indicate that the growth of the Manufacturing, Mining, and Electricity Sector will decrease by about 1 percent - from 7 percent in 1999 to 6 percent in 2000. This again, may be a reflection of the effects of the flood that occurred in August 2000. The contribution of this sector to the overall GDP remains more or less the same at about 24 percent. The Electricity Sector continues to maintain its contribution to the GDP, of about 12 percent, and its growth rate, of about 8 percent, although earnings from Chukha declined from Nu.2546 million in 1999/2000 to Nu. 2011 million in 2000/2001, a reduction of about 21 percent. A detailed description of Bhutan's Power Sector is presented in Annex II.

2.3. Construction

The Construction Sector is estimated to grow at a slower pace of 20 percent, compared to the 25 percent growth of the previous year. The sector's share in nominal GDP is expected to maintain the upward trend, accounting for 12 percent of nominal GDP in 2000, compared to 11 percent of 1999. As mentioned earlier, the performance of this sector can be attributed mainly to the construction works related to large projects like Tala, Basochu, Kurichu, Dungsum Cement, and to a lesser extent to construction work carried out by individuals, government departments, and autonomous entities.

2.4. Tourism

It has been 27 years since tourism activities were first initiated in Bhutan and 10 years since the Tourism Sector was privatised. Tourist arrivals have risen from 287 visitors in 1979 to 7553 in 2000.

Table 2: Selected Tourism Indicators 1996 - 2000

Item	1996	1997	1998	1999	2000
Tourist Arrivals	5133	5415	6165	7162	7553
Of which: Cultural	3287	4617	4860	6328	6633
Trekking	1846	798	1305	834	920
% Change in arrivals	7.7	5.5	13.9	16.2	5.5
Revenue Receipts ¹⁾	6.5	6.6	7.8	8.7	9.9
% Change in receipts	10.6	1.6	19.7	10.3	14.1

Source: Tourism Authority of Bhutan. –1) Millions of USD.

As of June 2001, there were 74 tour operators in the country providing direct employment for about 500 people in the country. All hotels are privately-run enterprises. There are presently 75 tourist-category hotels and lodges functioning with a capacity of 1256 rooms and a workforce of 841 national employees.

Tourist arrivals grew in 2000/2001 from the previous year by 5 percent, while total revenue rose to USD 10.5 million from the previous year's receipts of USD 9.3 million. As compared to the previous year, second quarter earnings in 2001 have increased due to the especially large

influx of tourists in the month of April 2001. However, numbers are anticipated to fall considerably during the third and fourth quarters on account of the tragic September 11th incidents in the United States. American tourists accounted for approximately 40 percent of total arrivals in 2000. Japanese tourists came in second at about 11 percent.

Plans for Foreign Direct Investment in the Tourism Sector with three proposed joint partnerships between Bhutan International Company and M/s HPL Leisure Holdings Pvt. Ltd., Singapore, BTCL and Maha/Aman Resorts, Singapore, and Chhundu Travels and Tours and the Oberoi Group, India, are underway this year. This spells an optimistic future for tourism, as the collaboration between the three foreign hotels and Bhutanese Tour Agencies shall be guaranteeing a fixed number of high-quality tourists each year, and the construction of new high luxury resorts to accommodate them. Employment in this industry can be expected to rise, since over 90 percent of the employees shall be national recruits.

3. MONEY, CREDIT, AND PRICES

3.1. Monetary and Credit Developments

In the Monetary Sector, during the fiscal year 2000/2001, Broad Money Supply (M2) grew at a much lower rate of 5.5 percent, compared to 21 percent of 1999/2000. During the same period, the Narrow Money Supply (M1) showed a growth of 21.3 percent, as against a growth of 28.7 percent in the previous period. The main reason for a slower growth in Money Supply during the period under review was the decrease in Net Foreign Assets, which declined by about 4 percent.

Among the components of Money Supply (M2), both Demand Deposits and Time Deposits contributed in moderating the growth of M2. The growth of Demand Deposits about halved from 35 percent in 1999/2000 to 16 percent in the current period. Time Deposits decreased by 5.7 percent, as compared to a growth of 16.7 percent in 1999/2000. During the same period, the reduction in the Commercial Banks' Deposits with the RMA led to a decrease in Reserve Money by 5.1 percent (to Nu.4710.9 million).

In the current period, Domestic Credit not only maintained the positive growth of the previous period, but almost tripled to Nu.2017.9 from Nu.752.1 of June 2000. This development was primarily due to a significant change in the Government's net position with the banking

sector, combined with a large growth in the Credit to Private Sector. The growth of Credit to the Private Sector by 48.3 percent, as compared to a growth of 4.1 percent in the previous fiscal year, was mainly due to construction activities stemming from large power projects and partly in response to the reduction in interest rates on some consumer-oriented financing schemes introduced by the financial institutions.

Table 3: Money Supply, M2 – Its Counterparts and Components

Millions of Ngultrum		End of period				
Item	1996/97	1997/98	1998/99	1999/00	2000/01	
<u>MONEY SUPPLY, M2</u>	4277.7	6063.1	7359.2	8930.5	9419.8	
<u>MONEY SUPPLY, M1</u>	1973.2	2500.2	2868.5	3691.7	4477.9	
<u>Counterparts^{*)}</u>						
1. Foreign Assets (Net)	6233.2	9088.0	11335.8	13248.3	12788.9	
2. Domestic Credit (Net)	1535.0	1245.6	380.9	752.1	2017.9	
Claims on Govt.	-277.9	-648.5	-1485.3	-1110.6	-455.7	
Claims on Private Sector	1097.1	1242.1	1306.5		2016.6	
Others ¹⁾	715.8	651.9	559.7	1360.0	457.0	
3. Other Items (Net) ²⁾	3250.8	4258.1	4331.7	4980.6	5381.4	
<u>Components^{*)}</u>						
4. Currency Outside Banks	617.0	1050.3	852.8	1119.4	1483.1	
5. Demand Deposits ³⁾	1331.9	1327.1	1832.6	2474.8	2889.7	
6. Quasi-Money ⁴⁾	2304.5	3562.9	4490.8	5238.9	4942.0	
<u>Memorandum Item:</u>						
Reserve Money	2122.6	3318.5	4464.0	4950.9	4710.9	
of which:						
Currency Issued	679.1	1113.1	930.9	1167.4	1567.5	
Banks' Deposits	1419.1	2082.7	3350.1	3686.0	3045.3	

**) M2 = 1 plus 2 minus 3.- +) M2 = 4 plus 5 plus 6 and M1 = 4 plus 5.- 1) Claims on Government Corporations, Claims on Joint Corporations, and Claims on Non-monetary Financial Institutions.- 2) Including Money Market Instruments (RMA Bills).- 3) Including Savings Deposits.- 4) Time Deposits and Foreign Currency Deposits.*

3.2. Monetary Policy Framework

The RMA's Monetary Policy Framework is implicit, since it is not clearly spelled out in the Act. According to the Act, Section 6 b), one of the purposes of the RMA is "to promote monetary stability", which can be interpreted as the promotion of "Price Stability". In many Central Bank

Acts, Price Stability is quantified, e.g., in the case of the European Central Bank, Price Stability is equivalent to a year-to-year rate of change of the Consumer Price Index of less than 2 percent. The Intermediate Target for achieving and maintaining Price Stability in Bhutan is the one-to-one Peg between the Indian Rupee and the Ngultrum. Targeting the Exchange Rate, however, implies the acceptance of India's Monetary Policy. In other words, an independent Monetary Policy in Bhutan is, more or less, precluded. As a consequence, Monetary Policy is confined to the support of the Peg, including the following basic measures:

- a) always making available sufficient Rupees on demand for the purpose of avoiding a parallel market for the Rupee;
- b) provision of at least 100 percent Reserve backing for all Ngultrum issued (elements of a Currency Board);
- c) avoidance of large discrepancies in the growth (medium- and long-term) of Bhutanese M2 and Indian Money, keeping in mind, however, that in reality the measurement of the former is virtually impossible; and
- d) confidence-building measures for the Ngultrum (e.g., credible RMA and Government policies).

There are various supporting factors for the existing system, the salient features of which are as follows:

- a) There are very close economic and financial relationships between India and Bhutan.
- b) There is a Dual Currency System, with the Ngultrum and the Rupee circulating freely side by side in Bhutan. The system can be described as an informal Monetary (Currency) Union with India.
- c) Inflation and Interest Rates in the two countries are closely related.
- d) The arrangement maintains confidence and ties Bhutan to the relatively stable monetary conditions in India.
- e) The Peg has also clear benefits for trade with India, since there is no uncertainty about exchange rate developments between the two trading partners.

Looking at the existing Monetary Policy Arrangements, which can be considered a Regional/Supranational Solution, similar to that of Luxembourg, where the Monetary Policy has been carried out on its behalf by Belgium (prior to the inception of the European Central Bank), it has to be stressed that the policy decisions made in Bhutan in that regard were very prudent.

At present, the RMA has at its disposal several tools of Monetary Policy, i.e., the Cash Reserve Ratio (CRR), RMA Discount Bills, and the Reserve Repurchase, which basically are used for prudential purposes and financial development (e.g., the establishment of a frame of reference for interest rates, the creation of a primary and secondary market for securities, and the establishment of a money market). According to the Act, the RMA has also various Liquidity Support Facilities (e.g., discount of bills and secured loans) at its disposal, which, however, are not being used at present due to the large surplus liquidity of the commercial banks.

3.2.1. Cash Reserve Ratio (CRR)

The CRR, set at the rate of 3 percent for all deposits with the Bank of Bhutan, was introduced in 1984. It was revised to 15 percent for all deposit liabilities, cash in vaults being counted towards the CRR, in 1994, after the introduction of RMA Discount Bills and Government Bonds. With the conversion of the Unit Trust of Bhutan to Bhutan's second commercial bank, Bhutan National Bank, the CRR was adjusted in July 1997 to 15 percent for demand deposits only, cash in vaults being counted towards the CRR. In January 2000, the CRR was further adjusted to 10 percent for all deposits, cash in vaults not being counted towards the CRR. At the end of June 2001, the instrument accounted for Nu. 972.2 million of banks' sterilised liquidity, on which the RMA pays interest of 2 percent per annum.

3.2.2. RMA Discount Bills

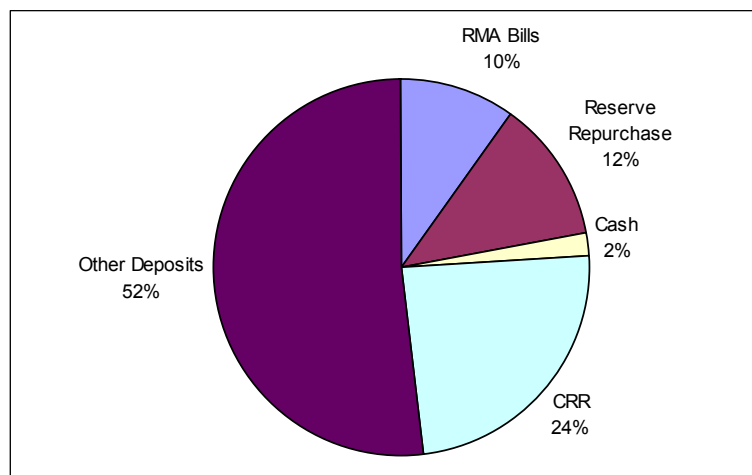
The RMA Discount Bills were introduced in December 1993. At the end of June 2001, there were Nu.410 million worth of bills (maturity of 91 days) outstanding, at a weighted discount rate of 5.3 percent.

3.2.3. Reserve Repurchase

This instrument was introduced in September 1996 for an amount of Nu.500 million at a coupon rate of 5 percent per annum, payable quarterly. The Reserve Repurchase has been rolled-over consecutively for the ninth time. The maturity period was shortened from six months to three months from the ninth issue onwards.

Graph 1: Composition of Commercial Banks' Reserves with the RMA

At the End of June 2001



3.3. Review of Developments in Commercial Banking

During the fiscal year 2000/2001, total assets and liabilities of the commercial banks (Bank of Bhutan and Bhutan National Bank) grew at a slower pace of 18.2 percent to Nu.12 billion, as compared to a growth of 27.2 percent last year. The growth in total assets was largely on account of an increase in foreign asset holdings of the banks. Credit to the Private Sector performed extremely well, achieving a growth of 48 percent, following a sluggish growth of 4 percent in 1999/2000. On the liability side, growth in total deposits was much lower at 9 percent, as compared to 19 percent in 1999/2000, influenced by a slower growth in Time Deposits, which grew at 6.5 percent, as compared to 19 percent in 1999/2000.

The commercial banks' sector-wise distribution of credit indicates an overall growth in credit, with the largest increase going to Trade and Commerce (from Nu.275 million in 1999/2000 to Nu.1356 million in 2000/2001), followed by Building and Construction (from Nu.312 million to Nu.405 million). Credit to other major sectors, such as Agriculture, Transport, Manufacturing and, Personal and Consumer Loans too grew, albeit at a much lower rate.

A detailed description of the development of the two commercial banks is presented in Annex I.

3.4. Review of Developments of Non-Bank Financial Institutions

During the fiscal year 2000/2001, the combined assets of the two non-bank financial institutions, namely the Royal Insurance Corporation of Bhutan (RICB) and the Bhutan Development Finance Corporation (BDFC), showed a decrease of 38.8 percent. The decrease in the Asset portfolio is due to the transfer of Government Employee Provident Fund to the National Pension Bureau, which was set up as a separate autonomous agency in March 2000. Loans and advances to the Private Sector increased significantly (by 30 percent) during the year. In the case of the BDFC, its claims on the Private Sector through its industrial and agricultural credit programs increased by 26.7 percent. Over 30 percent of their resources came from capital grants, while 57 percent were from soft term foreign borrowings.

Non-Bank Financial Institutions, too, had a sector-wide growth in credit during the review year, with the highest increase going to the Personal and Other Loans (from Nu.1093.2 million in 1999/2000 to Nu.2088

million in 2000/2001), followed by Trade and Commerce (from Nu.152.1 million to Nu 287.6 million).

During the review period, non-bank financial institutions' Credit to the Private Sector grew by 31 percent to Nu.1494.3 million, a rate lower than the one experienced by the commercial banks.

A detailed description of the development of the two non-bank financial institutions is presented in Annex I.

3.5. Capital Market – The Royal Securities Exchange of Bhutan (RSEB)

The Exchange began with four listed companies and a total market capitalisation of Nu. 393 million, and, since then, investment in securities has increased dramatically. At present, fourteen companies are listed on the Exchange, with a market capitalisation of about Nu.2360 million.

The RSEB is incorporated under the Companies Act and is licensed under the Financial Institutions Act. Its initial Authorised Capital of Nu.2 million was provided by the four financial institutions, whose subsidiary units, brokerage firms, are licensed to serve as brokers. The Board of Directors consists of the Managing Director of the RMA as the Chairman, the CEO's of the four brokerage firms, the President of the Bhutan Chamber of Commerce and Industry (BCCI), and the CEO of the RSEB as the Member Secretary. As the Exchange is still at an early stage of development, the RMA, which acts as a Securities Commission, provides budget grants for its operations.

The trading system is fully automated and linked by a Local Area Network to the trading floor. Since the volume of trading is relatively low, the Exchange conducts trading only twice a week on Tuesdays and Fridays. To eliminate delays in the registration of physical transfers of shares and to ensure the safety of such documents, a Central Depository (CD) was established along with the RSEB. However, due to the lack of a proper legal framework governing the CD, only about 25 percent of the securities outstanding are deposited with it.

There are approximately 5000 shareholders in Bhutan and every effort is being made by the Government to ensure that shares are being distributed as widely as possible to the general public. Recently, lured by high dividends declared by most of the public limited companies, there has been a significant flow of savings to the equity market. In that

regard, it has to be mentioned that the demand for equities is expected to grow further in the future.

Within the ongoing Financial Sector Reform Process, the existing Securities Exchange Regulations (1993) need to be upgraded to a modern legislation, the Financial Institutions Supervision Division in the RMA is required to commence the supervision of the RSEB and the Capital Market, while a substantial institutional strengthening of the RSEB will be necessary.

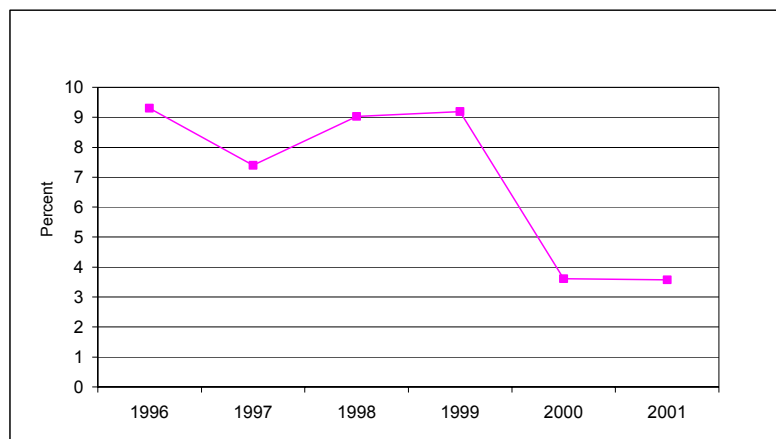
3.6. Prices

According to the Consumer Price Index (CPI), published by the Central Statistical Organisation (CSO) on a half-yearly basis, there is a decrease in the annual inflation rate to 3.6 percent (year-to-year rate of change) as of June 2001, as compared to 4.4 percent for December 2000. There have been decreases in both food and non-food prices.

The Thimphu Food Price Index (quarterly publication of the CSO) for the quarter ended June 2001 indicates a moderately faster growth in Thimphu food prices, which grew at 4 percent (year-to-year rate of change), as compared to 2.8 percent of the previous quarter. The increase in the prices in Thimphu during the year was due to a rise in prices of vegetables and fruits, which increased by about 23 percent over the previous year.

Graph 2: Consumer Price Index

June, Percentage Change on the Previous Year



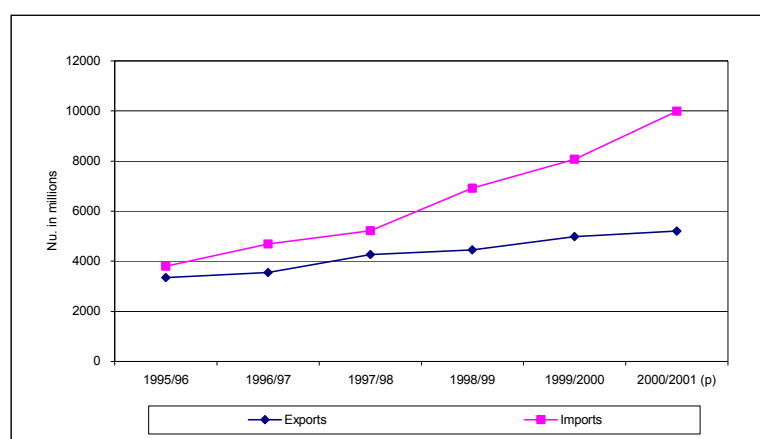
4. FOREIGN TRADE AND BALANCE OF PAYMENTS

Overall Export earnings registered a marginal increase to Nu.5207.3 million during 2000/2001. The high growth of exports in 1999/2000 was primarily on account of an upward revision in the tariff rates on electricity exports to India by Ngultrum 0.50 per unit, and there have been no additional revisions made since. Meanwhile, an acceleration in overall Imports is also evident by their higher growth of 23.7 percent during 2000/2001, as compared to the 16.8 percent rise in imports during the preceding year. It is likely that with the 2 hydropower projects, Kurichhu and the Upper Stage of Basochu, drawing to a close during the next two years, project-related import levels shall be expected to fall in the near future.

As such, the Trade Balance continues to be in Deficit, recording an increase of 54.8 percent to Nu.4778.6 million, in comparison to the 25.8 percent rise in 1999/2000. The Trade Deficit, as a percentage of nominal GDP, has risen from 17 percent to 23.1 percent in 2000/2001.

The service and transfer receipts were larger during the year compared to the previous year, whereas the service and transfer payments during the year were lower than in the previous year. This modest favourable turn has not been able to prevent the worsening of the Current Account Deficit to Nu.5817.8 million from last year's Deficit of Nu.5668.4 million. It did however, bring down its (Current Account Deficit) share in the GDP from 31.1 percent in 1999/2000 to 28.1 percent 2000/2001.

Graph 3: Foreign Trade



Nevertheless, in spite of Trade and Current Account Deficits, the Overall Balance of Payments stands positive at Nu.1124.1 million, helped by the capital inflow of Foreign Aid and Grants in excess of the Current Account Deficit.

During the year, Rupee Reserves grew by 14.3 percent to Nu.3617.3 million, and Convertible Currency Reserves grew from USD 221.8 million in 1999/2000 to USD 236.3 million, of which USD 19 million were transferred to the National Pension and Provident Fund Bureau.

