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### **Bhutan RMA AR 2015-2016**

Royal Monetary Authority of Bhutan

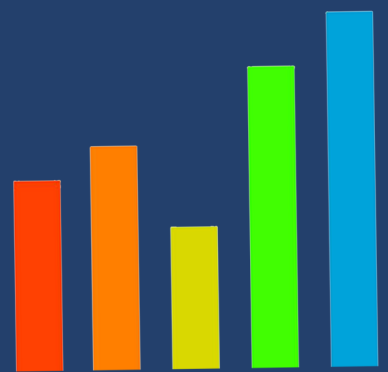
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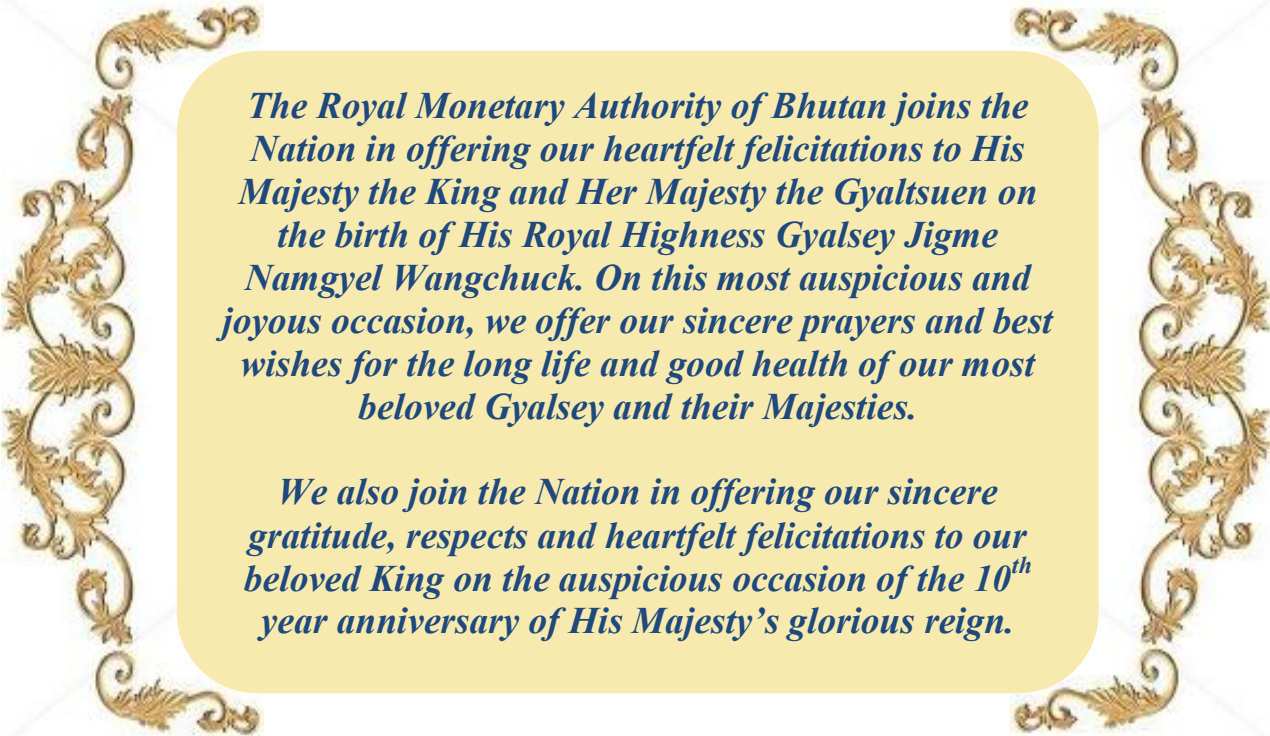
# ROYAL MONETARY AUTHORITY OF BHUTAN



ANNUAL REPORT

# 2015/16

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*The Royal Monetary Authority of Bhutan joins the Nation in offering our heartfelt felicitations to His Majesty the King and Her Majesty the Gyaltsuen on the birth of His Royal Highness Gyalsey Jigme Namgyel Wangchuck. On this most auspicious and joyous occasion, we offer our sincere prayers and best wishes for the long life and good health of our most beloved Gyalsey and their Majesties.*

*We also join the Nation in offering our sincere gratitude, respects and heartfelt felicitations to our beloved King on the auspicious occasion of the 10<sup>th</sup> year anniversary of His Majesty's glorious reign.*

---

## Launch of Commemorative Banknote

The Royal Monetary Authority of Bhutan released Commemorative banknote of Nu.1000 denomination to celebrate the Birth of The Gyalsey, HRH Jigme Namgyel Wangchuck. The Commemorative Banknote was launched by His Excellency, Lyonchhen Tshering Tobgay on 21<sup>st</sup> September 2016.