4.1. Balance of Payments with India

The Current Account continues to be in Deficit although it did decrease from Nu.4373.6 million to Nu.3956.4 million in 2000/2001, due to considerable service and transfer receipts combined with lower transfer payments.

Exports to India, which increased by approximately 4 percent, were more than offset by large imports of Nu.7388.1 million which, consequently, led to the overall deterioration in the Trade Deficit. It should be noted that the rise in import levels was mainly attributed to the growth in Other Imports. There has been a considerable growth in Credit to the Private Sector from 4.1 percent to 48.1 percent this fiscal year. It is highly possible that there is a correlation between the rise in Private Sector Credit and the surge in Other Imports. Tala imports on the other hand, have declined during the period under review.

The share of the Trade Deficit to GDP in FY 2000/2001 was 11.9 percent and, similarly, the share of the Current Account Deficit to GDP was 19.1 percent during the same period.

Due to the inflow of project-related capital aid and grants from India in excess of deficits, the result is a favourable positive Overall Balance. This trend is likely to continue until most of the turnkey projects are commissioned. As noted earlier, two of the power projects, Kurichhu and Basochu, are expected to be completed within the next 2 years.

4.2. Balance of Payments with Countries other than India

Bhutan's Trade Deficit with Countries Other than India widened from Nu.1732.8 million in 1999/2000 to Nu.2309.1 million in 2000/2001 (a growth of approximately 33 percent). Despite the growth of nominal GDP outpacing the growth of the Trade Deficit, the ratio of Trade Deficit to nominal GDP rose to 11.2 percent in 2000/2001 from 9.5 percent in 1999/2000.

Fiscal year 2000/2001 witnessed a further deterioration in the Current Account Balance, with the Deficit increasing from Nu.1294.8 million in the previous year to Nu.1861.4 million for the period under review. This was mostly due to a considerable increase in net service payments to Countries other than India and Total Imports. The Current Account Deficit with Countries other than India in relation to nominal GDP increased from 7.1 percent in 1999/2000 to 9 percent in 2000/2001.

In spite of a worsening in the Trade and Current Account Deficits, the inflow of foreign aid in excess of the deficits has led to a positive Overall Balance of Nu.671.7 million.

4.3. Foreign Debt and Debt Service

During the fiscal year 2000/2001, the stock of External Debt grew by 36.6 percent to USD 235.1 million. The Total Debt, as a percentage of GDP, increased from 41.7 percent in 1999/2000 to 53.1 percent in the current period. The rise in the Total Debt Stock reflects the Government's greater recourse to funding from external sources for development activities.

Table 4: Debt Indicators

Item	End of period			
	1997/98	1998/99	1999/00	2000/01(p)
Debt Outstanding (in millions)				
Total (USD)	134.3	161.7	172.1	235.1
Convertible Currency (USD)	89.6	93.0	98.7	106.9
Indian Rupee (Rs.)	1715.5	2684.0	3276.9	6024.4
Debt Outstanding/GDP (in percent) ¹⁾	36.9	43.3	41.7	53.1
Debt Service Ratio (in percent) ²⁾	6.8	10.2	4.2	3.5

1) GDP (1997/98=1997), 2) Debt service payments in percent of exports of goods and services.

Convertible currency loan disbursements increased by 103.5 percent to USD 15.6 million in 2000/2001. The Asian Development Bank (ADB), with gross disbursements amounting to USD 54.3 million, as at the end of June 2000, continues to be the largest provider of the loans, followed by the World Bank and the Kuwait Fund for Arab Economic Development, with gross disbursements of USD 30.5 million, and USD 27.8 million, respectively.

Total debt service payments of convertible currency loans amounted to USD 73.9 million as at the end of June 2000, of which 28.4 percent, or USD 21 million, were for interest payments. The convertible currency debt service ratio declined to 9.4 percent in June 2001 from 11.7 percent in the previous year.

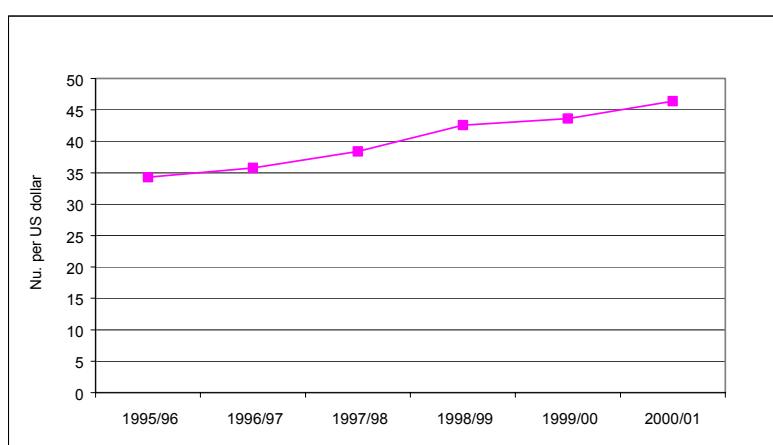
Total Rupee debt increased by 83.8 percent to Nu.6024.4 million during the fiscal year. The growth in Rupee debt can be ascribed to hydropower project loans for Tala and Kurichhu, with disbursements of Nu.1027.4 million and Nu.768 million, respectively, during the year. As a result of a significant increase in the total loan disbursements, its ratio to GDP climbed significantly to 29 percent from 18 percent in the previous year. However, the debt service ratio dropped to 1.9 percent from 2.3 in June 1999, as we have not yet started to service the new loans. It is expected that the Rupee debt would continue to rise, until the on-going hydropower projects are commissioned.

4.4. Exchange Rate Developments

The Ngultrum, which is pegged at par to the Indian Rupee, continued to depreciate against the US Dollar. Based on the monthly average, the Ngultrum depreciated by 5.2 percent against the US Dollar between June 2000 and June 2001.

Graph 4: Exchange Rate Developments

Fiscal Year Average



Among other major currencies, the Euro depreciated against the US Dollar by 11.2 percent between June 2000 and June 2001, while the

Japanese Yen experienced a notable depreciation of 15 percent against the US Dollar during the same period, in contrast to its appreciation in 1999/2000.

5. GOVERNMENT FINANCE

The revised government budget statement for 2000/2001 signaled a steady and sustained growth. The current expenditure of Nu.4397.6 million was more than matched by the revenue generated through tax and non-tax revenue, reflecting another consecutive year of successful expenditure control. The overall budget deficit for 2000/2001, however, works out to around 6 percent of GDP, reflecting an increase of Nu.532.1 million from Nu.764.6 million in 1999/2000. External borrowings financed around 38 percent of the resource gap.

5.1. Revenue and Grants

During 2000/2001, the Government revenue increased by 11.2 percent. Non-tax revenue - surplus transfers from public enterprises, such as Chukha Hydropower- accounted for about 49 percent of the total domestic revenue. In the same period, the tax revenue, mostly generated through enterprise profit taxes and taxes on goods and services, grew by 11.3 percent, enabling the Royal Government to finance about 23 percent of the total expenditure.

On the Capital Account, the disbursement of aid and grants to major projects continued to be the dominant factor. While total grants remained more or less unchanged from the previous year at Nu.3310.7 million, financing 34 percent of the total expenditure, grants from India declined by 13.7 percent to Nu.1663.5 million. However, this decrease was more than offset by an increase in grants from Countries other than India during the year.

5.2. Expenditure

On the expenditure side, both current and capital expenditures increased (by 18.8 percent and 7.8 percent, respectively) in 2000/2001. During the same period, current expenditure accounted for 45 percent of the total expenditure, which was an increase of 2 percent on the previous year.

6. WORLD ECONOMY

The IMF, in the World Economic Outlook, published in September 2001, is forecasting the world GDP growth at 2.6 percent this year and 3.5 percent in 2002. However, the forecasts were finalised before September 11th and the Fund concedes that growth is now likely to be

slower, as confidence weakens, but it remains cautiously optimistic. The IMF argues that, given the huge uncertainties involved, it is premature to quantify the impact of the attack on the American and world economies.

The IMF's forecast of 1.3 percent growth in America in 2001 implies that output will be broadly flat in the second half of the year. It would not take much to turn that into recession. Indeed, recent data suggest that the economy may have slipped into recession even before the terrorist attack. A majority of economists now expect America's GDP to contract in both third and fourth quarters of this year.

Economists like to draw analogies between now and the Gulf War, which also helped to push a weakening American economy into recession. But there is one big difference: unlike today, in 1990/91 Japan, the Euro Area and most emerging economies were growing briskly.

The Euro Area grew at an annual rate of only 0.2 percent in the second quarter and the third quarter looks sluggish, with industrial production falling by 1.4 percent in July. Consumer-confidence figures for the Netherlands, the first European survey to be carried out since the American attacks, showed a plunge. Morgan Stanley expects the Euro Area to contract in the fourth quarter and to grow only slightly in the first quarter of 2002. If so, the Euro Zone will only narrowly escape recession.

In contrast, Morgan Stanley now expects Japan's economy to contract for four consecutive quarters until next spring, with GDP falling by an average of 0.8 percent this year and next. The bank forecasts average growth in the rich economies of only 1 percent in 2001 and 2002. Add in the many emerging economies that are also stumbling and Morgan Stanley reckons that global growth will slow to 1.8 percent this year and to 2.1 percent in 2002. That is well below the IMF's numbers-and it would count as a world recession.

The IMF, in its economic analysis in a special section in the Outlook, explores how increased linkages between economies through trade, foreign direct investment and financial markets have made this business cycle more synchronised than previous ones. An adverse shock in America now has a bigger impact on the rest of the world than it did previously. The synchronised nature of this downturn, says the IMF, has increased the vulnerability of the global economy to shocks.

Another new channel through which economic shocks are transmitted between economies is business confidence. The IMF finds that measures of business confidence in America and Europe have become

more synchronised in recent years, and by much more than can be explained by correlated movements in economic activity. European businessmen seem to pay more attention to American business confidence. Traditional economic models fail to take full account of these growing linkages. This partly explains why earlier this year the European Central Bank underestimated the impact of America's slowdown on the economies of the Euro Area.

The terrorist attacks increase the risks of an already sick world economy, yet they may help to avoid a world depression. John Making, an economist at the American Enterprise Institute, argues that the crisis could encourage overly cautious policymakers to cast aside their fears about inflation and to pursue more aggressive monetary and fiscal easing.

7. MANAGEMENT AND ADMINISTRATION

During the fiscal year 2000/2001, the RMA's Board was reconstituted by appointing two new members, thereby increasing the total strength of Board Members to seven. In view of achieving better transparency, and accountability, the RMA's Service Regulations were also revised by the Management, which were approved by the Board for implementation.

The RMA actively participated in major policy matters of the Royal Government. Besides, the Managing Director represented the RMA in various International Forums, such as the Annual Meetings of the IMF-World Bank.

The RMA has also been playing a vital role in co-ordinating activities of the various External Agencies. It has been the Co-ordinator for the Technical Assistance received from the ADB in various Projects for Financial Sector Reforms in Bhutan. During the year, Technical Assistance from the ADB for strengthening the Financial Institutions Supervision function of the RMA and for the Financial Sector Intermediation Programme have been successfully completed.

With the help of Technical Assistance from the ADB, the Financial Institutions Supervision Division of the RMA has been strengthened in order to carry out the regular supervision of the Financial Institutions. Both the On-Site Examination and Off-Site Examination Manuals for the Examiners have been developed. The Financial Institutions Ratio Management Analysis (FIRMA), which is an automated Off-site Surveillance System based on Capital, Assets, Management, Equity, and Liquidity (CAMEL) ratings, has also been developed and

implemented during the year. The RMA organized several rounds of Meetings and Workshops for the Financial Institutions to get the necessary feedback for developing a comprehensive set of revised Prudential Guidelines to be issued by the RMA to the Financial Institutions.

To increase efficiency, professionalism, and competence, the Examining Officers were provided on-the-job training within the country by the ADB Consultants, in addition to external training with institutions like the Reserve Bank of India, the Central Bank of Sri Lanka, Bank Negara Malaysia, STI Singapore, SEACEN Centre, and the Federal Reserve Bank, USA.

During the year, the RMA received Technical Assistance from the Bundesbank, Germany, under which Mr. Klaus Dornseif has been with the RMA as a Short-term and Resident Advisor to review and strengthen the RMA's Central Banking Capacity. We have also received a System Engineer from the Japanese Overseas Volunteer Cooperation (JOCV) to study the existing situation and to bring about improvements in the area of Information Technology.

With the objective of streamlining the procedures for the conduct of the money changing business, the rules and procedures governing the exchange transactions by the Authorized Moneychangers were amended during the year. To provide better facilities and also to reduce the cost through competition by making available better and more efficient financial services, the RMA, during the year, authorized Bhutan Post, in addition to the existing two commercial banks, to introduce International Money Order Services.

The Issue/Currency Division during 2000/2001 issued new currency notes amounting to Nu.715.5 million, as compared to Nu. 235.6 million in the previous year, while during the same period, it destroyed soiled or mutilated currency notes amounting to Nu.36.2 million. The Issue Division has also developed a comprehensive Manual, which will soon be under implementation.

With the recruitment of 3 graduates during the year, the total staff strength of the RMA was 79, of whom 32 are women.

The Management has been giving high priority to Human Resources Development. In order to give the necessary exposure to develop skills and professional capabilities, the Officers and Staff of the Authority have been trained both outside and within the country. During the year, 23

officers and staff were sent abroad to attend Short Courses and Seminars, conducted by International Organizations and Central Banks.

8. Annual Audited Accounts of the Royal Monetary Authority of Bhutan for 2000/2001

In accordance with Part 10, Section 3 of the Royal Monetary Authority of Bhutan Act, 1982, the Audited Financial Statements for the year ended June 2001, consisting of the Balance Sheets and the Profit and Loss Account, audited by M.S.Gupta and Company, a chartered accountancy firm from Calcutta, India, are appended (Annexes III and IV) in this Issue of the Annual Report.

During the year, the RMA's operating surplus transferable to the Royal Government increased by Nu. 85.7 million to about Nu. 366 million, representing a growth of about 31 percent over the previous year. Foreign Assets of the RMA decreased to Nu.9048 million from Nu. 9163 million (-1.3 percent) at the end of the previous fiscal year. The total interest expenditure during the year on account of the use of Central Bank Policy Instruments, such as RMA Bills, the Reserve Repurchase, and the CRR, rose by around 5 percent to Nu.77 million, as compared to Nu.73 million in the previous year.

Ngultrum in Circulation Outside Banks increased by 33 percent to Nu.1483 million in 2000/2001.

Table 1. Gross Domestic Product at Factor Cost by kind of activity

At Current Prices in Millions of Ngultrum

Sector	Year									Share of GDP in 2000 (%)
	1980	1993	1994	1995	1996	1997	1998	1999	2000(p)	
1. Agriculture, livestock, and forestry	621.4	2801.9	3427.1	3897.7	4538.0	5276.0	5786.9	6300.5	6877.7	32.3
1.1 Agriculture proper	309.9	1526.6	1814.6	2043.2	2253.7	2485.8	2813.8	3095.2	3440.8	16.2
1.2 Livestock production	139.2	545.9	703.5	805.5	910.2	1237.5	1374.1	1436.3	1547.6	7.3
1.3 Forestry and logging	172.3	729.4	909.0	1048.9	1374.1	1552.7	1599.0	1769.0	1889.3	8.9
2. Mining and quarrying	6.8	102.3	172.4	193.1	269.8	308.7	262.3	325.9	351.5	1.7
3. Manufacturing	35.8	752.3	875.2	1088.8	1393.4	1588.5	1742.4	1929.0	2102.6	9.9
4. Electricity	2.5	560.9	574.2	1058.7	1101.6	1729.5	1937.1	2336.7	2687.2	12.6
5. Construction	88.5	616.8	787.2	930.7	1040.0	1466.4	1687.0	2128.4	2566.9	12.1
6. Wholesale and retail trade, restaurants and hotels	121.5	551.2	647.2	730.7	903.5	1014.4	1159.7	1318.2	1495.3	7.0
7. Transport, storage, and communications	47.9	587.4	638.0	687.6	855.8	1022.6	1369.5	1699.1	2138.0	10.1
8. Financing, insurance, real estate, and business services	70.2	457.7	468.2	503.0	441.9	729.2	1004.0	1069.7	1306.1	6.1
9. Community, social & personal services (Government administration and defence)	120.4	645.0	709.2	751.4	1013.7	1362.7	1436.9	1653.3	1736.0	8.2
Less : Imputed bank service charges	-20.0	-68.0	-148.2	-231.0	-203.0	-526.9	-458.3	-559.0	-575.8	
Gross Domestic Product	1095.0	7007.5	8150.5	9610.6	11354.7	13971.1	15927.5	18201.8	20685.5	100.0

Source : Central Statistical Organization of the Planning Commission.

Table 2. Gross Domestic Product at Factor Cost by kind of activity at 1980 prices

At 1980 Prices in Millions of Ngultrum

Sector	Year									Growth from 1999 to 2000 (%)
	1980	1993	1994	1995	1996	1997	1998	1999	2000(p)	
1. Agriculture, livestock, and forestry	621.4	1,040.2	1,081.2	1,124.2	1,196.2	1,233.3	1,249.2	1,287.2	1,318.7	2.4
1.1 Agriculture proper	309.9	563.9	578.7	585.1	599.7	619.5	626.2	641.9	656.7	2.3
1.2 Livestock production	139.2	226.1	227.6	243.0	256.0	259.7	263.0	278.1	287.8	3.5
1.3 Forestry and logging	172.3	250.2	274.9	296.1	340.5	354.1	360.0	367.2	374.2	1.9
2. Mining and quarrying	6.8	26.2	32.7	34.8	46.2	43.7	50.8	55.0	58.5	6.4
3. Manufacturing	35.8	218.9	233.0	269.7	314.0	325.3	343.8	365.4	380.0	4.0
4. Electricity	2.5	232.0	258.8	325.0	342.6	353.6	367.2	397.9	429.7	8.0
5. Construction	88.5	178.0	221.5	243.0	243.1	259.2	295.7	370.4	443.4	19.7
6. Wholesale and retail trade, restaurants and hotels	121.5	163.8	170.2	178.0	203.1	218.2	224.5	231.8	242.2	4.5
7. Transport, storage, and communications	47.9	234.6	241.5	245.4	274.5	313.0	351.4	383.0	428.2	11.8
8. Financing, insurance, real estate, and business services	70.2	238.1	245.4	263.2	256.2	319.9	349.1	334.2	342.2	2.4
9. Community, social & personal services (Government administration and defence)	120.4	266.5	293.0	330.2	334.5	360.5	362.9	397.0	408.9	3.0
Less : Imputed bank service charges	-20.0	-45.0	-61.2	-95.4	-115.8	-106.0	-90.3	-111.1	-114.4	3.0
Gross Domestic Product	1,095.0	2,553.3	2,716.1	2,918.1	3,094.6	3,320.7	3,504.3	3,710.8	3,937.4	6.1 ¹⁾

Source : Central Statistical Organization of the Planning Commission. 1) The average rate of growth of the Gross Domestic Product from 1993 to 2000 is 6.4%.

Table 3. Sales of Major Industries

Millions of Ngultrum

Industry	1996	1997	1998	1999	2000					2001	
					I	II	III	IV	Total	I	II
					(1) Army Welfare Project	198.6	232.0	237.9	234.9	68.9	52.3
Exports to India	73.4	101.7	89.6	64.6	12.0	10.3	12.2	21.3	55.7	21.9	14.2
Exports to Countries other than India	-	-	-	-	-	-	-	-	-	-	-
Sales within Bhutan	125.3	130.2	148.3	170.3	56.9	42.0	46.6	53.8	199.3	58.8	46.7
(2) Bhutan Board Products Limited	348.0	428.7	383.8	257.1	52.5	78.2	51.0	46.9	228.6	67.7	85.7
Exports to India	330.4	402.6	363.4	247.6	51.0	77.1	49.6	36.2	213.9	60.4	70.1
Exports to Countries other than India	-	-	-	-	-	-	-	-	-	-	-
Sales within Bhutan	17.6	26.1	20.5	9.5	1.5	1.1	1.4	10.8	14.7	7.4	15.5
(3) Bhutan Carbide & Chemicals Ltd.	561.2	560.3	583.6	569.3	151.2	149.2	87.1	87.1	474.6	168.6	172.9
Exports to India	542.6	555.2	583.6	546.8	145.4	128.4	87.1	87.1	448.0	166.0	142.0
Exports to Countries other than India	-	-	-	-	-	-	-	-	-	-	-
Sales within Bhutan	18.6	5.1	0.1	22.6	5.8	20.8	-	-	26.6	2.6	30.9
(4) Bhutan Fruit Products Limited	133.2	107.2	112.3	124.9	25.6	29.7	23.9	29.7	108.8	29.1	26.5
Exports to India	119.5	90.0	95.9	104.9	21.0	25.5	18.6	24.1	89.2	24.5	19.3
Exports to Countries other than India	9.8	8.9	7.3	7.8	2.2	1.7	1.7	1.8	7.4	1.6	1.2
Sales within Bhutan	3.9	8.4	9.0	12.2	2.4	2.5	3.6	3.8	12.3	3.0	6.1
(5) Bhutan Polythene Company	25.5	24.1	15.8	26.7	6.3	3.7	6.3	6.9	21.8	8.8	7.6
Exports to India	14.1	14.4	3.7	1.0	2.0	0.1	3.0	3.5	8.6	2.3	0.3
Exports to Countries other than India(*)	4.2	0.9	0.0	9.1	-	-	1.4	-	-	-	-
Sales within Bhutan	7.3	8.7	12.1	16.7	4.3	3.6	1.9	3.4	13.2	6.5	7.3
(6) Penden Cement Authority Ltd.	209.5	265.5	564.7	684.5	181.3	200.6	114.4	200.3	696.7	231.2	207.4
Exports to India	124.2	206.8	454.4	433.7	54.4	53.6	44.9	83.1	236.0	103.7	66.5
Exports to Countries other than India	0.3	-	0.3	-	-	-	-	-	-	-	-
Sales within Bhutan	85.1	58.7	110.0	250.8	127.0	147.0	69.6	117.2	460.7	127.5	140.8

TABLE 3. SALES OF MAJOR INDUSTRIES, CONTINUED

Millions of Ngultrum

Industry											
	1996	1997	1998	1999	2000					2001	
					I	II	III	IV	Total	I	II
(7) Bhutan Ferro Alloys Limited	497.1	522.9	488.4	534.7	148.2	126.4	-	153.8	428.4	117.1	149.0
Exports to India	497.1	522.9	488.4	534.7	148.2	126.4	-	153.8	428.4	117.1	149.0
Exports to Countries other than India	-	-	-	-	-	-	-	-	-	-	-
Sales within Bhutan	-	-	-	-	-	-	-	-	-	-	-
(8) Bhutan Agro Industries Limited	12.4	18.1	24.7	21.4	3.6	7.4	4.5	4.2	19.7	3.7	10.2
Exports to India	7.1	5.4	14.4	14.5	1.8	3.4	1.6	2.0	8.9	1.9	4.9
Exports to Countries other than India	0.6	1.4	1.7	1.7	0.6	0.9	0.8	0.1	2.4	0.4	0.4
Sales within Bhutan	4.8	11.3	8.6	5.1	1.2	3.1	2.0	2.1	8.4	1.5	5.0
(9) Eastern Bhutan Coal Company	47.5	45.0	78.7	97.1	67.0	27.2	16.9	15.4	126.5	62.8	38.1
Exports to India	24.2	23.4	19.8	41.4	10.5	-	-	-	10.5	-	2.9
Exports to Countries other than India	14.5	-	18.5	26.7	31.2	12.0	4.0	-	47.2	28.2	9.3
Sales within Bhutan	8.7	21.6	40.5	29.0	25.3	15.2	12.9	15.4	68.8	34.6	25.9
(10) Druk Satair Corporation Limited	45.6	49.9	59.1	77.4	26.3	22.4	18.2	27.1	94.0	24.8	27.9
Exports to India	38.8	41.7	49.5	62.3	22.9	18.9	15.6	22.4	79.7	17.1	18.6
Exports to Countries other than India	-	-	0.7	1.6	1.0	0.9	1.7	3.8	7.3	1.9	4.8
Sales within Bhutan	6.8	8.3	8.9	13.5	2.5	2.6	0.9	1.0	6.9	5.8	4.4
TOTAL	2078.8	2253.8	2549.2	2627.9	730.9	697.1	381.0	646.5	2454.1	794.6	786.2
Exports to India	1771.4	1964.2	2162.7	2051.4	469.1	443.7	232.6	433.6	1578.9	514.8	487.9
Exports to Countries other than India	29.3	11.2	28.6	46.8	34.9	15.6	18.5	5.6	64.2	32.1	15.7
Sales within Bhutan	278.1	278.5	357.9	529.7	226.8	237.9	130.0	207.2	810.9	247.7	282.6

Source : Respective Industry. - (-) Nil. -(1) Alcoholic beverages. -(2) Particle boards. -(3) Calcium carbide. -(4) Processed vegetables and fruits. -(5) High Density Polythene (HDPE) Pipe. (*) Deemed export. -(6) Cement. -(7) Ferro Silicon. -(8) Processed vegetables and fruits -(9) Coal. -(10) Gypsum dust & Gypsum boulders.
Note: Some of the figures for 2000 have been revised.

Table 4. Sales of Chukha Hydropower Corporation

Millions of Ngultrum

Month	1997			1998			1999			2000			2001		
	Total	Export	Internal Consumption	Total	Export	Internal Consumption	Total	Export	Internal Consumption	Total	Export	Internal Consumption	Total	Export	Internal Consumption
Jan	25.8	15.8	10.1	35.7	25.8	9.9	37.0	25.6	11.3	75.0	62.0	13.0	38.0	24.7	13.2
Feb	19.6	10.0	9.7	26.2	17.5	8.7	24.9	14.9	10.0	47.3	34.8	12.5	24.8	12.8	12.1
Mar	26.0	15.3	10.7	31.6	21.0	10.6	26.5	15.6	10.8	53.3	40.3	13.0	21.7	8.9	12.8
Apr	63.3	53.4	9.9	91.4	81.9	9.5	54.1	43.6	10.5	135.2	124.1	11.1	87.8	75.8	12.0
May	125.6	116.1	9.6	152.0	118.7	33.3	104.1	93.0	11.0	221.4	209.8	11.5	174.4	162.0	12.4
June	173.1	164.1	9.1	179.2	172.5	6.7	190.6	184.6	6.0	309.0	298.3	10.7	298.4	287.0	11.4
July	234.6	225.2	9.4	233.5	203.7	29.8	339.1	329.3	9.8	328.3	317.4	10.9			
Aug	231.3	221.9	9.5	223.8	215.3	8.5	338.0	328.3	9.8	354.9	351.2	3.7			
Sept	203.0	193.9	9.1	188.3	187.2	1.1	320.2	310.6	9.6	331.3	327.5	3.9			
Oct	164.1	154.2	9.9	187.1	177.3	9.8	334.6	323.9	10.7	265.6	261.0	4.6			
Nov	80.4	70.6	9.8	88.1	77.4	10.7	248.6	237.5	11.1	124.0	114.7	9.2			
Dec	58.0	47.8	10.2	52.5	40.4	12.1	124.2	112.2	12.0	62.1	48.3	13.8			
Total	1404.8	1288.1	116.7	1489.6	1338.8	150.8	2141.6	2019.1	122.5	2307.4	2189.6	117.8			

Source : Chukha Hydro Power Corporation. Note: Some of the figures for 2000 have been revised.

Table 5. Tourist Arrivals and Revenues

Number of Tourists and Revenues in Millions of US Dollars

Period	1994		1995		1996		1997		1998		1999		2000		2001	
	Number	Revenue	Number	Revenue	Number	Revenue	Number	Revenue	Number	Revenue	Number	Revenue	Number	Revenue	Number	Revenue
Jan	101	0.1	120	0.1	133	0.1	108	0.1	96	0.1	148	0.1	58	0.0	185	0.2
Feb	175	0.1	134	0.1	299	0.3	254	0.2	154	0.1	314	0.2	224	0.2	355	0.4
Mar	641	0.7	341	0.4	605	0.8	1062	1.3	542	0.7	1153	1.4	1066	1.3	553	0.8
Apr	274	0.3	1022	1.2	689	0.9	710	0.7	1169	1.5	604	0.8	995	1.3	1632	2.3
May	373	0.3	337	0.3	215	0.2	279	0.3	267	0.3	393	0.4	415	0.6	276	0.4
June	115	0.1	81	0.1	91	0.1	90	0.1	97	0.1	112	0.1	187	0.2	146	0.1
July	99	0.1	119	0.1	160	0.2	123	0.1	152	0.2	145	0.1	162	0.2		
Aug	301	0.2	183	0.2	306	0.3	231	0.3	332	0.4	346	0.3	307	0.3		
Sept	465	0.6	466	0.6	788	1.0	276	0.3	1084	1.5	1077	1.4	683	1.0		
Oct	787	1.0	1168	1.8	1128	1.8	1488	2.1	1319	1.9	1859	2.6	2247	3.1		
Nov	418	0.4	599	0.8	508	0.7	640	0.8	678	0.9	925	1.1	996	1.5		
Dec	219	0.1	195	0.2	211	0.2	154	0.2	275	0.3	86	0.1	213	0.2		
Total	3968	4.0	4765	5.8	5133	6.5	5415	6.6	6165	7.8	7162	8.7	7553	9.9		

Source : Tourism Authority of Bhutan. -(*) Convertible currency paying tourists.

Table 6. Summary of Budgetary Operations

Millions of Ngultrum

Item	Period							
	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01(r)
Revenue	1666.3	1877.4	2127.7	2424.4	3133.0	3656.9	4585.4	5097.6
Tax	503.3	649.8	844.2	868.9	1246.4	1265.8	1977.1	2200.6
Non-tax	1064.9	1032.1	1086.9	1204.1	1743.4	2220.0	2355.5	2470.9
Others	98.1	195.5	196.6	351.4	143.2	171.1	252.8	426.1
Grants	1456.3	1773.2	2363.6	2232.1	1816.3	3262.6	3274.1	3310.7
From India	607.5	728.0	1168.9	947.6	1045.1	1928.5	1927.1	1663.4
Others	848.8	1045.2	1194.7	1284.5	771.2	1334.1	1347.1	1647.3
Total Revenue and Grants	3122.6	3650.6	4491.3	4656.5	4949.3	6919.5	7859.5	8408.3
Expenditure (1)	3167.5	3642.7	4252.7	4957.2	4806.0	7224.4	8624.1	9704.9
Current	1550.9	1906.7	1968.2	2341.2	2627.8	3178.3	3702.1	4397.6
Capital (1)	1616.6	1736.0	2284.5	2616.0	2178.2	4046.1	4921.9	5307.4
Budget surplus or Deficit (-)	-44.9	7.9	238.6	-300.7	143.3	-304.9	-764.5	-1296.6
Financing Transactions (2)	45.0	-7.8	-238.7	300.8	-143.3	304.9	764.5	1296.6
External borrowings (Net of Principal repayments)	24.0	-6.7	-26.8	124.2	336.3	553.6	606.6	496.6
Internal Resource gap (3)	21.0	-1.1	-211.9	176.6	-479.6	-248.7	158.0	800.0
Internal borrowings (Net of principal repayments)	22.5	2.5	37.2	-100.0	-1.8	-	-	-
Cash and bank balances (4)	-1.5	-3.6	-249.1	276.6	-477.8	-248.7	158.0	-
Others	-	-	-	-	-	-	-	-

Source- Dept of National Budget and Accounts (Figures may not add due to rounding). (1) Includes lending to public and joint sector corps, net of principal repayment (2) Financing transactions by definition must equal the budget deficit or surplus on revenue/grant/expenditure which they finance. Negative financing transactions depicts net repayment of borrowings or increase in cash or bank balances (3) The Internal Resource Gap is that part of the budget deficit/surplus that has to be met from internal resources (Govt Cash and Bank balances or borrowings). A negative resource gap means net repayments of internal borrowings or an increase in Cash or Bank balance (4) Includes use + or repayment - of overdraft.

Table 7. Summary of the Price Index

December 1979 = 100

Item	Weight in % (1)	Period														Average Growth Rate in %
		1995		1996		1997		1998		1999		2000		2001		
		June	December	June	December	June	December	June	December	June	December	June	December	June	December	
Index																
Food	72.31	367.7	392.2	407.8	422.9	423.1	438.1	465.3	494.5	508.1	507.3	511.2	513.9	515.5		
Non-food	27.69	532.2	556.6	566.3	607.8	646.2	666.2	694.4	737.1	757.9	795.1	825.2	871.3	891.0		
Total	100.00	413.2	437.7	451.7	474.1	484.9	501.2	528.7	561.7	577.3	587.0	598.1	612.9	619.5		
Percentage change on previous year																
															June 80-01	December 79-00
Food	72.31	7.3	12.7	10.9	7.8	3.8	3.6	10.0	12.9	9.2	2.6	0.6	1.3	0.8	8.1	8.1
Non-food	27.69	9.8	7.2	6.4	9.2	14.1	9.6	7.5	10.6	9.1	7.9	8.9	9.6	8.0	10.5	10.9
Total	100.00	8.2	10.7	9.3	8.3	7.4	5.7	9.0	12.1	9.2	4.5	3.6	4.4	3.6	8.9	9.0
Percentage change on previous period																
															79-01	
Food	72.31	5.7	6.7	4.0	3.7	0.1	3.5	6.2	6.3	2.7	-0.2	0.8	0.5	0.3	7.7	
Non-food	27.69	2.5	4.6	1.7	7.3	6.3	3.1	4.2	6.1	2.8	4.9	3.8	5.6	2.3	10.5	
Total	100.00	4.5	5.9	3.2	5.0	2.3	3.4	5.5	6.2	2.8	1.7	1.9	2.5	1.1	8.6	

Source : Central Statistical Organization of the Planning Commission. -(*) Excluding rent. -(1) 1979 Expenditure Survey.

Table 8. Royal Monetary Authority of Bhutan-Money and Banking Statistics

Millions of Ngultrum

End of Period	Assets							
	Total	Foreign Assets			Claims on Deposit Money Banks	Claims on Govt.	Claims on Private Sector	Claims on Non-Monetary Financial Institutions
		Total	Rupee	Convertible Foreign Currency				
1983	51.4	51.4	2.8	48.6	0.0	0.0	0.0	0.0
1984	116.9	102.9	6.7	96.2	14.0	0.0	0.0	0.0
1985	244.0	227.8	7.2	220.6	16.2	0.0	0.0	0.0
1986	320.4	303.6	9.4	294.2	16.8	0.0	0.0	0.0
1987	506.5	482.7	15.7	467.0	23.8	0.0	0.0	0.0
1988	720.5	696.6	15.6	681.0	23.9	0.0	0.0	0.0
1989	930.6	840.7	33.2	807.5	29.5	60.4	0.0	0.0
1990	1418.9	1144.8	16.0	1128.8	38.6	235.5	0.0	0.0
1991	2457.0	2268.1	28.6	2239.5	47.7	141.2	0.0	0.0
1992	2241.9	2027.2	21.7	2005.5	43.7	171.0	0.0	0.0
1993	3126.2	2944.7	59.3	2885.4	107.8	73.7	0.0	0.0
1994	3595.1	3533.2	24.6	3508.6	6.9	0.0	0.0	55.0
1995	4395.0	4337.2	27.6	4309.5	2.8	50.0	0.0	5.0
1996	5602.5	5284.8	25.1	5259.7	307.8	0.0	4.9	5.0
1997	6126.7	6064.6	25.5	6039.0	2.5	51.0	3.7	5.0
1998	9218.6	8022.4	26.9	7995.5	1193.0	0.0	3.1	0.0
1999	10030.6	8840.5	82.3	8758.2	1187.5	0.0	2.6	0.0
2000								
Jan	10182.5	8922.4	94.0	8828.4	1257.5	0.0	2.7	0.0
Feb	10407.1	8923.6	64.8	8858.8	1480.8	0.0	2.7	0.0
Mar	10349.9	8975.7	91.1	8884.5	1371.6	0.0	2.7	0.0
Apr	10221.3	8818.4	106.0	8712.3	1400.1	0.0	2.8	0.0
May	9970.8	8990.3	111.4	8878.8	977.8	0.0	2.7	0.0
Jun	9577.3	9162.9	102.0	9060.8	411.9	0.0	2.5	0.0
Jul	9989.7	9228.7	100.6	9128.0	758.1	0.0	2.9	0.0
Aug	10172.8	9505.1	91.2	9414.0	664.9	0.0	2.8	0.0
Sept	10471.0	9662.8	97.5	9565.3	805.0	0.0	3.3	0.0
Oct	11049.6	9942.0	85.1	9856.9	1104.3	0.0	3.3	0.0
Nov	11791.4	10468.5	100.1	10368.4	1319.7	0.0	3.2	0.0
Dec	11253.8	10357.6	87.8	10269.8	892.7	0.0	3.5	0.0
2001								
Jan	10556.8	9544.1	100.6	9443.5	1009.1	0.0	3.6	0.0
Feb	9987.8	9188.5	90.7	9097.8	795.8	0.0	3.5	0.0
Mar	9608.6	8921.8	95.7	8826.1	683.3	0.0	3.5	0.0
Apr	9221.7	9018.5	108.8	8909.7	199.5	0.0	3.7	0.0
May	9080.2	8998.0	78.7	8919.3	78.7	0.0	3.6	0.0
Jun	9352.7	9048.0	89.4	8958.7	22.7	280.0	2.0	0.0

TABLE 8. CONTINUED
Royal Monetary Authority of Bhutan

Millions of Ngultrum

End of Period	Liabilities									
	Total	Reserve Money		Foreign Liabilities			Govt. Deposits	RMA Bills Outstanding	Capital Account	Other Items (Net)
		Total	Of which: Currency Outside Banks	Total	Rupee	Others				
1983	51.4	39.2	22.1	0.0	0.0	0.0	13.0	0.0	0.0	-0.8
1984	116.9	85.2	46.2	0.0	0.0	0.0	23.9	0.0	0.0	7.8
1985	244.0	203.7	70.4	0.0	0.0	0.0	22.2	0.0	0.0	18.1
1986	320.3	259.2	90.7	0.0	0.0	0.0	19.4	0.0	0.0	41.7
1987	506.6	432.6	103.5	0.0	0.0	0.0	9.4	0.0	0.0	64.6
1988	720.5	384.3	149.1	0.0	0.0	0.0	180.3	0.0	0.0	155.8
1989	930.7	691.2	187.7	0.0	0.0	0.0	77.5	0.0	0.0	161.9
1990	1419.0	1259.6	194.1	0.0	0.0	0.0	65.0	0.0	0.0	94.4
1991	2457.0	1592.7	246.0	0.0	0.0	0.0	116.4	0.0	0.0	747.9
1992	2241.9	1256.5	345.0	0.0	0.0	0.0	20.2	0.0	0.0	965.2
1993	3126.3	1364.9	346.0	0.0	0.0	0.0	25.4	0.0	0.0	1736.0
1994	3595.1	1286.8	347.5	616.8	616.8	0.0	29.8	600.0	40.2	1021.5
1995	4395.0	2149.7	432.4	161.1	161.1	0.0	28.6	550.0	88.1	1417.6
1996	5602.6	2328.5	422.5	250.0	250.0	0.0	333.7	1000.0	78.9	1611.5
1997	6126.7	2545.5	720.9	250.0	250.0	0.0	27.9	681.1	48.1	2574.2
1998	9218.6	3954.1	768.8	250.0	250.0	0.0	1207.3	560.0	150.1	3097.2
1999	10030.6	4972.5	969.2	0.0	0.0	0.0	1233.5	486.5	172.5	3165.6
2000										
Jan	10182.5	5021.4	975.7	0.0	0.0	0.0	1301.9	486.5	195.3	3177.4
Feb	10407.0	4982.7	977.5	0.0	0.0	0.0	1529.6	510.0	217.8	3166.9
Mar	10349.9	5027.4	1040.7	0.0	0.0	0.0	1420.8	510.0	241.2	3150.5
Apr	10221.3	4871.5	991.3	0.0	0.0	0.0	1449.3	510.0	253.1	3137.3
May	9970.8	4918.7	1022.7	0.0	0.0	0.0	1029.9	510.0	326.3	3185.9
Jun	9577.3	4950.9	1119.4	0.0	0.0	0.0	462.2	510.0	361.6	3292.6
Jul	9989.7	5091.3	1086.9	0.0	0.0	0.0	777.5	480.0	376.9	3264.0
Aug	10172.8	5271.5	1121.7	0.0	0.0	0.0	558.1	480.0	396.6	3466.5
Sept	10471.0	5458.4	1205.2	0.0	0.0	0.0	670.5	410.0	400.1	3532.0
Oct	11049.6	5760.4	1384.6	0.0	0.0	0.0	1122.0	410.0	128.7	3628.5
Nov	11791.5	6206.3	1208.7	0.0	0.0	0.0	1342.1	410.0	204.7	3628.4
Dec	11253.9	6021.6	1269.6	0.0	0.0	0.0	918.2	410.0	220.6	3683.5
2001										
Jan	10556.8	5277.9	1276.1	0.0	0.0	0.0	1022.6	410.0	241.8	3604.5
Feb	9987.8	4872.5	1318.5	0.0	0.0	0.0	827.4	410.0	264.5	3613.4
Mar	9608.6	4572.2	1346.4	0.0	0.0	0.0	713.8	410.0	326.3	3586.4
Apr	9221.7	4598.8	1346.8	0.0	0.0	0.0	230.0	410.0	348.3	3634.6
May	9080.2	4553.8	1349.4	0.0	0.0	0.0	58.8	410.0	424.3	3633.4
Jun	9352.7	4710.9	1483.1	0.0	0.0	0.0	60.5	410.0	449.7	3721.7

(*) Excluding Rupees in circulation. Money and Banking Statistics revised from 30 June 1994.