The Banknote bears the Commemorative message “Celebrating the Birth of The Gyalsey, February 5, 2016” on the Obverse and the message “Birth of the Prince of Bhutan” on the Reverse side. The note bears the prefix “W” to mark the reign of the Wangchuck Dynasty. The note measures 175mm x 60mm, with the security thread enhanced to 4.0mm wide rolling star window thread with clear text. The note bears the signature of Governor, Dasho Penjore. The colour scheme and all other features of the Commemorative banknote are the same as the Series 2008 Nu.1000 notes. The RMA has printed 3,420,000 pieces of the Commemorative Banknote through Giesecke & Devrient, a German security printing company. The Commemorative Banknotes are being sold to the general public through exchange for equivalent value at the RMA Exchange Counters.





# CONTENTS

<b>PREFACE</b> .....	<b>1</b>
<b>BOARD OF DIRECTORS</b> .....	<b>2</b>
<b>MANAGEMENT</b> .....	<b>3</b>
<b>ORGANIZATION CHART OF THE RMA</b> .....	<b>4</b>
<b>MESSAGE FROM THE GOVERNOR</b> .....	<b>5</b>
<b>2016 MILESTONES OF THE RMA</b> .....	<b>8</b>
<b>I. ECONOMIC REVIEW</b> .....	<b>11</b>
<b>KEY ECONOMIC INDICATORS OF BHUTAN</b> .....	<b>13</b>
<b>1. DOMESTIC ECONOMY</b> .....	<b>15</b>
1.1 Primary Sector .....	17
1.2 Secondary Sector .....	17
1.3 Tertiary Sector.....	18
1.4 Prices.....	20
<b>2. MONETARY AND FINANCIAL DEVELOPMENTS</b> .....	<b>26</b>
2.1 Monetary Developments.....	26
2.2 Developments in the Banking Sector .....	28
2.3 Developments in NBFIs .....	31
2.4 Developments in Credit Markets.....	32
2.5 Developments in Interest Rates .....	35
2.6 Developments in Capital Markets .....	37
<b>3. EXTERNAL SECTOR</b> .....	<b>39</b>
3.1 Overall Balance of Payments .....	39
3.1.1 Goods and Trade Account.....	41
3.1.2 Services and Income Accounts .....	45
3.1.3 Capital and Financial Account.....	47
3.2 Balance of Payments with India .....	48
3.3 Balance of Payments with Countries Other Than India .....	49
3.4 External Debt.....	50
3.5 International Investment Position.....	51
3.6 Exchange Rate Developments .....	51
<b>4. GOVERNMENT FINANCE</b> .....	<b>53</b>
4.1. Revenue and Grants.....	54