Table 9. Auctions/Tap Sales of RMA Bills

Auction/Tap Sale No.	Auction/Tap Sale date	Maturity in Days	Bids, millions of Ngul		Discount Rate (%)
			Received	Accepted	
R040	2-Jan-97	91	685.0	350.0	9.0
R041	5-Feb-97	91	500.0	350.0	6.0
R042	13-Mar-97	91	400.0	250.0	6.0
R043	3-Apr-97	91	680.2	300.0	6.5
R044	7-May-97	91	946.0	300.0	5.0
R045	12-Jun-97	91	555.0	150.0	9.0
R046	3-Jul-97	91	1030.2	250.0	5.0
R047	6-Aug-97	90	790.0	400.0	5.0
R048	11-Sep-97	91	724.0	150.0	3.0
R049	2-Oct-97	90	585.0	300.0	5.0
R050	6-Nov-97	90	500.0	250.0	7.0
R051	11-Dec-97	91	805.0	150.0	7.0
R052	31-Dec-97	91	1110.0	300.0	6.0
R053	5-Feb-98	91	660.0	250.0	8.0
R054	12-Mar-98	91	510.0	110.0	7.0
R055	1-Apr-98	90	775.0	300.0	6.0
R056	7-May-98	90	650.0	150.0	6.0
R057	11-Jun-98	90	575.0	110.0	4.9
R058	30-Jun-98	90	520.0	300.0	4.9
R059	5-Aug-98	91	765.0	150.0	4.9
R060	9-Sep-98	91	580.0	110.0	8.5
R061	28-Sep-98	91	530.0	300.0	8.5
R062	4-Nov-98	91	555.0	150.0	8.5
R063	9-Dec-98	91	595.0	110.0	8.5
R064	28-Dec-98	87	565.0	300.0	8.5
R065	3-Feb-99	91	620.1	150.0	8.5
R066	10-Mar-99	91	605.0	110.0	8.5
R067	25-Mar-99	91	620.0	250.0	9.5
R068	5-May-99	91	585.0	150.0	5.0
R069	9-Jun-99	91	600.0	110.0	6.0
R070	24-Jun-99	91	635.0	250.0	4.0
R071	4-Aug-99	90	625.0	150.0	6.0
R072	8-Sep-99	90	620.0	250.0	8.5
R073	17-Sep-99	90	620.0	250.0	8.5
R074	2-Nov-99	91	611.0	150.0	3.5
R075	7-Dec-99	90	520.0	110.0	6.0
R076	22-Dec-99	90	640.0	250.0	6.0
R077	1-Feb-00	92	535.0	150.0	6.0
R078	6-Mar-00	91	535.0	110.0	6.0
R079	21-Mar-00	90	570.0	250.0	8.5
R080	3-May-00	90	570.0	150.0	8.5
R081	5-Jun-00	91	540.0	110.0	8.5
R082	19-Jun-00	91	500.0	250.0	8.5
R083	1-Aug-00	92	500.0	150.0	8.5
R084	4-Sep-00	92	500.0	110.0	8.5
R085	18-Sep-00	91	500.0	150.0	9.5
R086	1-Nov-00	90	500.0	150.0	8.5
R087	4-Dec-00	91	671.0	110.0	7.5
R088	18-Dec-00	91	705.0	150.0	5.5
R089	30-Jan-01	90	520.0	150.0	6.5
R090	5-Mar-01	91	660.0	110.0	5.9
R091	19-Mar-01	91	500.0	150.0	6.0
R092	30-Apr-01	91	550.0	150.0	6.0
R093	4-Jun-01	91	700.0	110.0	5.0
R094	18-Jun-01	91	600.0	150.0	4.9
R095	31-Jul-01	90	650.0	150.0	4.0
R096	3-Sep-01	91	500.0	110.0	3.8
R097	17-Sep-01	91	500.0	150.0	5.4
R098	29-Oct-01	91	300.0	150.0	5.0

*) Starting from October 29, 2001, Auctions were discontinued and Tap Sales were introduced.

Table 10. Bank of Bhutan-Money and Banking Statistics

Millions of Ngultrum

End of Period	Assets								
	Total	Reserves with RMA	Foreign Assets			Claims on Govt.	Claims on Govt. Corporations	Claims on Joint Corps.	Claims on Private Sector
			Total	Rupee	Others				
1983	453.5	9.2	320.9	284.3	36.6	23.0	57.3	0.0	43.1
1984	604.1	13.3	433.1	356.7	76.4	58.6	41.3	0.0	57.8
1985	741.8	119.3	420.9	405.0	15.9	119.6	26.6	0.0	55.4
1986	768.2	143.1	433.8	407.9	25.9	104.2	19.7	0.0	67.3
1987	1054.9	310.4	636.9	606.0	30.9	11.8	13.5	0.0	82.3
1988	1129.2	244.2	733.8	688.8	45.0	2.9	32.4	0.0	115.9
1989	1416.9	501.7	692.9	629.7	63.2	2.5	27.6	0.0	192.2
1990	1741.9	1009.4	460.8	409.7	51.1	2.6	53.2	0.0	215.9
1991	1975.1	1252.8	348.8	287.3	61.5	2.6	64.8	0.0	306.1
1992	2238.9	827.9	212.6	22.6	190.0	2.5	770.1	0.0	425.8
1993	2726.4	1001.2	434.3	129.3	305.0	6.5	795.6	0.0	488.8
1994	2984.1	1416.4	278.5	84.9	193.6	4.6	560.8	238.9	485.0
1995	3921.7	2382.4	252.5	35.4	217.0	1.5	534.6	229.2	521.5
1996	4962.5	2085.3	1545.4	1326.8	218.5	100.0	483.7	187.7	560.5
1997	5743.1	2903.5	1391.5	1153.7	237.9	200.6	449.1	213.3	585.0
1998	6613.3	2672.1	2732.1	2549.8	182.3	50.0	411.4	166.6	581.2
1999	6909.0	3418.1	2395.9	1925.0	470.9	50.0	372.1	135.2	537.7
2000									
Jan	7366.2	3058.8	3206.7	2640.1	566.6	50.0	372.2	144.7	533.8
Feb	6830.0	2982.3	2769.5	2213.4	556.1	50.0	372.1	139.8	516.2
Mar	6815.2	3141.7	2579.1	2036.5	542.6	50.0	372.2	138.2	533.9
Apr	6989.6	3021.7	2904.3	2350.1	554.3	50.0	373.0	135.6	505.0
May	6838.6	3367.8	2413.0	1861.0	552.0	50.0	373.5	132.0	502.3
Jun	7329.8	3943.1	2328.9	1819.5	509.4	50.0	353.6	141.1	513.0
Jul	7326.7	3699.2	2577.2	2102.0	475.3	50.0	353.5	131.6	515.1
Aug	7380.5	4064.1	2280.4	1854.0	426.4	50.0	353.1	124.6	508.3
Sept	7716.9	4068.4	2573.6	2076.0	497.6	50.0	353.6	128.5	542.8
Oct	7664.1	4045.8	2524.7	2058.6	466.1	50.0	353.4	121.4	568.8
Nov	7543.4	3993.5	2383.3	1988.5	394.8	50.0	352.1	122.0	642.5
Dec	7813.5	4134.0	2495.2	2070.5	424.6	50.0	332.6	121.7	680.0
2001									
Jan	7237.5	3270.0	2622.9	2130.7	492.1	50.0	333.3	113.2	848.2
Feb	7129.3	3212.1	2534.1	2080.9	453.1	50.0	333.4	112.3	887.4
Mar	7105.6	3046.1	2636.6	2444.0	192.6	50.0	333.3	120.1	919.5
Apr	8437.8	4118.9	2923.1	2155.1	768.0	50.0	332.7	109.5	903.6
May	7932.1	3363.4	2831.7	2078.6	753.1	344.9	332.7	113.0	946.4
Jun	8379.2	3390.7	2916.2	2149.7	766.5	677.7	332.7	113.4	948.5

TABLE 10. CONTINUED
Bank of Bhutan

Millions of Ngultrum

End of Period	Liabilities										
	Total	Demand Deposits (1)	Time Deposits	Foreign Currency Deposits	Foreign Liabilities			Govt. Deposits	Credit from RMA	Capital Accounts	Other Items (Net)
					Total	Rupee	Others				
1983	453.5	155.1	146.9	0.5	26.6	26.6	0.0	0.0	2.1	121.0	1.3
1984	604.1	163.6	156.7	0.5	45.8	45.8	0.0	88.7	0.0	111.1	37.7
1985	741.9	191.3	201.0	1.3	53.3	53.3	0.0	77.7	0.0	132.6	84.7
1986	768.1	186.3	212.6	9.1	37.3	37.3	0.0	117.8	0.0	150.1	54.8
1987	1055.0	213.3	223.4	12.3	42.7	42.7	0.0	307.1	0.0	175.9	80.3
1988	1129.2	263.0	289.1	22.5	46.0	46.0	0.0	221.4	0.0	176.9	110.3
1989	1416.9	358.2	415.1	15.1	87.4	87.4	0.0	201.8	0.0	229.2	110.0
1990	1741.7	345.4	515.2	24.0	118.0	118.0	0.0	299.1	0.0	240.1	199.9
1991	1975.1	503.7	622.2	26.0	137.0	136.9	0.1	314.5	0.0	236.0	135.7
1992	2238.9	495.9	691.1	55.0	357.2	357.2	0.0	200.3	0.0	533.9	-94.4
1993	2726.4	487.1	1054.9	65.2	567.8	567.8	0.0	311.3	0.0	329.6	-89.5
1994	2984.1	696.5	1266.8	84.2	0.0	0.0	0.0	139.5	0.0	323.6	473.4
1995	3921.7	889.9	1822.1	104.3	0.0	0.0	0.0	344.0	0.0	371.0	390.4
1996	4962.5	1651.6	1370.5	95.0	0.0	0.0	0.0	458.8	0.0	371.1	1015.5
1997	5743.1	1329.8	2787.1	96.4	0.0	0.0	0.0	183.6	0.0	399.3	946.8
1998	6613.3	1638.3	2842.8	183.2	0.0	0.0	0.0	257.3	0.0	410.7	1281.1
1999	6909.0	2151.4	2860.9	356.1	0.0	0.0	0.0	630.3	0.0	451.3	459.0
2000									0.0		
Jan	7366.2	1892.8	3466.1	326.7	0.0	0.0	0.0	400.8	0.0	451.3	828.6
Feb	6830.0	1506.6	3504.6	300.6	0.0	0.0	0.0	471.8	0.0	451.3	595.2
Mar	6815.7	2572.8	3075.9	281.5	0.0	0.0	0.0	497.8	0.0	451.3	-63.7
Apr	6989.6	2022.0	2987.4	269.6	0.0	0.0	0.0	408.2	0.0	451.3	851.1
May	6838.6	1905.2	2943.6	241.3	0.0	0.0	0.0	505.0	0.0	451.3	792.3
Jun	7329.8	2029.1	3369.5	201.9	0.0	0.0	0.0	430.7	0.0	451.3	847.4
Jul	7326.7	2146.2	3747.4	227.9	0.0	0.0	0.0	450.1	0.0	451.3	303.8
Aug	7380.5	2119.2	3763.5	202.9	0.0	0.0	0.0	265.9	0.0	451.3	577.7
Sept	7716.9	2574.3	3619.3	276.1	0.0	0.0	0.0	266.3	0.0	451.3	529.7
Oct	7664.4	2366.0	3291.3	235.6	0.0	0.0	0.0	285.5	0.0	451.3	1034.8
Nov	7543.4	2107.3	3860.0	196.9	0.0	0.0	0.0	288.5	0.0	451.3	639.5
Dec	7813.5	1998.1	3744.7	158.7	0.0	0.0	0.0	330.1	0.0	513.8	1068.0
2001											
Jan	7237.5	2100.3	2981.8	232.9	1064.4	1064.4	0.0	300.3	0.0	571.4	-13.5
Feb	7129.3	1897.7	2831.1	268.4	1258.2	1258.2	0.0	292.7	0.0	513.8	67.5
Mar	7105.6	2371.6	3462.5	176.1	134.4	134.4	0.0	387.4	0.0	513.8	59.8
Apr	8437.8	2281.5	3327.0	278.7	494.8	494.8	0.0	799.9	0.0	513.8	742.1
May	7932.1	1343.5	3103.5	282.0	825.1	825.1	0.0	779.4	0.0	513.8	1084.9
Jun	8379.2	2280.5	2817.7	201.3	1199.5	1199.5	0.0	671.6	0.0	513.8	694.8

(1) Demand Deposits include Saving Deposits. Money and Banking Statistics revised from 30 June 1994. From January 2001 onwards, rupee liabilities are shown separate and are not included in Other Liabilities anymore.

Table 11. Bhutan National Bank - Money and Banking Statistics

Millions of Ngultrum

End of Period	Assets								
	Total	Reserves with RMA	Foreign Assets			Claims on Govt.	Claims on Govt. Corps.	Claims on Joint Corps.	Claims on Private Sector
			Total	Rupee	Others				
1997	914.5	104.8	135.7	77.6	58.1	0.0	0.0	10.4	663.6
1998	1292.2	228.7	335.9	213.6	122.3	0.0	0.0	7.5	720.1
1999									
Jan	1523.2	342.2	453.8	289.7	164.1	0.0	0.0	7.5	719.8
Feb	1481.4	250.7	498.2	256.9	241.4	0.0	0.0	7.5	725.0
Mar	1624.2	249.8	644.3	502.1	142.1	0.0	0.0	7.5	722.7
Apr	1671.0	282.7	642.2	473.8	168.4	0.0	0.0	7.5	738.7
May	1702.8	258.4	675.1	574.5	100.6	0.0	0.0	7.5	761.9
Jun	1755.3	271.0	711.8	583.3	128.5	0.0	0.0	9.1	763.3
Jul	1844.3	297.6	760.0	612.2	147.8	0.0	0.0	9.8	777.0
Aug	2035.6	223.6	1015.5	767.6	247.8	0.0	0.0	9.8	786.8
Sept	2286.9	228.6	1258.4	918.9	339.5	0.0	0.0	10.0	789.9
Oct	2486.5	219.1	1454.4	1034.8	419.5	0.0	0.0	10.0	803.0
Nov	2622.6	297.9	1499.5	1167.3	332.2	0.0	0.0	10.0	815.3
Dec	2736.3	256.8	1659.3	1299.6	359.7	0.0	0.0	5.0	815.2
2000									
Jan	2697.5	231.8	1633.3	1239.4	393.9	0.0	0.0	5.0	827.4
Feb	2875.6	308.4	1735.9	1261.8	474.1	0.0	0.0	5.0	826.4
Mar	2898.4	300.7	1765.0	1223.6	541.4	0.0	0.0	5.0	827.7
Apr	2850.1	308.1	1703.3	1153.9	549.4	0.0	0.0	5.0	833.8
May	2889.3	299.3	1737.2	1189.9	547.3	0.0	0.0	5.0	847.8
Jun	2928.2	319.3	1756.5	1191.9	564.6	0.0	0.0	5.0	847.5
Jul	3018.7	292.4	1852.1	1320.8	531.4	0.0	0.0	5.0	869.3
Aug	3225.8	295.1	2044.4	1489.5	554.9	0.0	0.0	5.0	881.3
Sept	3484.3	483.4	2094.8	1473.9	621.0	0.0	0.0	5.0	901.1
Oct	3452.1	357.4	2159.6	1492.9	666.7	0.0	0.0	5.0	930.1
Nov	3488.3	386.7	2151.9	1519.0	632.9	0.0	0.0	5.0	944.7
Dec	3702.3	535.5	2221.0	1552.9	668.1	0.0	0.0	5.0	940.8
2001									
Jan	3366.6	357.9	2040.2	1526.2	514.0	0.0	0.0	5.0	963.5
Feb	3434.9	428.3	2029.3	1499.8	529.5	0.0	0.0	5.8	971.6
Mar	3527.0	416.0	2111.7	1511.0	600.7	0.0	0.0	7.1	992.3
Apr	3697.0	454.3	2205.0	1531.5	673.5	0.0	0.0	7.2	1030.6
May	3743.1	635.3	2044.4	1354.8	689.6	0.0	0.0	7.2	1056.3
Jun	3768.0	666.8	2024.2	1328.3	695.9	0.0	0.0	7.2	1066.1

TABLE 11. CONTINUED
Bhutan National Bank

Millions of Ngultrum

End of Period	Liabilities										
	Total	Demand Deposits (1)	Time Deposits	Foreign Currency Deposits	Foreign Liabilities			Govt. Deposits	Credit from RMA	Capital Accounts	Other Items (Net)
					Total	Rupee	Others				
1997	914.5	117.4	572.2	0.0	0.0	0.0	0.0	25.4	0.0	139.7	59.9
1998	1292.2	222.1	755.7	4.7	0.0	0.0	0.0	64.9	0.0	157.7	87.1
1999											
Jan	1523.2	224.2	761.7	5.2	0.0	0.0	0.0	280.5	0.0	158.7	92.9
Feb	1481.4	269.4	755.2	5.1	0.0	0.0	0.0	285.0	0.0	160.1	6.7
Mar	1624.2	271.9	770.6	6.8	0.0	0.0	0.0	287.2	0.0	164.5	123.2
Apr	1671.0	333.3	777.8	10.8	0.0	0.0	0.0	291.0	0.0	164.2	93.9
May	1702.8	310.8	796.8	11.9	0.0	0.0	0.0	352.0	0.0	166.0	65.3
Jun	1755.3	272.9	887.5	10.8	0.0	0.0	0.0	347.9	0.0	174.4	61.8
July	1844.3	259.0	987.8	11.2	0.0	0.0	0.0	337.7	0.0	175.8	73.0
Aug	2035.6	297.5	1100.0	14.6	0.0	0.0	0.0	343.3	0.0	178.7	101.6
Sept	2286.9	398.1	1245.4	21.0	0.0	0.0	0.0	322.8	0.0	184.4	115.1
Oct	2487.0	489.6	1340.7	14.7	0.0	0.0	0.0	331.7	0.0	186.7	123.7
Nov	2622.6	448.0	1486.0	17.0	0.0	0.0	0.0	354.6	0.0	189.5	127.5
Dec	2736.3	603.6	1506.9	16.7	0.0	0.0	0.0	283.9	0.0	181.8	143.4
2000											
Jan	2697.5	382.6	1536.5	15.6	0.0	0.0	0.0	339.6	0.0	184.0	239.2
Feb	2875.6	463.5	1561.1	16.9	0.0	0.0	0.0	295.0	0.0	185.9	353.3
Mar	2898.4	406.6	1577.1	15.0	0.0	0.0	0.0	310.4	0.0	188.4	400.9
Apr	2850.1	390.2	1582.3	18.3	0.0	0.0	0.0	318.6	0.0	193.9	346.8
May	2889.3	435.3	1614.3	17.4	0.0	0.0	0.0	314.7	0.0	195.9	311.6
Jun	2928.2	445.7	1647.1	20.4	0.0	0.0	0.0	267.8	0.0	191.3	355.9
Jul	3018.7	523.2	1718.9	16.3	0.0	0.0	0.0	194.4	0.0	194.9	370.9
Aug	3225.8	532.9	1794.7	17.7	0.0	0.0	0.0	217.1	0.0	199.2	464.3
Sept	3484.3	676.7	1897.1	22.5	0.0	0.0	0.0	282.3	0.0	213.4	392.3
Oct	3452.1	541.5	1913.6	17.5	0.0	0.0	0.0	364.5	0.0	219.1	396.0
Nov	3488.3	585.4	1955.7	30.4	0.0	0.0	0.0	294.4	0.0	223.3	399.3
Dec	3705.3	671.3	2070.7	22.2	0.0	0.0	0.0	301.1	0.0	242.2	397.8
2001											
Jan	3366.6	493.9	1921.1	20.2	0.0	0.0	0.0	285.6	0.0	257.8	388.0
Feb	3434.9	499.8	2024.2	24.7	0.0	0.0	0.0	281.5	0.0	261.0	343.8
Mar	3527.0	507.5	2078.5	21.5	0.0	0.0	0.0	338.6	0.0	268.9	312.0
Apr	3697.0	487.7	2109.6	23.7	0.0	0.0	0.0	501.1	0.0	270.9	304.0
May	3743.1	530.0	2174.2	28.0	0.0	0.0	0.0	434.3	0.0	277.6	299.0
Jun	3768.0	609.2	1892.8	30.2	0.0	0.0	0.0	681.4	0.0	283.9	270.5

(1) Demand Deposits include Saving Deposits.-In January 1997, the Unit Trust of Bhutan was converted to Bhutan National Bank (the second commercial bank in the country).

Table 12. Deposit Money Banks – Money and Banking Statistics

Millions of Ngultrum

End of Period	Assets								
	Total	Reserves with RMA	Foreign Assets			Claims on Govt.	Claims on Govt. Corps.	Claims on Joint Corps.	Claims on Private Sector
			Total	Rupee	Others				
1997	6657.6	3008.3	1527.3	1231.3	295.9	200.6	449.1	223.8	1248.6
1998	7905.5	2900.8	3068.0	2763.4	304.6	50.0	411.4	174.0	1298.3
1999									
Jan	8741.2	2643.0	4165.7	3646.3	519.4	50.0	411.6	173.6	1294.5
Feb	8123.1	2785.4	3412.5	2781.8	630.7	50.0	411.6	167.4	1293.2
Mar	8365.9	2729.3	3707.1	3297.7	409.4	50.0	420.5	171.5	1284.5
Apr	8461.1	3135.3	3433.7	3023.5	410.2	50.0	410.9	162.7	1265.5
May	8789.9	3352.6	3522.1	3220.7	301.5	50.0	411.6	161.7	1288.9
Jun	8384.9	3741.6	2729.9	2447.0	282.9	50.0	391.0	165.7	1302.6
Jul	8651.4	3395.6	3317.8	2971.6	346.2	50.0	391.3	158.8	1337.9
Aug	8996.0	3682.1	3397.7	2853.3	544.4	50.0	392.1	152.5	1321.5
Sept	9218.5	3774.7	3510.0	2895.2	614.9	50.0	392.1	153.8	1337.9
Oct	11069.7	3507.8	5628.3	4989.4	638.9	50.0	391.9	144.0	1347.8
Nov	10077.8	3762.7	4366.3	3851.3	515.0	50.0	392.1	141.7	1365.0
Dec	9645.2	3674.9	4055.1	3224.6	830.6	50.0	372.1	140.2	1352.9
2000									
Jan	10064.0	3290.6	4840.4	3879.5	960.9	50.0	372.2	149.7	1361.1
Feb	9705.6	3290.7	4505.4	3475.2	1030.2	50.0	372.1	144.8	1342.6
Mar	9714.0	3442.4	4344.1	3260.1	1084.0	50.0	372.2	143.7	1361.6
Apr	9839.7	3329.7	4607.6	3503.9	1103.7	50.0	373.0	140.6	1338.7
May	9728.0	3667.1	4150.2	3050.9	1099.3	50.0	373.5	137.0	1350.1
Jun	10258.0	4262.4	4085.4	3011.4	1074.0	50.0	353.6	146.1	1360.5
Jul	10345.4	3991.5	4429.4	3422.7	1006.6	50.0	353.5	136.6	1384.4
Aug	10606.2	4359.2	4324.8	3343.5	981.3	50.0	353.1	129.6	1389.6
Sept	11201.1	4551.8	4668.4	3549.8	1118.6	50.0	353.6	133.5	1443.9
Oct	11116.5	4403.2	4684.3	3551.5	1132.8	50.0	353.4	126.7	1498.9
Nov	11031.7	4380.2	4535.2	3507.5	1027.8	50.0	352.1	126.9	1587.2
Dec	11518.7	4669.5	4716.1	3623.4	1092.7	50.0	332.6	126.7	1623.8
2001									
Jan	10604.1	3627.9	4663.1	3657.0	1006.1	50.0	333.3	118.1	1811.7
Feb	10564.2	3640.4	4563.4	3580.7	982.7	50.0	333.4	118.1	1859.0
Mar	10632.7	3462.1	4748.3	3955.0	793.3	50.0	333.3	127.2	1911.8
Apr	12134.8	4573.2	5128.1	3686.6	1441.5	50.0	332.7	116.7	1934.1
May	11675.3	3998.7	4876.1	3433.4	1442.7	344.9	332.7	120.2	2002.7
Jun	12147.1	4057.4	4940.4	3478.0	1462.4	677.7	332.7	120.6	2018.4

¹⁾ Bank of Bhutan and Bhutan National Bank.

TABLE 12. CONTINUED
Deposit Money Banks

Millions of Ngultrum

End of Period	Liabilities										
	Total	Demand Deposits (1)	Time Deposits	Foreign Currency Deposits	Foreign Liabilities			Govt. Deposits	Credit from RMA	Capital Accounts	Other Items (Net)
					Total	Rupee	Others				
1997	6657.6	1447.2	3359.3	96.4	0.0	0.0	0.0	209.1	0.0	539.0	1006.6
1998	7905.5	1860.4	3598.4	187.9	0.0	0.0	0.0	322.2	0.0	568.4	1368.3
1999											
Jan	8740.6	1916.3	3735.0	296.9	0.0	0.0	0.0	537.9	0.0	569.4	1685.2
Feb	8123.1	1944.5	3743.9	281.8	0.0	0.0	0.0	415.2	0.0	570.7	1167.0
Mar	8365.9	1974.4	4166.6	273.9	0.0	0.0	0.0	436.6	0.0	575.1	939.4
Apr	8461.1	1702.8	4422.0	314.2	0.0	0.0	0.0	608.3	0.0	574.9	838.9
May	8790.0	1926.1	4211.2	275.0	0.0	0.0	0.0	733.0	0.0	576.6	1068.1
Jun	8385.0	1832.6	4269.8	221.0	0.0	0.0	0.0	741.0	0.0	585.0	735.6
Jul	8651.4	1759.7	3518.2	333.9	0.0	0.0	0.0	795.1	0.0	586.4	1658.2
Aug	8996.0	1879.9	4417.0	275.7	0.0	0.0	0.0	633.2	0.0	589.3	1200.9
Sept	9218.4	2378.6	4546.9	195.2	0.0	0.0	0.0	696.6	0.0	595.0	806.1
Oct	11069.7	2623.9	5190.0	173.0	0.0	0.0	0.0	762.6	0.0	597.4	1722.8
Nov	10077.8	2364.2	5084.9	178.3	0.0	0.0	0.0	831.9	0.0	600.2	1018.3
Dec	9645.2	2754.9	4367.8	372.9	0.0	0.0	0.0	914.2	0.0	633.1	602.3
2000											
Jan	10063.6	2275.4	5002.5	342.2	0.0	0.0	0.0	740.4	0.0	635.3	1067.8
Feb	9705.6	1970.1	5065.6	317.5	0.0	0.0	0.0	766.8	0.0	637.2	948.4
Mar	9714.0	2979.5	4653.0	296.4	0.0	0.0	0.0	808.2	0.0	639.7	337.3
Apr	9839.7	2412.2	4569.7	287.9	0.0	0.0	0.0	726.8	0.0	645.2	1197.9
May	9728.0	2340.5	4558.0	258.7	0.0	0.0	0.0	819.7	0.0	647.2	1103.9
Jun	10258.0	2474.8	5016.6	222.3	0.0	0.0	0.0	698.4	0.0	642.6	1203.3
Jul	10345.4	2669.5	5466.3	244.2	0.0	0.0	0.0	644.5	0.0	646.2	674.6
Aug	10606.2	2652.0	5558.2	220.6	0.0	0.0	0.0	483.0	0.0	650.5	1041.9
Sept	11201.1	3251.0	5516.4	298.5	0.0	0.0	0.0	548.5	0.0	664.7	921.9
Oct	11116.5	2907.5	5204.9	253.0	0.0	0.0	0.0	649.9	0.0	670.4	1430.8
Nov	11031.7	2692.6	5815.7	227.3	0.0	0.0	0.0	582.9	0.0	674.6	1038.8
Dec	11518.7	2669.5	5815.4	180.9	0.0	0.0	0.0	631.2	0.0	756.1	1465.7
2001											
Jan	10604.1	2594.2	4902.9	253.1	1064.4	1064.4	0.0	585.8	0.0	829.1	374.5
Feb	10564.2	2397.5	4855.2	293.1	1258.2	1258.2	0.0	574.1	0.0	774.8	411.3
Mar	10632.6	2879.1	5541.0	197.6	134.4	134.4	0.0	726.0	0.0	782.8	371.8
Apr	12134.8	2769.2	5436.6	302.5	494.8	494.8	0.0	1300.9	0.0	784.7	1046.2
May	11675.2	1873.5	5277.7	309.9	825.1	825.1	0.0	1213.7	0.0	791.5	1383.8
Jun	12147.1	2889.7	4710.5	231.5	1199.5	1199.5	0.0	1352.9	0.0	797.8	965.3

(1) Demand Deposits include Saving Deposits.-In January 1997, Unit Trust of Bhutan was converted to Bhutan National Bank (the second commercial bank in the country).

Table 13. Monetary Survey

Millions of Ngultrum

End of Period	Assets									
	Total	Foreign Assets(Net)			Domestic Credit					
		Total	Rupee	Converti-ble Foreign Currency	Total	Claims on Govt. (Net)	Claims on Govt. Corps.	Claims on Joint Corps.	Claims on Private Sector	Claims on NMFIs
1983	456.1	345.7	260.5	85.2	110.4	10.0	57.3	0.0	43.1	0.0
1984	535.3	490.2	317.6	172.6	45.1	-54.0	41.3	0.0	57.8	0.0
1985	697.2	595.5	359.0	236.5	101.7	19.7	26.6	0.0	55.4	0.0
1986	754.1	700.1	380.0	320.1	54.0	-33.1	19.7	0.0	67.3	0.0
1987	868.1	1077.0	579.0	498.0	-208.9	-304.7	13.5	0.0	82.3	0.0
1988	1133.8	1384.4	658.4	726.0	-250.5	-398.8	32.4	0.0	115.9	0.0
1989	1449.6	1446.2	575.5	870.7	3.4	-216.5	27.6	0.0	192.2	0.0
1990	1630.8	1487.6	307.7	1179.9	143.2	-125.9	53.2	0.0	215.9	0.0
1991	2563.7	2480.0	179.1	2300.9	83.8	-287.1	64.8	0.0	306.1	0.0
1992	3031.5	1882.5	-313.0	2195.5	1149.0	-46.9	770.1	0.0	425.8	0.0
1993	3839.2	2811.2	-379.2	3190.4	1028.0	-256.4	795.6	0.0	488.8	0.0
1994	4369.8	3194.9	-507.3	3702.2	1174.9	-164.7	560.8	238.9	485.0	55.0
1995	5397.8	4428.5	-98.0	4526.6	969.2	-321.1	534.6	229.2	521.5	5.0
1996	7129.4	6580.1	1101.9	5478.2	549.3	-692.5	484.7	187.7	564.4	5.0
1997	9286.6	7341.8	1006.8	6335.0	1944.8	14.7	449.1	223.8	1252.3	5.0
1998	11250.9	10840.4	2540.3	8300.1	410.5	-1479.4	411.4	174.0	1301.4	3.0
1999	12665.8	12895.6	3306.9	9588.8	-229.9	-2097.7	372.1	140.2	1352.5	3.0
2000										
Jan	13655.9	13762.4	3973.4	9789.0	-106.6	-1992.3	372.2	149.7	1360.9	3.0
Feb	13044.7	13429.0	3540.0	9889.0	-384.3	-2246.5	372.1	144.8	1342.3	3.0
Mar	13021.1	13319.7	3351.3	9968.5	-298.7	-2179.0	372.2	143.7	1361.4	3.0
Apr	13155.0	13426.0	3609.9	9816.0	-271.0	-2126.1	373.0	140.6	1338.5	3.0
May	13204.2	13140.5	3162.3	9978.2	63.8	-1799.6	373.5	137.0	1349.8	3.1
Jun	14000.4	13248.3	3113.4	10134.8	752.1	-1110.6	353.6	146.1	1360.0	3.0
Jul	14163.4	13658.0	3523.4	10134.7	505.4	-1372.1	353.5	136.6	1384.4	3.0
Aug	14713.8	13829.9	3434.7	10395.3	883.9	-991.1	353.1	129.6	1389.3	3.0
Sept	15096.4	14331.2	3647.3	10683.9	765.2	-1169.0	353.6	133.5	1444.2	3.0
Oct	14886.7	14626.3	3636.6	10989.7	260.4	-1721.9	353.4	126.7	1499.2	3.0
Nov	15198.3	15003.7	3607.5	11396.2	194.5	-1875.0	352.1	126.9	1587.5	3.0
Dec	15661.0	15073.7	3711.2	11362.5	587.3	-1499.4	332.6	126.7	1624.3	3.0
2001										
Jan	13851.1	13142.7	2693.1	10449.6	708.3	-1558.4	333.3	118.1	1812.3	3.0
Feb	13456.2	12493.7	2413.2	10080.5	962.5	-1351.5	333.4	118.1	1859.5	3.0
Mar	14521.8	13535.7	3916.3	9619.4	986.1	-1389.8	333.3	127.2	1912.3	3.0
Apr	14558.1	13651.8	3300.6	10351.2	906.3	-1480.9	332.7	116.7	1934.1	3.7
May	14580.7	13049.1	2687.1	10362.0	1531.6	-927.6	332.7	120.2	2002.5	3.7
Jun	14806.8	12788.9	2367.8	10421.1	2017.9	-455.7	332.7	120.6	2016.6	3.7

TABLE 13. CONTINUED
Monetary Survey

Millions of Ngultrum

End of Period	Liabilities									
	Total	Broad Money(M2)						Quasi-Money	Money Market Instrument (RMA Bill)	Other Items (Net)
		Total	Money(M1, Narrow Money)							
			Total	Currency Outside Banks	Demand Deposits	NMFI Deposits				
1983	456.1	324.6	177.2	22.1	155.1	0.0	147.4	0.0	131.5	
1984	535.3	367.0	209.8	46.2	163.6	0.0	157.2	0.0	168.3	
1985	697.1	464.0	261.7	70.4	191.3	0.0	202.3	0.0	233.1	
1986	754.0	498.8	277.0	90.7	186.3	0.0	221.8	0.0	255.2	
1987	868.1	552.5	316.8	103.5	213.3	0.0	235.7	0.0	315.6	
1988	1133.9	723.7	412.1	149.1	263.0	0.0	311.6	0.0	410.2	
1989	1449.5	976.2	545.9	187.7	358.2	0.0	430.2	0.0	473.4	
1990	1630.6	1078.8	539.5	194.1	345.4	0.0	539.3	0.0	551.8	
1991	2563.7	1397.9	749.7	246.0	503.7	0.0	648.2	0.0	1165.8	
1992	3031.5	1586.9	840.9	345.0	495.9	0.0	746.1	0.0	1444.6	
1993	3839.3	1953.3	833.1	346.0	487.1	0.0	1120.2	0.0	1886.0	
1994	4369.7	2395.0	1044.0	347.5	696.5	0.0	1351.0	600.0	1374.7	
1995	5397.8	3257.8	1331.5	432.4	889.9	9.1	1926.4	550.0	1589.9	
1996	7129.5	3563.8	2098.3	422.5	1651.6	24.2	1465.5	1000.0	2565.7	
1997	9286.6	5652.2	2196.5	720.9	1447.2	28.4	3455.7	10.6	3623.8	
1998	11250.9	6578.3	2792.0	768.8	1860.4	162.8	3786.3	134.1	4538.5	
1999	12665.8	8643.4	3902.7	969.2	2754.9	178.6	4740.7	26.2	3996.2	
2000										
Jan	13655.9	8775.4	3430.7	975.7	2275.4	179.6	5344.7	26.2	4854.2	
Feb	13044.7	8511.6	3128.5	977.5	1970.1	181.0	5383.1	62.6	4470.5	
Mar	13021.1	9066.7	4117.2	1040.7	2979.5	97.1	4949.5	122.8	3831.6	
Apr	13155.0	8358.2	3500.6	991.3	2412.2	97.1	4857.6	122.8	4674.0	
May	13204.2	8277.2	3460.6	1022.7	2340.5	97.4	4816.7	157.0	4770.0	
Jun	14000.4	8930.5	3691.7	1119.4	2474.8	97.5	5238.9	89.2	4980.6	
Jul	14163.4	9564.5	3854.0	1086.9	2669.5	97.6	5710.6	88.6	4510.3	
Aug	14713.8	9650.5	3871.7	1121.7	2652.0	98.0	5778.8	20.1	5043.2	
Sept	15096.4	10369.2	4554.3	1205.2	3251.0	98.1	5814.9	9.2	4718.0	
Oct	14886.7	9848.4	4390.4	1384.6	2907.5	98.4	5458.0	9.2	5029.1	
Nov	15198.3	10047.8	4004.9	1208.7	2692.6	103.6	6042.9	9.2	5141.3	
Dec	15661.0	10035.4	4039.0	1269.6	2669.5	100.0	5996.3	115.3	5510.4	
2001										
Jan	13851.1	9121.2	3965.1	1276.1	2594.2	94.8	5156.1	125.5	4604.5	
Feb	13456.2	8952.1	3803.9	1318.5	2397.5	87.8	5148.3	125.5	4378.6	
Mar	14521.8	10062.4	4323.8	1346.4	2879.1	98.3	5738.6	17.3	4442.1	
Apr	14558.1	9955.8	4216.7	1346.8	2769.2	100.8	5739.0	17.3	4585.0	
May	14580.7	8910.5	3322.8	1349.4	1873.5	99.9	5587.7	6.2	5664.0	
Jun	14806.8	9419.8	4477.9	1483.1	2889.7	105.1	4942.0	5.5	5381.4	

Table 14. Royal Insurance Corporation of Bhutan - Financial Statistics

Millions of Ngultrum

End of Period	Assets									
	Total	Reserves	Foreign Assets			Claims on Government Enterprises	Claims on Private Sector	Claims on DMBs	Claims on NMFIs	Real Estate
			Total	Rupee	Others					
1983	140.1	2.6	0.0	0.0	0.0	25.1	41.3	52.4	6.1	12.6
1984	170.1	7.0	0.0	0.0	0.0	29.0	61.0	51.2	6.8	15.0
1985	219.1	3.4	0.0	0.0	0.0	17.9	102.2	71.8	6.8	17.1
1986	269.5	2.5	0.0	0.0	0.0	18.1	150.3	71.0	7.0	20.7
1987	354.5	0.8	0.0	0.0	0.0	14.9	233.2	75.2	7.0	23.4
1988	467.8	6.1	0.0	0.0	0.0	28.6	319.2	83.6	7.0	23.4
1989	610.5	2.8	0.0	0.0	0.0	23.3	392.3	151.7	8.8	31.6
1990	769.6	2.6	0.0	0.0	0.0	24.7	514.4	190.0	2.5	35.4
1991	983.8	-16.2	0.0	0.0	0.0	20.9	672.5	272.6	0.0	34.0
1992	675.3	0.6	0.0	0.0	0.0	20.1	498.6	115.5	0.0	40.5
1993	791.3	18.2	0.0	0.0	0.0	21.7	614.5	94.6	0.0	42.3
1994	868.1	9.6	0.4	0.0	0.4	22.4	667.1	150.3	18.3	0.0
1995	1012.2	24.5	0.6	0.0	0.6	41.5	670.4	262.0	13.1	0.0
1996	1169.3	61.7	1.4	0.0	1.4	41.5	728.4	321.8	14.3	0.0
1997	1426.9	20.0	0.6	0.0	0.6	30.1	720.7	655.5	0.0	0.0
1998	1701.0	167.9	2.1	0.0	2.1	14.9	680.6	835.5	0.0	0.0
1999	2022.8	84.9	55.8	53.1	2.7	41.2	669.9	1171.0	0.0	0.0
2000										
Jan	2030.5	81.7	58.8	56.1	2.7	41.2	677.8	1171.0	0.0	0.0
Feb	2039.8	91.6	59.8	57.1	2.7	41.2	669.2	1178.0	0.0	0.0
Mar	2058.5	160.4	57.2	54.5	2.7	41.2	676.6	1123.0	0.0	0.0
Apr	2094.3	152.2	60.2	57.5	2.7	41.2	682.7	1158.0	0.0	0.0
May	2146.2	184.7	54.4	51.7	2.7	41.2	657.9	1208.0	0.0	0.0
Jun	2224.0	131.8	53.2	51.5	1.6	41.2	679.8	1318.0	0.0	0.0
Jul	911.3	95.4	53.1	51.5	1.5	41.2	701.7	20.0	0.0	0.0
Aug	888.1	32.0	53.1	51.5	1.5	41.2	701.8	60.0	0.0	0.0
Sept	932.2	48.2	52.6	51.1	1.5	41.2	750.1	40.0	0.0	0.0
Oct	956.7	83.2	52.6	51.1	1.5	41.2	759.6	20.0	0.0	0.0
Nov	876.4	18.2	52.6	51.1	1.5	41.2	764.3	0.0	0.0	0.0
Dec	956.9	45.5	52.1	51.0	1.1	17.3	842.1	0.0	0.0	0.0
2001										
Jan	954.3	43.7	50.9	50.0	0.9	17.3	842.5	0.0	0.0	0.0
Feb	958.9	20.4	50.9	50.0	0.9	17.3	870.3	0.0	0.0	0.0
Mar	992.9	26.2	50.9	50.0	0.9	17.3	898.5	0.0	0.0	0.0
Apr	1003.5	31.6	53.7	52.8	0.9	17.3	901.0	0.0	0.0	0.0
May	1005.4	0.0	73.8	72.8	0.9	17.3	914.4	0.0	0.0	0.0
Jun	1027.3	51.5	51.3	50.0	1.3	17.3	907.2	0.0	0.0	0.0