4.2. Expenditure.....	55
4.3. Financing the Deficit .....	56
4.4. 2016/17 Budget Outlook .....	57
<b>5. WORLD ECONOMY.....</b>	<b>60</b>
<b>6. MACROECONOMIC INDICATORS FOR THE SAARC REGION.....</b>	<b>62</b>
<b>II. GOVERNANCE AND ORGANIZATIONAL DEVELOPMENT.....</b>	<b>69</b>
1. Functions of the RMA.....	71
2. Overview of Organizational Developments.....	75
3. RMA Annual Audited Accounts, FY 2015/16 .....	83
<b>III. STATISTICAL TABLES .....</b>	<b>85</b>
Table 1. Gross Domestic Product at Current Prices.....	87
Table 2. Gross Domestic Product in 2000 Prices.....	88
Table 3. Sales of Major Industries .....	89
Table 4. Sales of Hydropower Plants .....	93
Table 5. Tourist Arrivals and Revenues .....	94
Table 6. Summary of the Consumer Price Index .....	95
Table 6.1. Year-on-Year Index and Percentage Change: Domestic .....	95
Table 6.2 Year-on-Year Index and Percentage Change: Imported. ....	96
Table 6.3: Annual and Monthly PPI and Inflation by Industry .....	96
Table 6.4: Annual and Monthly PPI Inflation by Product.....	96
Table 7. Indian Wholesale Price Index of All Commodities.....	97
Table 8. Monetary Survey.....	98
Table 9. Royal Monetary Authority– Monetary and Financial Statistics.....	100
Table 10. Deposit Money Banks – Monetary and Financial Statistics .....	102
Table 11. Bank of Bhutan Limited – Monetary and Financial Statistics .....	104
Table 12. Bhutan National Bank Limited – Monetary and Financial Statistics.....	106
Table 13. Bhutan Development Bank Limited – Monetary and Financial Statistics.....	108
Table 14. Druk PNB Limited – Monetary and Financial Statistics .....	110
Table 15. T Bank Limited – Monetary and Financial Statistics.....	112
Table 16. Royal Insurance Corporation of Bhutan Limited – Financial Statistics .....	114
Table 17. Bhutan Insurance Limited – Financial Statistics.....	116
Table 18. Financial Institutions Credit by Major Sectors. ....	118
Table 19. Issuance of Government Treasury Bills .....	120
Table 20A. Annual Overall Balance of Payments Estimates .....	121
Table 20B. Quarterly Overall Balance of Payments Estimates .....	122
Table 21A. Annual BOP Estimates with India.....	123
Table 21B. Quarterly BOP Estimates with India .....	124
Table 22A. Annual BOP Estimates with COTI.....	125
Table 22B. Quarterly BOP Estimates with COTI .....	126
Table 23. Gross International Reserves .....	127
Table 24A. Composition of Imports from India .....	128
Table 24B. Composition of Exports to India .....	129
Table 25A. Composition of Imports from COTI .....	130
Table 25B. Composition of Exports to COTI .....	131

Table 26. Direction of Trade .....	132
Table 27. Public External Debt: Disbursements by Sector .....	133
Table 28. External Debt Servicing by Sector .....	134
Table 29. Rupee Debt Indicators.....	135
Table 30. Foreign Debt Indicators for Convertible Currency Loans .....	136
Table 31. Bhutan’s Outstanding External Debt – Fiscal Year Position.....	137
Table 32A. Exchange Rate, Ngultrum/ US Dollar.....	138
Table 32B. Exchange Rate, Ngultrum/ US Dollar .....	138
Table 33. Exchange Rate, Japanese Yen/US Dollar .....	139
Table 34. Exchange Rate, Euro/US Dollar .....	139
Table 35. Summary of Budgetary Operations.....	140
Table 36: RSEBL-Information on Listed Companies.....	141

#### **IV. ANNEXURES..... 143**

Annex I. Developments in Bhutan’s Financial Institutions .....	145
Annex II. Interest Rates .....	156
Annex III. Tourism.....	163
Annex IV. Bhutan’s Hydropower Sector.....	169
Annex V. Bhutan’s External Debt: A Status Report 2015/16.....	179
Annex VI. Summary of Petroleum Imports and Prices in Bhutan.....	190
Annex VII. Key Highlights on Medium-Term Economic Outlook and Challenges.....	195
Annex VIII. Audit and Internal Control System in RMA.....	203
Annex IX. Abbreviations and Symbols. ....	208



## PREFACE

This report reviews macroeconomic developments that have taken place in the Bhutanese economy during the fiscal year 2015/16. Some important events that have occurred in the recent past have also been covered. Commentaries on the economic sectors are based on information provided by government authorities, financial institutions, corporate bodies and private sector sources. Time series data on various economic statistics are available in the statistical section of the report. The annexure provides detailed background and updates on selected economic sectors. An overview of events in the global economy and forecasts for the medium term is also presented based on the IMF World Economic Outlook publications. The annual accounts of the RMA are published in accordance with the stipulations of the Royal Monetary Authority of Bhutan Act, 2010.

*The RMA Act, 2010 (Chapter X, Articles 166 and 167) also empowers the RMA to collect data from individuals, companies, organizations and government bodies.*

All views expressed in this report pertaining to the domestic economy are those of the RMA and do not necessarily represent those of the data sources.

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

## BOARD OF DIRECTORS

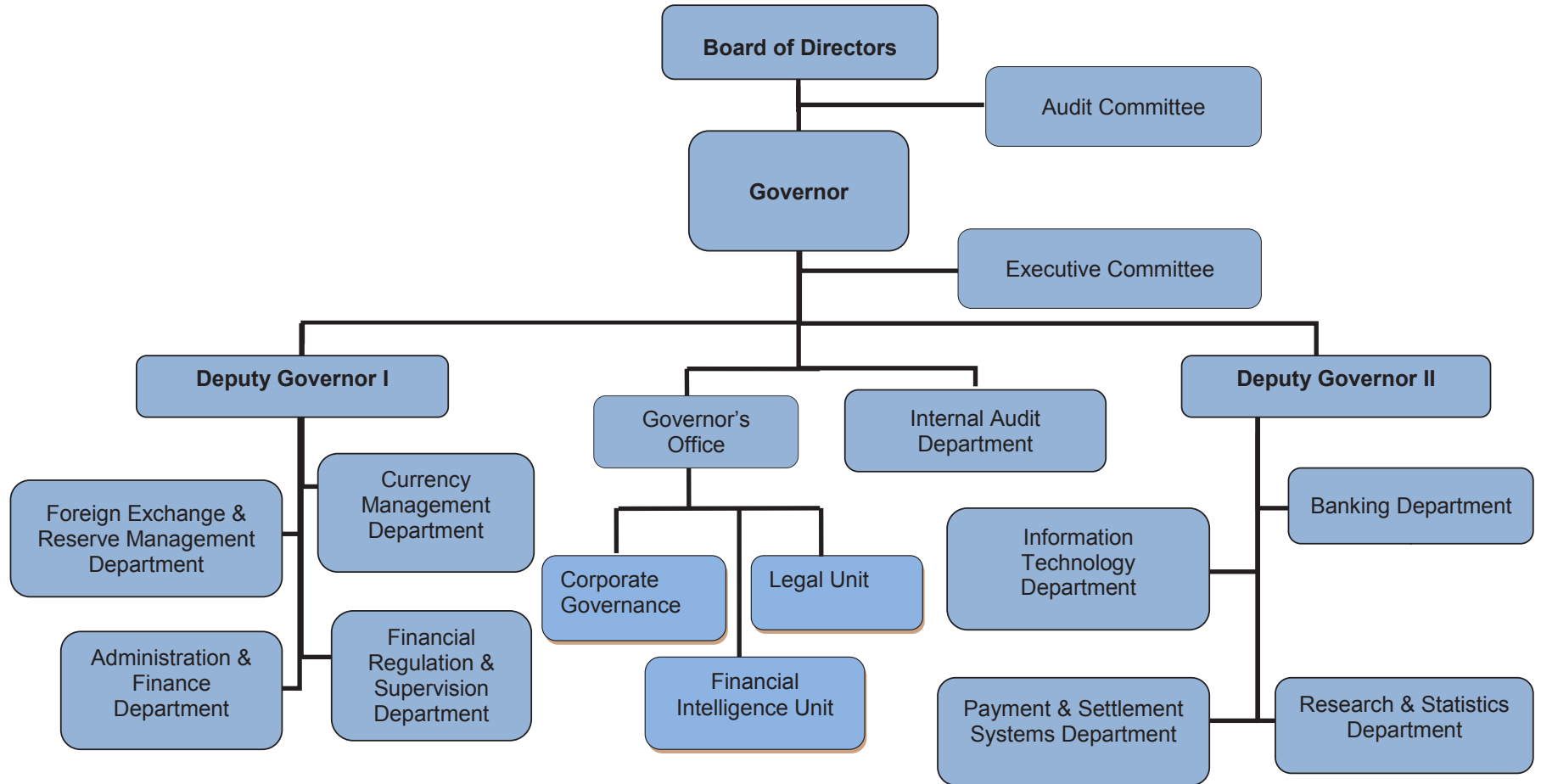
Dasho Penjore Governor Royal Monetary Authority of Bhutan	-	Chairman
Mr. Nim Dorji Secretary Ministry of Finance	-	Director
Mr. Thinley Namgyel Secretary Gross National Happiness Commission	-	Director
Mr. Tashi Zimpon Wongma	-	Director
Mr. Sonam Tenzin Director Department of Trade Ministry of Economic Affairs	-	Director
Mr. Phajo Dorjee Deputy Governor Royal Monetary Authority of Bhutan	-	Director
Ms. Yangchen Tshogyel Deputy Governor Royal Monetary Authority of Bhutan	-	Director