TABLE 14. CONTINUED
Royal Insurance Corporation of Bhutan

Millions of Ngultrum

End of Period	Liabilities								
	Total	General Insurance Reserve Fund	Life Fund	GEPF Fund	Group Insurance Fund	Credit from DMBs	UTB Fund	Capital Accounts	Other Items (Net)
1983	140.1	5.8	4.8	102.5	0.0	0.0	21.3	12.0	-6.2
1984	170.1	9.8	5.6	119.8	0.0	0.0	36.8	12.0	-13.9
1985	219.1	7.6	7.4	149.2	0.0	0.0	66.0	12.0	-23.1
1986	269.5	6.9	9.0	171.3	0.0	0.0	92.1	12.0	-21.8
1987	354.5	6.9	9.2	210.8	0.0	0.0	145.4	12.0	-29.7
1988	467.8	10.1	12.2	254.2	0.0	0.0	209.9	12.0	-30.5
1989	610.5	15.9	15.1	312.8	0.0	0.0	247.6	12.0	7.1
1990	769.6	21.7	19.0	368.0	0.0	0.0	318.3	12.0	30.6
1991	983.9	58.1	21.0	407.0	0.0	0.0	402.5	12.0	83.3
1992	675.3	61.2	23.8	505.8	0.0	0.0	0.0	12.0	72.5
1993	792.0	73.6	70.0	589.0	0.0	0.0	0.0	12.0	47.4
1994	868.1	72.4	23.8	690.8	60.7	0.0	0.0	43.8	-23.4
1995	1012.2	41.6	0.0	765.1	71.0	0.0	0.0	45.1	89.3
1996	1169.3	43.6	0.0	886.8	80.7	0.0	0.0	63.0	95.2
1997	1426.9	12.3	33.5	1112.1	94.1	0.0	0.0	79.9	95.0
1998	1701.0	14.6	48.5	1363.5	106.4	0.0	0.0	82.6	85.3
1999	2022.8	21.9	34.4	1474.6	122.3	0.0	0.0	463.5	-94.0
2000									
Jan	2030.5	21.9	34.4	1606.6	115.4	0.0	0.0	182.2	70.0
Feb	2039.8	21.9	34.4	1632.5	115.6	0.0	0.0	163.8	71.6
Mar	2058.5	21.9	35.0	1636.9	121.9	0.0	0.0	178.1	64.7
Apr	2094.3	21.9	34.4	1636.6	121.8	0.0	0.0	185.9	93.7
May	2146.2	21.9	34.4	1709.0	121.6	0.0	0.0	180.9	78.4
Jun	2224.0	256.5	45.3	1866.9	116.8	0.0	0.0	111.6	-173.2
Jul	911.3	256.5	44.9	516.9	117.7	0.0	0.0	115.8	-140.5
Aug	888.1	256.5	34.4	516.9	118.3	0.0	0.0	116.5	-154.6
Sept	932.2	241.2	44.6	536.6	118.7	0.0	0.0	111.6	-120.4
Oct	956.7	261.3	44.5	540.6	118.6	0.0	0.0	123.9	-132.2
Nov	876.4	175.9	44.5	542.8	119.1	0.0	0.0	124.3	-130.1
Dec	956.9	0.0	45.0	509.4	120.0	90.0	0.0	408.6	-216.1
2001									
Jan	954.3	0.0	49.7	461.2	131.1	240.0	0.0	126.3	-53.9
Feb	958.9	0.0	49.6	465.9	130.7	240.0	0.0	119.8	-47.0
Mar	992.9	0.0	49.7	476.1	131.7	240.0	0.0	125.0	-29.6
Apr	1003.5	0.0	49.6	475.4	132.4	240.0	0.0	107.6	-1.4
May	1005.4	0.0	49.1	448.8	132.2	260.0	0.0	151.7	-36.4
Jun	1027.3	0.0	50.1	682.2	133.6	260.0	0.0	155.5	-254.1

Money and Banking Statistics revised from 30 June 1994.

Table 15. Bhutan Development Finance Corporation – Financial Statistics

Millions of Ngultrum

End of Period	Assets										
	Total	Reserves	Foreign Assets			Claims on Govt.	Claims on Govt. Corps.	Claims on Joint Corps.	Claims on Private Sector	Claims on DMBs (1)	Claims on other NMFIs
			Total	Rupees	Others						
1992	124.7	3.3	0.0	0.0	0.0	0.0	0.0	2.3	103.6	0.0	15.6
1993	175.2	3.8	0.0	0.0	0.0	0.0	0.0	2.8	147.5	0.0	21.2
1994	297.3	22.7	0.0	0.0	0.0	0.0	4.9	0.0	230.0	0.0	39.7
1995	349.9	19.0	0.0	0.0	0.0	0.0	4.8	0.0	301.5	9.0	15.5
1996	425.8	25.0	0.0	0.0	0.0	0.0	2.0	0.0	377.6	21.2	0.0
1997	470.5	28.2	0.0	0.0	0.0	0.0	1.8	0.0	406.1	34.4	0.0
1998	513.3	28.3	0.0	0.0	0.0	0.0	1.8	0.0	422.1	61.1	0.0
1999	566.5	28.7	0.0	0.0	0.0	0.0	1.4	0.0	450.4	86.1	0.0
2000											
Jan	569.1	22.7	0.0	0.0	0.0	0.0	1.4	0.0	450.9	94.1	0.0
Feb	581.2	21.7	0.0	0.0	0.0	0.0	1.4	0.0	464.1	94.1	0.0
Mar	583.9	33.7	0.0	0.0	0.0	0.0	1.4	0.0	454.8	94.1	0.0
Apr	602.1	28.8	0.0	0.0	0.0	0.0	1.4	0.0	457.8	114.1	0.0
May	616.1	17.7	0.0	0.0	0.0	0.0	1.4	0.0	465.0	132.1	0.0
Jun	618.9	24.7	0.0	0.0	0.0	0.0	1.4	0.0	462.8	130.1	0.0
Jul	642.8	74.9	0.0	0.0	0.0	0.0	1.4	0.0	465.4	101.1	0.0
Aug	676.2	29.9	0.0	0.0	0.0	0.0	1.4	0.0	492.9	152.1	0.0
Sept	678.7	35.1	0.0	0.0	0.0	0.0	1.4	0.0	502.1	140.1	0.0
Oct	680.7	30.4	0.0	0.0	0.0	0.0	1.4	0.0	508.9	140.1	0.0
Nov	700.6	35.3	0.0	0.0	0.0	0.0	1.4	0.0	513.8	150.1	0.0
Dec	696.5	46.9	0.0	0.0	0.0	0.0	1.4	0.0	500.1	148.1	0.0
2001											
Jan	690.6	41.0	0.0	0.0	0.0	0.0	0.9	0.0	500.6	148.1	0.0
Feb	696.3	32.7	0.0	0.0	0.0	0.0	0.9	0.0	514.6	148.1	0.0
Mar	700.3	22.6	0.0	0.0	0.0	0.0	0.9	0.0	539.8	137.1	0.0
Apr	711.8	28.7	0.0	0.0	0.0	0.0	0.9	0.0	551.2	131.1	0.0
May	708.0	17.2	0.0	0.0	0.0	0.0	0.9	0.0	572.9	117.0	0.0
Jun	713.7	18.7	0.0	0.0	0.0	0.0	0.9	0.0	587.1	107.0	0.0

(1) Deposits other than Demand Deposits.

Table 15. CONTINUED
Bhutan Development Finance Corporation

Millions of Ngultrum

End of Period	Liabilities							
	Total	Foreign Liabilities	Credit from RMA	Credit from DMBs	Credit from other NMFIs	Grants	Capital Account	Other Items Net
1992	124.7	37.3	50.0	0.0	0.0	7.9	34.4	-4.8
1993	175.2	75.3	20.7	24.3	0.0	14.3	39.9	0.8
1994	297.3	94.9	50.0	0.0	0.0	0.0	155.6	-3.3
1995	349.9	104.7	0.0	0.0	0.0	0.0	169.0	76.3
1996	425.8	141.9	0.0	0.0	0.0	0.0	230.3	53.5
1997	470.5	165.2	0.0	0.0	0.0	0.0	233.2	72.1
1998	513.3	168.9	0.0	0.0	0.0	50.0	242.5	51.9
1999	566.5	186.5	0.0	0.0	0.0	50.0	267.2	62.8
2000								
Jan	569.1	185.6	0.0	0.0	0.0	50.0	269.9	63.6
Feb	581.2	196.0	0.0	0.0	0.0	50.0	269.6	65.7
Mar	583.9	196.0	0.0	0.0	0.0	50.0	270.2	67.8
Apr	602.1	209.4	0.0	0.0	0.0	50.0	270.6	72.1
May	616.1	225.8	0.0	0.0	0.0	50.0	271.6	68.8
Jun	618.9	225.8	0.0	0.0	0.0	50.0	274.1	69.0
Jul	642.8	224.9	0.0	0.0	0.0	50.0	287.8	80.1
Aug	676.2	224.9	0.0	0.0	0.0	50.0	301.0	100.3
Sept	678.7	224.9	0.0	0.0	0.0	50.0	301.9	101.9
Oct	680.7	224.9	0.0	0.0	0.0	50.0	302.4	103.5
Nov	700.6	236.9	0.0	0.0	0.0	50.0	302.6	111.1
Dec	696.5	285.9	0.0	0.0	0.0	50.0	254.5	106.2
2001								
Jan	690.5	234.9	0.0	0.0	0.0	50.0	307.1	98.5
Feb	696.3	234.9	0.0	0.0	0.0	50.0	355.5	55.9
Mar	700.3	234.9	0.0	0.0	0.0	50.0	307.7	107.7
Apr	711.8	234.9	0.0	0.0	0.0	50.0	307.1	119.8
May	708.0	228.4	0.0	0.0	0.0	50.0	308.4	121.2
Jun	713.7	228.4	0.0	0.0	0.0	50.0	308.6	126.7

Money and Banking Statistics revised from 30 June 1994.

Table 16. Financial Sector Investment by Economic Activity

Table 17. Gross International Reserves

Item	Year									
	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	
Millions of Indian Rupees										
1. Rupee reserves	79.8	125.3	71.0	150.5	958.6	1517.8	2542.3	3165.0	3617.3	
Royal Monetary Authority of Bhutan	30.1	33.5	33.4	34.0	39.2	41.4	95.3	102.0	89.4	
Bank of Bhutan	49.7	91.8	37.6	116.6	913.8	1404.4	1863.7	1819.5	2149.7	
Bhutan National Bank	-	-	-	-	5.7	72.0	583.3	1191.9	1328.3	
Royal Insurance Corporation of Bhutan	-	-	-	-	-	-	-	51.5	50.0	
Millions of US Dollars										
2. Convertible currency reserves	91.9	102.9	118.7	140.8	149.3	180.7	200.1	221.8	217.2	
Royal Monetary Authority of Bhutan (1)	87.5	98.7	114.4	135.5	141.5	174.6	193.5	197.7	186.1	
Royal Government	-	-	-	-	-	-	-	-	-	
Bank of Bhutan	4.4	4.2	4.3	5.3	6.9	4.0	3.0	11.4	16.3	
Bhutan National Bank	-	-	-	-	0.9	2.2	3.6	12.6	14.8	
Royal Insurance Corporation of Bhutan	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	
3. Total reserves (1+2)	94.4	106.9	120.9	145.1	176.1	216.7	259.0	292.6	294.2	

(1) Includes reserve tranche position in the Fund.

Table 18. Balance of Payments Estimates

Millions of Ngultrum

Item	Period										
	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01 (p)
Exports,fob	1308.5	1632.0	1837.3	1990.3	2196.7	3349.1	3553.8	4274.2	4460.0	4987.9	5207.3
India	1129.6	1465.1	1522.2	1786.0	2059.8	3079.0	3227.0	4041.9	4181.0	4711.2	4918.5
Other	178.9	166.8	315.1	204.4	136.9	270.2	326.8	232.2	279.0	276.6	288.8
Imports,cif	-1525.5	-2148.5	-3470.9	-2914.2	-3053.2	-3802.3	-4697.2	-5226.1	-6913.7	-8075.2	-9986.0
India	-1254.9	-1814.1	-2086.3	-2065.9	-2228.1	-2790.5	-3068.2	-3684.7	-4919.3	-6065.7	-7388.1
Other	-270.5	-334.4	-1384.6	-848.3	-825.1	-1011.8	-1629.0	-1541.4	-1994.4	-2009.5	-2597.9
Trade balance	-217.0	-516.6	-1633.6	-923.9	-856.5	-453.2	-1143.4	-951.9	-2453.7	-3087.3	-4778.6
India	-125.4	-349.0	-564.1	-279.9	-168.3	288.4	158.8	357.2	-738.3	-1354.5	-2469.5
Other	-91.6	-167.6	-1069.5	-644.0	-688.2	-741.6	-1302.3	-1309.1	-1715.4	-1732.8	-2309.1
Service and transfer receipts	464.9	583.5	705.5	847.4	886.5	995.7	995.1	1734.6	1887.2	2159.1	3453.0
India	228.7	235.1	201.4	224.9	215.9	282.3	293.2	481.7	497.3	783.9	1403.9
Other	236.2	348.4	504.2	622.5	670.5	713.4	701.8	1252.9	1389.9	1375.2	2049.1
Service and transfer payments	-561.2	-706.4	-1025.1	-1177.1	-1101.5	-1814.9	-1863.5	-2570.2	-3603.6	-4740.2	-4492.2
India	-342.2	-402.5	-495.9	-591.3	-497.7	-776.1	-913.1	-1819.9	-2822.6	-3803.0	-2890.8
Other	-219.0	-303.9	-529.2	-585.8	-603.8	-1038.8	-950.4	-750.3	-781.0	-937.2	-1601.4
Current account balance	-313.3	-639.5	-1953.2	-1253.6	-1071.5	-1272.5	-2011.9	-1787.5	-4170.1	-5668.4	-5817.8
India	-238.8	-516.4	-858.6	-646.3	-450.0	-205.5	-461.1	-981.0	-3063.5	-4373.6	-3956.4
Other	-74.4	-123.2	-1094.6	-607.3	-621.5	-1067.0	-1550.8	-806.5	-1106.5	-1294.8	-1861.4
Foreign aid	1037.4	990.2	1586.7	1780.6	1692.7	2396.5	2867.4	3538.2	6550.8	7547.3	7320.7
India	730.4	554.6	700.0	849.2	805.7	682.1	1364.2	2366.1	5030.6	5981.3	5072.6
Other	306.9	435.6	886.7	931.3	887.1	1714.4	1503.2	1172.1	1520.3	1566.0	2248.0
Other loans	-52.0	213.7	465.9	158.8	-71.0	-77.5	-10.8	-90.6	-298.2	0.0	0.0
India	-	286.0	347.8	229.7	0.0	0.0	71.8	0.0	-250.0	0.0	0.0
Other	-52.0	-72.3	118.1	-70.9	-71.0	-77.5	-82.6	-90.6	-48.2	0.0	0.0
Foreign direct investment	7.7	22.3	-	-	-	-	-	-	45.2	0.0	0.0
India	-	-	-	-	-	-	-	-	-	0.0	0.0
Other	7.7	22.3	-	-	-	-	-	-	45.2	0.0	0.0
Errors and omissions	-317.4	80.2	280.7	-293.0	-109.3	-190.8	-50.6	81.8	-245.4	-289.8	-378.8
India	-664.1	-472.4	-207.3	-387.2	-409.9	-397.1	-343.9	-714.6	-620.8	-976.2	-663.9
Other	346.7	552.6	488.0	94.1	300.6	206.3	293.3	796.4	375.4	686.4	285.1
Overall balance	362.4	666.9	380.2	392.7	440.9	855.8	794.1	1742.0	1882.5	1589.1	1124.1
India	-172.5	-148.2	-18.0	45.4	-54.3	79.6	631.0	670.5	1096.3	631.5	452.3
Other	534.9	815.1	398.2	347.3	495.2	776.2	163.1	1071.5	786.2	957.6	671.7

Table 19. Balance of Payments Estimates with India

Millions of Ngultrum

Item	Period										
	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01(p)
Exports, fob	1129.6	1465.1	1522.2	1786.0	2059.8	3079.0	3227.0	4041.9	4181.0	4711.2	4918.5
Imports, cif	-1254.9	-1814.1	-2086.3	-2065.9	-2228.1	-2790.5	-3068.2	-3684.7	-4919.3	-6065.7	-7388.1
Tala	-	-	-	-	-	-	-	-28.3	-1114.4	-1479.1	-1363.7
Other	-1254.9	-1814.1	-2086.3	-2065.9	-2228.1	-2790.5	-3068.2	-3656.5	-3804.9	-4586.7	-6024.3
Trade balance	-125.4	-349.0	-564.1	-279.9	-168.3	288.4	158.8	357.2	-738.3	-1354.5	-2469.5
Service and transfer receipts	228.7	235.1	201.4	224.9	215.9	282.3	293.2	481.7	497.3	783.9	1403.9
Service and transfer payments	-342.2	-402.5	-495.9	-591.3	-497.7	-776.1	-913.1	-1819.9	-2822.6	-3803.0	-2890.8
Current account balance	-238.8	-516.4	-858.6	-646.3	-450.0	-205.5	-461.1	-981.0	-3063.5	-4373.6	-3956.4
Foreign aid	730.4	554.6	700.0	849.2	805.7	682.1	1364.2	2366.1	5030.6	5981.3	5072.6
Loans (net)	-2.1	-2.1	-193.1	-97.1	-13.8	-385.5	-13.9	-94.3	1218.5	592.5	1707.9
Grants	732.6	556.8	893.2	946.4	819.5	1067.6	1378.0	2460.4	3812.1	5388.8	3364.8
Other loans	-	286.0	347.8	229.7	0.0	0.0	71.8	0.0	-250.0	0.0	0.0
Errors and omissions	-664.1	-472.4	-207.3	-387.2	-409.9	-397.1	-343.9	-714.6	-620.8	-976.2	-663.9
Overall balance	-172.5	-148.2	-18.0	45.4	-54.3	79.6	631.0	670.5	1096.3	631.5	452.3

Table 20. Balance of Payments Estimates with Countries Other than India

Millions of Ngultrum

Item	Period										
	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01(p)
Exports,fob	178.9	166.8	315.1	204.4	136.9	270.2	326.8	232.2	279.0	276.6	288.8
Imports,cif	-270.5	-334.4	-1384.6	-848.3	-825.1	-1011.8	-1629.0	-1541.4	-1994.4	-2009.5	-2597.9
Aid-related	-115.8	-168.7	-357.3	-378.3	-361.0	-416.5	-592.3	-473.7	-979.4	-676.7	-843.0
Other	-154.7	-165.7	-1027.3	-470.0	-464.1	-595.4	-1036.7	-1067.6	-1015.0	-1332.8	-1754.9
Trade balance	-91.6	-167.6	-1069.5	-644.0	-688.2	-741.6	-1302.3	-1309.1	-1715.4	-1732.8	-2309.1
Service receipts	145.9	209.5	317.4	408.9	420.2	513.3	491.5	845.1	945.7	1052.6	1767.4
Service payments	-219.0	-303.9	-529.2	-585.8	-603.8	-1038.8	-950.4	-750.3	-781.0	-937.2	-1601.4
Private transfers	90.2	138.9	186.7	213.6	250.3	200.1	210.4	407.7	444.2	322.6	281.7
Current account balance	-74.4	-123.2	-1094.6	-607.3	-621.5	-1067.0	-1550.8	-806.5	-1106.5	-1294.8	-1861.4
Foreign aid	306.9	435.6	886.7	931.3	887.1	1714.4	1503.2	1172.1	1520.3	1566.0	2248.0
Loans (net)	89.9	102.7	107.6	82.5	81.4	47.3	218.7	352.1	186.2	219.0	600.8
Grants	217.0	332.8	779.1	848.8	805.7	1667.1	1284.5	820.0	1334.1	1347.1	1647.3
Other loans	-52.0	-72.3	118.1	-70.9	-71.0	-77.5	-82.6	-90.6	-48.2	0.0	0.0
Foreign direct investment	7.7	22.3	-	-	-	-	-	-	45.2	0.0	0.0
Errors and omissions	346.7	552.6	488.0	94.1	300.6	206.3	293.3	796.4	375.4	686.4	285.1
Overall balance	534.9	815.1	398.2	347.3	495.2	776.2	163.1	1071.5	786.2	957.6	671.7

Table 21A. Composition of Trade with India (Imports)

Millions of Ngultrum

SL.No.	ITEMS	1993	1994	1995	1996	1997	1998	1999	Share of Imports in 1999 in %
1	Animal Products	54.2	68.3	76.5	89.9	122.9	119.1	171.9	2.9
2	Cereals,vegetables,fruits,nuts,coffee,tea &spices	255.0	323.7	346.5	403.3	412.7	458.1	697.4	11.9
3	Vegetables fats and oil	78.5	98.5	134.7	134.4	127.6	151.1	161.6	2.8
4	Prepared foodstuffs	154.6	177.2	213.5	213.1	261.2	306.6	388.6	6.7
5	Mineral Products	283.5	335.4	396.0	462.2	626.0	612.8	840.5	14.4
6	Products of chemical industries	147.9	162.1	239.6	235.5	235.7	224.4	318.3	5.5
7	Plastics and rubber products	83.4	86.5	104.2	111.8	100.2	113.0	177.6	3.0
8	Raw hides and skins	3.2	3.1	4.6	3.9	3.9	2.4	4.3	0.1
9	Wood and wood products	41.0	51.9	68.7	157.7	164.5	108.5	110.6	1.9
10	Woodpulp products	59.8	57.4	61.5	81.4	94.0	72.9	117.6	2.0
11	Textiles	80.6	88.2	102.2	106.9	120.6	146.6	157.1	2.7
12	Footwear, headgear and clothing accessories	28.9	22.7	31.0	42.4	50.9	16.4	44.6	0.8
13	Stone,plaster,cement and asbestos products	83.8	91.1	95.2	112.2	83.1	111.3	86.7	1.5
14	Precious or semi-precious metal products	0.1	0.1	0.1	0.2	0.3	0.2	0.2	0.0
15	Base metals and base metal products	202.4	198.2	241.8	251.4	271.0	256.1	767.5	13.1
16	Machinery and mechanical appliances	204.4	176.6	355.8	298.9	359.8	520.8	1,094.4	18.7
17	Transport equipment	132.4	63.5	111.4	136.1	341.0	295.7	579.1	9.9
18	Optical, photographic and measuring equipment	14.7	18.2	18.1	25.4	41.1	59.5	63.8	1.1
19	Miscellaneous manufactured articles	22.0	28.5	28.8	28.4	36.9	45.6	63.7	1.1
20	Works of arts, antiques and special transactions	0.1	0.0	0.0	0.9	0.4	0.0	0.0	0.0
TOTAL		1,930.3	2,051.3	2,630.2	2,896.2	3,453.6	3,620.9	5,845.3	100.0

Table 21B. Composition of Trade with India (Exports)

Millions of Ngultrum

SL.No.	ITEMS	1993	1994	1995	1996	1997	1998	1999	Share of Exports in 1999 in %
1	Animal Products	0.0	0.1	0.8	1.2	0.4	0.1	0.7	0.0
2	Vegetables,fruits,nuts,coffee,tea & spices	139.7	132.4	207.5	237.0	297.4	271.8	261.8	5.6
3	Vegetables fats & oil	0.0	0.0	0.0	0.1	0.0	0.2	0.2	0.0
4	Prepared foodstuffs	135.8	240.4	193.0	206.8	198.4	214.5	222.1	4.7
5	Mineral products	267.7	346.3	362.0	384.2	425.9	700.6	695.4	14.8
6	Electricity	537.3	519.0	721.1	747.6	1,334.4	1,338.7	2,018.4	43.0
7	Plastic and rubber products	6.2	11.4	13.4	31.8	14.4	16.6	12.7	0.3
8	Raw hides & skins	1.7	1.5	3.2	3.1	3.1	2.0	2.3	0.0
9	Wood and wood products	328.7	271.5	614.8	475.5	579.9	440.5	297.5	6.3
10	Woodpulp products	0.2	0.1	1.1	1.8	0.2	0.1	0.1	0.0
11	Textiles	0.2	0.0	0.7	0.5	2.1	0.7	1.4	0.0
12	Footwear,headgear and clothing accessories	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.0
13	Stone, plaster,cement and asbestos products	1.7	0.6	3.4	5.4	6.7	6.5	6.3	0.1
14	Base metals and base metal products	0.9	0.8	358.0	508.4	499.0	474.4	533.2	11.4
15	Machinery and mechanical appliances	0.3	0.1	10.5	24.0	36.9	11.5	6.5	0.1
16	Transport equipment	0.0	0.0	1.1	0.4	0.3	0.2	0.8	0.0
17	Optical, photographic and measuring equipment	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0
18	Miscellaneous manufactured articles	0.1	0.2	51.6	54.6	68.6	82.4	66.2	1.4
19	Products of chemical industries	365.6	421.5	536.5	562.3	574.3	614.6	565.8	12.1
20	Works of art,antiques, and special transactions	0.0	0.0	0.0	2.5	0.0	0.0	0.0	0.0
TOTAL		1,786.0	1,945.8	3,078.9	3,227.0	4,041.9	4,175.6	4,691.2	100.0

Source: Department of Revenue & Customs.

Table 22A. Composition of Trade with Countries Other than India (Imports)

Millions of Ngultrum

SL.No.	ITEMS	1993	1994	1995	1996	1997	1998	1999	Share of Imports in 1999 in %
1	Animal Products	14.4	0.2	0.2	0.9	0.4	2.1	1.0	0.1
2	Vegetables, fruits, nuts, coffee, cereals, seeds	11.9	1.1	0.1	0.7	0.3	0.5	12.2	0.6
3	Vegetable fats and oil	19.8	5.5	5.2		6.0	20.6	13.2	0.7
4	Whiskies and processed food	9.5	9.7	10.1	11.0	15.2	43.8	34.4	1.7
5	Mineral oil and fuel	0.0	0.0	17.0	29.1	36.3	40.1	56.9	2.9
6	Products of chemical industries	63.3	3.3	2.0	7.2	13.5	62.8	7.5	0.4
7	Medicines and pharmaceuticals	10.2	9.1	6.5	27.6	22.0	79.0	19.6	1.0
8	Photographic film and materials	0.0	0.3	0.1	1.8	1.3	33.7	0.1	0.0
9	Plastic and rubber products	3.8	24.9	18.8	34.3	23.6	118.8	70.3	3.5
10	Wood products	0.0	1.0	0.0	1.0	21.9	17.3	7.0	0.4
11	Woodpulp products	15.5	33.6	70.4	66.1	49.0	115.6	26.3	1.3
12	Textiles	6.1	1.8	5.2	10.5	26.4	51.5	35.9	1.8
13	Machinery, mechanical appliances, base metals and electronic items	654.5	724.5	837.8	1,407.1	1,244.8	1,157.1	1,667.9	83.8
14	Ceramic and melamine products	3.9	4.0	8.6	10.9	18.7	35.4	3.1	0.2
15	Trekking equipment, footwear, carpets	2.1	4.5	2.9	7.8	4.9	33.3	7.6	0.4
16	Miscellaneous manufactured articles	0.0	0.0	4.0	0.4	5.5	23.8	9.1	0.5
17	Precious and semi-precious metals	0.0	0.0	21.1	7.2	1.6	3.3	7.8	0.4
18	Tobacco and cigarettes	0.0	1.7	1.7	5.3	5.3	5.4	6.4	0.3
19	Personal effects	0.0	0.0	0.0	0.0	27.8	51.3	3.3	0.2
	TOTAL	815.0	825.1	1,011.7	1,629.0	1,524.4	1,895.4	1,989.6	100.0

Table 22B. Composition of Trade with Countries Other than India (Exports)

Millions of Ngultrum

SL. No.	ITEMS	1993	1994	1995	1996	1997	1998	1999	Share of Exports in 1999 in %
1	Vegetables & fruits	182.1	110.7	156.1	194.4	167.1	186.4	176.7	63.8
2	Processed food	4.4	4.3	6.4	8.6	6.6	5.7	8.1	2.9
3	Mineral products	6.9	13.6	85.5	88.3	44.8	63.7	60.7	21.9
4	Plastic products	0.0	0.0	0.0	0.8	0.0	0.8	0.7	0.3
5	Photographic film & photographic materials	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6	Wood products	2.4	0.0	13.4	6.0	4.4	4.0	6.6	2.4
7	Woodpulp products	0.1	0.0	3.1	9.9	1.6	2.9	0.3	0.1
8	Textile	0.1	0.0	2.4	1.4	0.0	1.2	16.2	5.9
9	Coins	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0
10	Base metals & Base metal Products	0.0	0.0	0.3	1.3	0.0	1.9	0.0	0.0
11	Machinery	0.0	0.0	0.0	1.3	1.2	9.6	6.6	2.4
12	Philatelic Products	7.8	6.8	3.0	1.0	5.6	0.0	0.0	0.0
13	Handicrafts Products	0.6	1.6	0.1	12.1	0.9	3.8	0.2	0.1
14	Household items & Personal effects	0.0	0.0	0.0	1.7	0.0	0.0	0.8	0.3
	TOTAL	204.4	136.9	270.2	326.8	232.1	280.0	276.8	100.0

Source: Department of Revenue & Customs.

Table 23. Direction of Trade

TABLE 23. DIRECTION OF TRADE

Millions of Ngultrum

Items	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Exports										
India	1,055.3	1,289.4	1,419.9	1,787.3	1,945.8	3,079.0	3,227.0	4,041.9	4,175.6	4,711.2
Bangladesh	127.8	102.3	241.0	192.2	127.6	201.1	261.7	179.4	194.7	209.5
Others	38.5	45.5	54.4	12.2	9.2	70.0	65.1	52.9	85.3	67.3
Total	1,221.5	1,437.2	1,715.2	1,991.7	2,082.7	3,350.1	3,553.8	4,274.2	4,455.6	4,988.0
Imports										
India	1,172.5	1,596.3	1,945.8	1,929.7	2,051.3	2,630.2	2,896.2	3,453.6	3,620.0	5,845.3
Japan	73.5	91.0	544.1	360.5	396.9	412.0	602.1	841.6	410.2	260.4
Germany	22.8	22.7	25.9	43.3	61.3	70.8	67.1	45.4	72.0	0.0
United States	17.5	22.7	25.9	10.4	36.8	12.7	23.6	30.2	42.7	22.4
United Kingdom	8.8	22.7	601.1	72.6	77.6	57.5	40.6	19.5	33.2	31.3
Singapore	14.0	0.0	0.0	35.1	38.8	194.0	344.1	140.0	398.3	997.9
Others	115.5	134.2	95.9	293.7	213.6	264.7	551.5	447.6	939.9	677.6
Total	1,424.5	1,889.7	3,238.8	2,745.3	2,876.4	3,641.9	4,525.2	4,977.9	5,516.4	7,834.9
	Share in percent									
Exports										
India	86.4	89.7	82.8	89.7	93.4	91.9	90.8	94.6	93.7	94.5
Bangladesh	10.5	7.1	14.0	9.6	6.1	6.0	7.4	4.2	4.4	4.2
Others	3.2	3.2	3.2	0.6	0.4	2.1	1.8	1.2	1.9	1.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Imports										
India	82.3	84.5	60.1	70.3	71.3	72.2	64.0	69.4	65.6	74.6
Japan	5.2	4.8	16.8	13.1	13.8	11.3	13.3	16.9	7.4	3.3
Germany	1.6	1.2	0.8	1.6	2.1	1.9	1.5	0.9	1.3	0.0
United States	1.2	1.2	0.8	0.4	1.3	0.3	0.5	0.6	0.8	0.3
United Kingdom	0.6	1.2	18.6	2.6	2.7	1.6	0.9	0.4	0.6	0.4
Singapore	1.0	0.0	0.0	1.3	1.3	5.3	7.6	2.8	7.2	12.7
Others	8.1	7.1	3.0	10.7	7.4	7.3	12.2	9.0	17.0	8.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Revenue & Customs.

Table 24. Convertible Currency Loan Disbursements

In millions of US Dollar

	Loan No.	1981/82 to 1993-94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	Total
World Bank (IDA)										
1	Forestry I 1460 BHU	5.3								5.3
2	Forestry II 1900 BHU	0.8								0.8
3	Primary Education Proj. 1899 BHU	1.3	1.0	0.9	0.6	0.6				4.4
4	Bhutan Calcium Carbide Ltd. 1596 BHU	7.2								7.2
5	Technical Assistance 1416 BHU	3.3								3.3
6	Forestry III 2533 BHU	0.4	0.2	0.5	0.3	0.4	0.2	0.7	0.5	3.2
7	Second Education Project 3044 BHU						0.7	1.3	2.8	4.7
8	Rural Access Project								1.0	1.0
9	Urban Development Project								0.6	0.6
Total (IDA)		18.3	1.2	1.3	0.9	1.0	0.9	2.0	5.0	30.5
IFAD										
10	Small Farm Dev. Proj. 50 BHU	4.2								4.2
11	T/gang Mongar Area Dev.Proj. 178 BHU	3.4								3.4
12	Punakha Wangdi Valley Dev.Proj. 223 BHU	1.2	0.2	0.3	0.3	0.6				2.6
13	1st. Eastern Zone Agri.Proj. 299 BHU	0.9	0.5	0.9	0.5	0.5		0.2		3.4
14	2nd Eastern Zone Agri.Proj. 0.0	0.0							0.6	0.6
Total (IFAD)		9.7	0.7	1.2	0.7	1.1	0.0	0.2	0.6	14.3
ADB										
15	Multi Project I 637 BHU	4.3								4.3
16	Multi Project II 722 BHU	8.4	0.4	1.3						10.1
17	Highland Livestock Dev.Proj. 808 BHU	3.9	0.5	0.4						4.8
18	Chirang Hill Irrigation Proj. 740 BHU	1.1								1.1
19	Road Mechanization Proj. 790 BHU	5.0	0.0							5.0
20	Bhutan Dev.Finance Corporation 934 BHU	2.3	0.1							2.4
21	Industrial Estate Project 900 BHU	0.6	0.2							0.8
22	East West Highway Maintenance 1265 BHU	0.0	0.9	1.1	1.8	1.4				5.2
23	Technical & Voc.Edn.Training 1035 BHU	0.3	0.5	0.4	0.6	0.6	0.9	0.3	0.8	4.5
24	Rural Electrification Project 1375 BHU			0.1	3.1	2.7	0.6	0.2		6.6
25	Financial Sector Dev. Program 1565 BHU						2.6			2.6
26	Dev. Finance Loan Project 1566 BHU							0.9	0.3	1.2
27	Urban Infrastructure improvement 1625 BHU							0.2	0.6	0.8
28	Sustainable Rural Electrification Project								0.1	0.1
29	Health Care Reform Program								4.7	4.7
30	Road Improvement Project								0.1	0.1
Total (ADB)		26.0	2.6	3.2	5.5	4.7	4.0	1.6	6.7	54.3
KFAED										
31	Gedu Wood Mfg. Corporation. 247	5.9								5.9
32	Tala Particle Board 259/311	10.4								10.4
33	Bhutan Calcium Carbide 289	6.7								6.7
34	BDFC 409	1.0	0.5	0.8	1.1	0.2	0.2	0.8	0.1	4.8
Total (KFAED)		24.0	0.5	0.8	1.1	0.2	0.2	0.8	0.1	27.8
EFIC (Australia)										
35	Paro Airport Navigation Proj. Mitsui & Co.(Japan)	0.8								0.8
Mitsui & Co.(Japan)										
36	Earth Satellite Station Government of Austria	1.7								1.7
Government of Austria										
37	Basochu Hydro Power Project					4.3	1.9	3.1	3.2	12.4

Table 25. Foreign Debt Indicators for Convertible Currency Loans

Millions of US Dollars

Items	Period										
	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00(p)
Debt Outstanding (cumulative)	75.0	77.8	79.5	79.9	80.3	80.9	79.3	83.2	89.6	93.0	98.7
Debt Service Payments	6.6	4.7	5.0	7.0	6.5	6.3	9.0	6.1	5.8	4.8	3.6
Principal	4.3	2.9	3.3	5.1	4.7	4.7	7.1	4.4	4.7	3.8	2.6
Interest	2.3	1.8	1.7	1.9	1.8	1.6	1.8	1.7	1.1	1.0	0.9
Debt Service Ratio (in percent)	35.4	26.9	34.3	30.8	33.3	31.8	37.6	28.1	20.7	16.7	11.8
Interest Payments/Convertible Currency Exports of Goods and Services.	12.4	10.5	11.5	8.5	9.1	8.3	7.5	7.7	4.0	3.4	3.1
Principal Repayments/ Convertible Currency Exports of Goods and Services.	23.0	16.4	22.8	22.3	24.2	23.5	30.1	20.4	16.8	13.3	8.7
Debt Outstanding/GDP (in percent)	29.3	30.1	38.5	35.9	36.0	31.2	25.9	23.5	23.2	22.7	22.4

Table 26. Indian Rupee Debt Indicators

Millions of Indian Rupees

Items	Period										
	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00(p)
Debt outstanding	986.9	986.2	1271.5	1784.0	1841.6	1734.8	1256.7	1243.8	1715.5	2684.0	3277.0
Chukha Hydel Project	983.6	983.6	983.6	1340.0	1263.7	1171.1	1078.6	993.8	875.5	787.5	700.5
Dungsam Cement Project	3.3	2.6	1.9	1.2	0.5	0.0	-				
Amex Bank				95.0							
Citibank											
GOI Credit Line				100.0	250.0	250.0	178.2	250.0	250.0		
SBI Overdraft				247.8	327.5	313.7					
Tala Hydel Project									240.0	1230.5	1470.5
Kurichu Hydel Project									350.0	666.0	1106.0
Debt Service Payment	1.0	0.9	6.8	232.7	329.5	203.5	556.4	151.4	159.1	394.8	125.8
Principal	0.7	0.7	0.7	191.7	95.7	14.3	385.5	13.9	94.3	337.6	87.5
Interest	0.3	0.2	6.1	40.9	233.8	189.3	170.9	137.5	64.9	57.3	38.3
Debt Service Ratios (in percent)											
Interest payments/export of goods & services	0.1	0.1	0.4	13.5	16.4	8.9	19.5	4.4	3.5	8.4	2.3
Principal repayments/exports of goods & services	0.0	0.0	0.4	2.4	11.6	8.3	6.0	4.0	1.4	1.2	0.7
Principal repayments/exports of goods & services	0.1	0.1	0.0	11.1	4.8	0.6	13.5	0.4	2.1	7.2	1.6
Debt outstanding/GDP (in percent)	22.9	20.3	23.8	28.9	26.3	21.3	12.0	9.8	11.6	15.4	17.0

Table 27. The Royal Securities Exchange of Bhutan, Information on Listed Companies

Company/ year of Listing	Year	Paid Up Capital Nu.in Mill.	No.of shareholders	Market Price (Nu)		Market Capitalization Nu.in Mill.	Profits Nu. in Mill.	Reserves Nu. in Mill.	Book Value Nu.	Earnings Per Share Nu.	PE Ratio	Dividend (%)	Dividend Yield (%)	Return on Capital (ROC)
				High	Low									
BCCL 1993	1994	100.0	277	2,000	1,700	200.0	56.7	62.3	1,599.7	566.7	3.5	25.0	1.6	0.3
	1995	100.0	277	2,000	1,700	200.0	102.2	145.9	2,447.1	1,022.4	2.0	30.0	1.2	0.4
	1996	100.0	272	2,500	2,000	250.0	132.2	241.7	3,417.4	1,321.6	1.9	35.0	1.0	0.4
	1997	100.0	268	3,000	3,000	300.0	120.8	262.9	3,629.2	1,208.4	2.5	101.0	2.8	0.3
	1998	100.0	267	3,750	3,100	375.0	126.2	204.4	3,403.7	1,262.2	3.0	150.0	4.4	0.4
	1999	100.0	267	3,750	3,750	375.0	100.5	240.8	3,407.6	1,004.6	3.7	100.0	2.9	0.3
	2000	100.0	266	4,001	4,001	400.1	43.4	283.7	3,836.5	433.6	9.2	-	-	0.1
RICB 1993	1994	12.0	205	1,000	1,000	12.0	10.7	20.7	2,725.8	890.0	1.1	20.0	0.7	0.3
	1995	12.0	205	1,000	1,000	12.0	14.0	33.1	3,761.7	1,170.0	0.9	30.0	0.8	0.3
	1996	24.0	205	2,500	2,500	60.0	15.7	40.2	2,674.6	652.0	3.8	15.0	0.6	0.2
	1997	24.0	205	2,500	2,500	60.0	21.7	55.9	3,329.2	905.0	2.8	25.0	0.8	0.3
	1998	24.0	200	3,700	2,800	88.8	22.9	133.0	6,540.0	955.4	3.9	40.0	6.1	0.2
	1999	24.0	260	3,700	3,700	88.8	24.2	143.1	6,963.3	1,009.6	3.7	30.0	0.4	0.1
	2000	48.0	2543	4,702	2,350	196.8	21.9	69.6	2,449.0	455.2	9.0	15.0	0.6	0.2
PCAL 1993	1994	200.0	602	-	-	200.0	63.9	102.0	1,509.9	319.3	-	15.0	1.0	0.2
	1995	200.0	851	2,000	1,000	453.3	88.4	161.0	1,710.5	390.0	5.1	20.0	1.2	0.2
	1996	226.7	901	2,000	2,000	453.3	30.0	163.8	1,722.8	132.4	15.1	12.0	0.7	0.1
	1997	226.7	901	2,500	2,000	566.7	30.7	164.0	1,723.4	135.3	18.5	13.5	0.8	0.1
	1998	226.7	835	3,000	2,500	680.0	89.1	185.0	1,816.4	393.0	7.6	30.0	1.7	0.2
	1999	226.7	1630	3,000	1,725	680.0	166.0	260.4	2,148.9	732.5	4.1	40.0	1.9	0.3
	2000	226.7	1630	4,500	3,000	906.7	170.5	317.6	2,400.9	752.1	6.0	50.0	2.1	0.3
BFAL 1995	1995	150.0	56	120	100	180.0	31.3	-	-	20.9	5.8	-	-	-
	1996	150.0	56	120	100	180.0	60.9	271.9	281.3	40.6	3.0	15.0	5.3	0.1
	1997	150.0	56	120	100	180.0	55.0	304.4	302.9	36.7	3.3	10.0	3.3	0.1
	1998	150.0	48	120	100	180.0	(14.1)	273.8	282.5	(9.4)	(12.8)	-	-	(0.0)
	1999	150.0	44	130	120	195.0	50.3	323.1	315.4	33.6	3.9	20.0	6.3	0.1
	2000	150.0	42	135	135	202.5	0.7	293.8	295.8	0.4	306.8	-	-	-
BBPL 1993	1994	101.4	602	100	100	101.4	17.2	13.4	113.2	17.0	5.9	15.0	13.3	0.2
	1995	101.4	602	100	100	101.4	36.6	36.9	136.3	36.1	2.8	18.0	13.2	0.3
	1996	101.4	474	100	100	101.4	19.9	38.5	137.9	19.6	5.1	18.0	13.1	0.1
	1997	101.4	474	100	100	101.4	23.9	44.1	143.5	23.6	4.3	18.0	12.6	0.2
	1998	101.4	475	106	100	107.5	14.7	48.9	148.2	14.5	7.3	10.0	6.1	0.1
	1999	101.4	489	106	100	106.5	(36.7)	12.0	111.9	(36.2)	(2.9)	-	-	(0.3)
BTCL 1994	1994	20.9	84	1,060	1,000	22.2	2.4	5.1	1,245.5	115.0	9.2	10.0	0.8	0.1
	1995	20.9	84	1,060	1,000	20.9	2.4	7.5	1,359.6	111.0	9.5	-	-	0.1
	1996	20.9	88	1,000	1,000	20.9	1.7	8.9	1,425.5	79.8	12.2	-	-	0.1
	1997	20.9	87	1,050	1,000	22.0	3.3	9.3	1,445.1	155.7	6.7	15.0	1.0	0.1
	1998	20.9	87	1,000	1,000	20.9	3.6	9.2	1,437.9	171.4	5.8	15.0	1.0	0.1
	1999	20.9	89	1,050	1,050	22.0	4.0	12.8	1,609.5	192.9	5.4	-	-	0.1
2000	20.9	89	1,050	1,050	22.0	4.9	16.9	1,806.1	233.0	4.6	-	-	0.1	

TABLE 27. THE ROYAL SECURITIES EXCHANGE OF BHUTAN, INFORMATION ON LISTED COMPANIES, CONTINUED.

Company/ year of Listing	Year	Paid Up Capital Nu.in Mill	No.of shareholders	Market Price (Nu)		Market Capitalization Nu.in Mill.	Profits Nu. in Mill.	Reserves Nu. in Mill.	Book Value Nu.	Earnings Per Share Nu.	PE Ratio	Dividend (%)	Dividend Yield (%)	Return on Capital (ROC)
				High	Low									
BDL	1994	2.5	88	100	100	2.5	(1.1)	-	100.0	(42.0)	(2.4)	-	-	(0.4)
	1995	2.5	88	100	100	2.5	(1.5)	-	100.0	(58.0)	(1.7)	-	-	(0.6)
	1996	2.5	89	100	100	2.5	(2.4)	-	100.0	(194.0)	(1.1)	-	-	(0.9)
	1997	2.5	89	100	100	2.5	-	-	100.0	-	-	-	-	-
	1998	2.5	96	100	100	2.5	-	-	-	-	-	-	-	-
	1999	2.5	96	100	100	2.5	(1.9)	-	100.0	(76.6)	(1.3)	-	-	(0.8)
	2000	2.5	96	100	100	5.0	-	-	-	-	-	-	-	-
DPCL	1997	4.3	79	100	100	4.3	0.3	0.9	121.5	6.8	14.8	-	-	0.1
	1998	4.3	80	100	100	4.3	(1.3)	-	100.0	(29.4)	(3.4)	-	-	(0.3)
	1999	4.3	80	100	100	4.3	(1.5)	-	100.0	(35.6)	(2.8)	-	-	(0.4)
	2000	4.3	80	100	100	4.3	0.3	-	100.0	-	-	-	-	-
DSML	1996	3.3	59	100	100	3.3	(0.4)	-	100.0	(10.8)	(9.3)	-	-	(0.1)
	1997	3.3	59	100	100	3.3	(1.1)	-	100.0	(33.6)	(3.0)	-	-	(0.3)
	1998	3.8	59	100	100	3.8	(1.0)	-	100.0	(25.7)	(3.9)	-	-	(0.3)
	1999	3.8	64	100	100	3.8	(0.6)	-	100.0	(16.9)	(6.0)	-	-	(0.2)
	2000	3.8	64	100	100	3.8	(0.7)	-	100.0	(19.7)	(5.1)	-	-	(0.2)
BNB	1996	59.5	429	225	165	130.9	25.5	67.2	212.9	42.9	5.1	-	-	0.2
	1997	59.5	411	225	196	133.9	21.0	80.2	234.8	35.2	6.4	20.0	8.5	0.2
	1998	59.5	406	240	220	142.8	47.8	98.2	265.1	80.3	3.0	50.0	18.9	0.3
	1999	59.5	407	250	190	148.8	47.9	122.3	305.5	80.4	3.1	40.0	13.1	0.8
	2000	59.5	407	700	450	416.5	102.9	195.4	428.5	173.0	4.1	50.0	11.7	1.7
BPCL	1997	10.8	54	100	100	10.8	-	-	-	-	-	-	-	-
	1998	10.8	54	100	100	10.8	2.6	0.2	101.9	24.4	4.1	15.0	14.7	0.2
	1999	12.5	78	100	100	12.5	9.9	5.1	140.7	79.0	1.3	40.0	28.4	0.6
	2000	24.9	78	100	100	24.9	8.1	8.8	135.4	32.6	3.1	35.0	25.9	0.3
STCB	1997	20.0	132	100	100	20.0	2.6	0.2	100.8	12.8	7.8	12.0	12.0	0.1
	1998	20.0	132	100	100	20.0	14.3	9.4	147.1	71.3	1.4	25.0	17.0	0.5
	1999	20.0	133	100	100	20.0	11.8	15.2	176.2	59.1	0.6	30.0	17.0	0.3
	2000	20.0	133	130	130	26.0	29.8	38.4	291.9	148.8	0.9	33.0	11.3	0.5
DSCL	1998	6.8	1,201	100	100	6.8	8.7	9.7	243.1	128.9	0.8	115.0	47.3	0.5
	1999	10.1	1,201	100	100	10.1	13.4	14.6	244.1	132.0	0.8	50.0	20.5	0.5
	2000	10.1	1,201	100	100	10.1	17.4	25.2	265.8	171.8	0.6	50.0	18.8	0.5

Source: Royal Securities Exchange of Bhutan **Total Market Capitalization : 2,362.91**

Formula used :-

1-Book Value = Capital + Reserves/ No.of Shares. 2-EPS = Net Profit/No.of shares. 3-PE = Market price/ EPS. 4-Return on Capital = Net Income/(Equity + Reserve). 5-Div. Yield = Div X 100/ Book value per share

(*) *BCCL- Bhutan Carbide & Chemicals Ltd.; RICB- Royal Insurance Corporation of Bhutan; PCAL- Penden Cement Authority Ltd.; BFAL- Bhutan Ferro Alloys Ltd.; BBPL- Bhutan Board Products Ltd.; BTCL- Bhutan Tourism Corporation Ltd.; BDL- Bhutan Dairy Ltd.; DPCL- Druk Petroleum Corporation Ltd.; DSML- Druk Stones and Mining Ltd.; BNB- Bhutan National Bank; BPCL- Bhutan Polythene Company Ltd.; STCB- State Trading Corporation of Bhutan; DSCL- Druk Satair Corporation Ltd. The figure for Market Capitalization has been revised.*

FINANCIAL INSTITUTIONS

The Financial Sector in the narrow sense (excluding the Capital Market) in Bhutan consists of the Royal Monetary Authority of Bhutan, two commercial banks, the Bank of Bhutan and the Bhutan National Bank, and two non-bank financial Institutions, the Royal Insurance Corporation of Bhutan and the Bhutan Development Finance Corporation. The development of the latter four financial institutions is outlined below.

Bank of Bhutan (BOB)

The Bank of Bhutan, which was established on May 28, 1968, is the oldest and the largest financial institution of the country. However, due to the non-convertibility of our local currency, "Tikchung", the desired level of development did not take place initially. To solve this problem, a collaboration agreement was signed with the State Bank India (SBI) on 7th October 1971, providing the SBIs' participation in the capital and management of the Bank of Bhutan. Under the arrangement, the SBI held 40% of the Bank's shares, while 60% were held by the ROGB. After a long and successful collaboration with the State Bank of India, a new agreement was made on 27th June 1997, extending the collaboration period till 31st December 2001. From that date onwards, the management of the bank was to be handed over to Bhutanese nationals. At present, the RGOB holds 80 percent of the banks' shares, while the remainder is held by the SBI. The Bank was opened with a capital of Nu.2.5 million, and a reserve fund of the same amount. As of December 2000, the banks' capital stood at Nu.100 million, with a reserve fund of Nu.407.4 million.

In order to serve better the country's growing needs of the banking services, the Bank entered into a series of arrangements with foreign banks. From 1975 onwards, the Bank started contributing to the earnings of foreign exchange by financing/facilitating the exports. During 2000, the bank's foreign exchange transactions amounted to Nu.10.4 million, a substantial increase from Nu. 4.2 million in 1999.

In order to improve the banking culture, in 1989 the Bank introduced customer education in the rural areas on Bank's services, deposit mobilization, and follow-up on loans through meeting with customers. Furthermore, the Bank had conducted a door-to-door survey in rural areas to introduce the bank's lending and deposit schemes to the rural community in 1986. In order to boost the credit, the BOB reduced its interest rate on selected loan schemes from 1st July 2000. Right from the inception, the branch expansion program was given the top priority and presently there are 25 branches and two extension counters, covering 20 districts.

2000 marked another successful year, with its 33 years in business ending by earning a profit before tax of Nu. 122.7 million. While the profit has improved by Nu. 22.6 million, compared to the previous year, for the first time it has been over-taken by the four year old Bhutan National Bank (see below). The BOB's total staff stood at 438, comprising 87 officers, 208 clerks and 143 subordinates.

Bhutan National Bank (BNB)

In 1980, the Unit Trust of Bhutan (UTB) was established, as a Division of the Royal Insurance Corporation of Bhutan (RICB), jointly owned by the Royal Government and the RIBC. In 1992, it started functioning as an independent financial institution to promote and mobilize small domestic savings and channel capital to the productive sectors. With the aim to deepen the financial system for generating broader and competitive banking services, the Royal Government, with the assistance from the ADB, converted the UTB to Bhutan National Bank on December 5, 1996.

The new bank's equity capital base was increased from Nu.42.5 to Nu.59.5 million through a public offer in July 1996, with 429 individuals subscribing to its shares. Since 1998-89, the Government holds only 27 percent of its ordinary shares, the public holds 28.6 percent, financial institutions hold 4.2 percent, and the foreign investors, ADB and the Citibank, jointly hold 40 percent of the share capital. Judging by the key financial indicators, published by the Royal Securities Exchange of Bhutan on listed companies (2000 Annual Report), the BNB shares are the most active securities traded in our emerging Capital Market and its price appreciated by a record high of 15 times to date.

The BNB's assets as a percentage of total assets of the two commercial banks have risen to 30.5, percent as compared to 14.2 percent in 1997. With regard to deposits, the BNB has now 35. 6 percent of the total deposits in the country and its loan portfolio accounts for 44.4 percent of total advances by the two banks. These developments indeed reflect an expansion of banking culture, in general, and the emergence of competition in the financial sector, in particular. The BNB reduced its lending rate from 16 percent to 15 percent on the overdraft facility and business loans with effect from April 01, 2001.

2000 has been another successful year for the bank in terms of asset growth, profitability, and market response. Total assets grew by about 36 percent, of which 40 percent continue to be in the form of Indian Rupee investments abroad. Loans and advances showed some improvement over the previous year, recording a growth of about 16 percent. As evident from the composition

of assets or investments, much of the bank's profit for the year under review came from the fixed-term rupee deposits in India, i.e., Nu.144 million, representing over 52 percent of the Bank's total interest income. The bank closed its books in 2000 with a profit before tax of Nu.150.1 million, the highest profit in its four-year history. The BNB now has a total staff strength of 144.

Bhutan Development Finance Corporation (BDFC)

The BDFC was established in 1988 with the assistance from the Asian Development Bank, with equity participation of the RGOB, the BOB, the RICB, and the RMA, to primarily assist the private sector by providing financial and technical assistance for industrial, agricultural, and commercial projects. It is funded by international multilateral agencies and is not a deposit-taking institution. The ongoing UNCDF/IFAD Agricultural Credit Programme, which was initially implemented by the RMA, was transferred to the BDFC in March 1988, along with all assets and staff of the former Agricultural Credit Division of the RMA. To finance the small entrepreneurs, the BDFC joined the Entrepreneurial Development Program (EDP); its share in the EDP is Nu.20 million.

The industrial lending activities dominate the bank's profitability, while agricultural lending, particularly micro-financing, is the main responsibility of the BDFC. In October 1998, the BDFC issued Nu.50 million worth of 10-year Rural Credit Bonds for the purpose of providing micro-credit to rural borrowers. The principal goal is to assist small farmers to increase production and income and ultimately improve their quality of living.

At present, the BDFC has 21 offices in the country, covering all the districts and has recently introduced a mobile banking facility at the grassroots level. The BDFC's total staff stood at 131, 32 in the Industrial Lending Department and 99 in the Agricultural Lending Department.

The Government is contributing eighty-seven percent of the BDFC's paid-up capital and the remaining thirteen percent are shared equally by the other three financial institutions. The main sources of funds for the BDFC are external concessional loans and grants from international agencies such as the UNCDF, HELVETAS, KFAED, SDC, and ADB.

Royal Insurance Corporation of Bhutan (RICB)

The RICB commenced its operations as the first and only Insurance entity in 1975 under the Royal Charter with 61% Government participation and 39% held by the public. The Company is incorporated under the Companies Act of Bhutan in 1989 and registered under the Financial Institutions Act of Bhutan 1992. The Corporation started with a paid up capital of Nu.1.00 million in 1975, which has been increased to Nu.48 million as of December 2000.

Under the Royal Charter, the Corporation was mandated to underwrite all types of insurance business emanating from Bhutan and also to finance various commercial undertakings and development projects. The main line of business of the RICB can be categorized into Insurance and Finance, besides Real Estate and Credit Cards. The services provided by the RICB under Insurance and Finance are Life Insurance, General Insurance, Rural Housing Insurance, and the Group Insurance Cum Saving Scheme.

Right from its inception, the RICB not only met the insurance needs of the country, but also contributed towards the country's economic development by way of financing. In this connection, the Credit and Investment Department was set up to act as an investment body for all funds. With the investment of these funds in the economy, the house construction and transportation activities in the country were taken up by the Private Sector on a large scale. Almost 75% of the houses in Thimphu, Phuntsholing and other towns were financed by the RICB. Beside, housing and transportation loans, the RICB had also invested a considerable amount in the development of industrial units and trading activities. The Government Employees Provident Fund (GEPF), which was managed by RICB since 1976, was transferred to the National Pension and Provident Fund Bureau from April 2000, when the Company had to part with assets worth Nu.1.2 billion (accounting for over 80 percent of the RICB's assets). The separation of the GEPF did not have any adverse effect on the overall performance of the RICB. Instead, it helped to solve the long-standing problem of excess liquidity and enabled the corporation to concentrate on its core business.

The RICB pioneered the use of credit cards by launching a three-category credit card on 17th Dec. 1997: Diamond, Gold, and Silver. On 2nd June 1999, the auspicious occasion of our King's 25th Coronation Jubilee, the RICB launched two new policies namely the "Money-back Policy" and the "Double Cover Endowment Plan". Apart from existing loan schemes, the RICB initiated a Contractors Revolving Credit Scheme and a Preferential Financing Scheme (January 7, 2000). The Popular Preferential Financing Scheme, which finances private (light) vehicles, has been temporarily suspended to clear the

backlog of pending orders and also to allay the explosion of vehicle registrations in the country. Since January 2000, the RICB has financed the purchase of 698 vehicles, of which only 24 were imported from third countries, while others were from India.

POWER SECTOR

Bhutan's hydropower potential is estimated to be over 30,000 MW and by the end of the 8th Five-Year Plan, only about 1.4 percent of that potential will have been utilized. The first hydroelectric plant in Bhutan was built in the capital Thimphu, producing 360KW of electricity. When the Chukha hydropower project (336MW) was commissioned in 1986, Bhutan began exporting over 90 percent of generated electricity. Electricity exports continue to be the largest contributor to total revenue earnings in the country.

Annual domestic consumption in Bhutan has been growing at an average rate of 9.5 percent over the past 5 years. Domestic demand for electricity is now over 90MW per annum, and more than 30 percent of Bhutanese households have access to electricity. By 2005, when the Tala and Basochu Lower Stage Projects are commissioned, Bhutan will have 1485 MW of hydropower capacity and about 5 percent of its total hydropower potential will have been developed. This industry will also contribute about 60 percent of total annual revenue generation for the country.

The Tala Hydroelectric Project (1020 MW)

The Tala Project was embarked upon following the successful implementation of the Chukha Hydropower Project. The contract for the Tala Project was signed on March 5, 1996, and works on the project began in October of 1998. It was approved at the estimated cost of Nu.14,080 million (1993 price level) and was scheduled to be completed in 8 years, inclusive of the first two years of infrastructure development. The revised envisaged cost is now Nu.29,212 million (September 1997 price level) and the expected date of completion is June 30, 2005.

Upon completion, Tala will be capable of generating 4865 GWh (million units) of energy in an average year and provide 1020 MW of peaking power throughout the year, more than double of Chukha's present power generation capacity.

Over 80 km of land have been used in the construction of the Tala Project and settlement colonies have been set up at Gedu, Wangkha, Tala, and Sinchekha. For hydropower purposes itself, the Project is envisaged to utilise 860 metres fall available by about 22 km length of tunnels beginning at the Head Race Tunnel from down stream of the Chukha Power House up to the Tala Power House.

Kurichhu Project (60 MW)

The Kurichhu Project, like the Tala Project, is being constructed with the assistance of the Government of India. The contract between the two Governments was signed on February 18, 1994, and construction commenced on September 27, 1995. The first phase (3 units of 45 MW) was completed in September this year. The second phase (15 MW) is expected to be completed by the end of December next year.

Financial assistance from the Government of India is provided in the form of 60 percent Grant and 40 percent Loan. The initial estimated cost of the Project was Rs./Nu.2,560 million. However, it was revised in June 2000 to Rs./Nu.5,060 million with an additional contribution of Rs./Nu.40 million from the Royal Government of Bhutan.

Upper Stage Basochu Project (22.2 MW)

His Majesty the King identified the Basochu as a potential energy source in the early 1970's, but it was only in 1989 that the Austrian Government took an interest in the project and financed the Pre-Feasibility Study. In 1993 and 1994 a Preliminary Design of the Project was carried out by a team of Austrian engineers, and on April 14, 1995, the Financing Agreement was signed between the RGOB and Government of Austria.

The Basochu Hydropower Project is located in Wangdue Phodrang and taps the Basochu stream above the Basochu waterfall using 2.6 km length of a Head Race Tunnel and a 1.368 km length penstock. Expected average annual power generation is 107 GWh, which at the present domestic selling price of Nu. 0.70 per KWh will earn a gross revenue of Nu.74.9 million.

The initial disbursement of funds from the Government of Austria amounted to ATS 350 million, of which ATS 180 million were the Grant component and ATS 170 million were a Soft Loan, the repayment period of which was 20 years (grace period of 10 years).

An additional budget of ATS 73.1 million, half of which is a soft loan from the Government of Austria, is being used for the project. The second amount of ATS 44.9 million was approved at the Steering Committee Meeting held in Thimphu on July 4, 2001. The total amount of loan finance from the GOA, therefore, stands at ATS 229 million.

The expected time of commissioning of the Basochu Project is in early 2002. With the commissioning of this project, increased power supply to western Bhutan is predicted and thus it is very likely that excess power produced by

Chukha will be free for export.

I. Balance Sheets

II. Income and Expenditure Statement