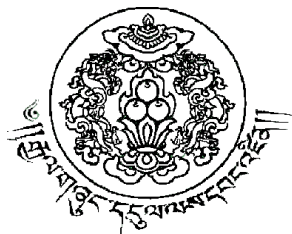


## MANAGEMENT

1. Governor	Dasho Penjore
2. Deputy Governor	Phajo Dorjee
3. Deputy Governor	Yangchen Tshogyel
4. Director, Administration & Finance Department	Julien Gurung
5. Director, Banking Department	Tshering Dema
6. Director, Currency Management Department	Jai Narayan Pradhan
7. Director, Financial Regulation & Supervision Department	Karma Rinzin
8. Director, Foreign Exchange & Reserve Management Department	Dechen Pelzom
9. Director, Information Technology Department	Sherab Jamtsho
10. Director, Internal Audit Department	Phub Dorji Tangbi
11. Director, Governor's Office	Namgay Tshering
12. Director, Payment & Settlement Systems Department	Rinzin Lhamu
13. Director (Officiating), Research & Statistics Department	Gopal Giri

## ORGANIZATION CHART OF THE RMA





## MESSAGE FROM THE GOVERNOR

2016 was a momentous year for Bhutan as we celebrated three special events: Four hundred years since the arrival of Zhabdrung Ngawang Namgyel to Bhutan; the birth anniversary year of Guru Rimpoche; and most dear to all our hearts, the birth of our Gyalsey, His Royal Highness Jigme Namgyel Wangchuck. It is the collective good fortune of all Bhutanese to be blessed by the occurrence of these three auspicious events this year. This year therefore is also a time to offer our heartfelt gratitude to the Wangchuck dynasty for the continuing peace and prosperity that has been bestowed on our country as a result of the visionary and benevolent leaderships of all our hereditary Monarchs. As we renew our pledge to serve the Tsa Wa Sum with unwavering dedication, the RMA renews our commitment to fulfill our role as a credible national institution to support the vision of His Majesty, the Druk Gyalpo and complement the efforts of the Royal Government to realize it. The RMA will continue to lead the initiation of new reforms in the financial sector to achieve the national goal of economic prosperity and self reliance.

The economy continues to gain momentum since the downturn in 2012 with growth at 6.5 percent in 2015, up from 5.7 percent and 2.1 percent in 2014 and 2013, respectively. As in the past, growth continued to be supported by pick-up in services, mining and hydropower-related construction. Bhutan's national unemployment rate dropped marginally from 2.6 percent in 2014 to 2.5 percent in 2015. The fiscal deficit during 2015/16 increased to 3.2 percent of GDP from a surplus of 1.6 percent in FY 2014/15. Upsurge in the fiscal deficit was mainly attributed by increase in both current and capital expenditures. Consumer price inflation has eased: after peaking at 5.2 percent in Q2 2015 (y-o-y), it fell to 3.5 percent in Q4 2015 and further to 3.3 percent in Q2 2016. In particular, the fall in commodity prices including fuels contributed to the easing of inflation in Bhutan.

To meet the pent-up demand of the economy, total credit of the financial institutions grew higher than expected by 21.1 percent (Nu. 86.6 billion) from 13.2 percent (Nu. 71.5 billion) in June 2015. Of the total credit, 22.2 percent were allocated in the building and construction sector, followed by trade and commerce (20.4 percent), personal loan (13.7 percent), service and tourism (13.1 percent) and manufacturing sector at 12.1 percent, and remaining in other sectors. With the recent implementation of minimum lending rate, a temporary pick up in credit is anticipated by the RMA that will gradually adjust to equilibrium in the medium term. While the credit market adjusts, the RMA will increase vigilance on the expansion of consumption oriented loans and accordingly intervene if the loans are not channeled to the desired sectors of the economy.

On the external front, the imbalances in the economy continue to persist. Trade deficit remained elevated at over 20 percent of GDP, pushing the current account deficit from 29.8 percent in FY 2014/15 to 31.2 percent of GDP during FY 2015/16. However, driven by aid inflows, the capital and financial account surplus has been more than sufficient to finance the current account deficit resulting in a buildup of reserves by an equivalent of Nu.12.6 billion during FY 2015/16. As of June 2016, the country's gross external reserves stood at an equivalent of USD 1,118.8 million, of which ₹ 20.8 billion were Indian Rupees and USD 811

million were convertible currency reserves. Reserves were sufficient to finance 13.2 months of merchandise imports. It must be reiterated however that the reserve buildup is still being driven by aid inflows and hydropower financing, which are cyclical and temporary in nature. While, aid inflows continued to finance our current account deficit in general, there has been a concomitant increase in external debt levels – Indian Rupee debt has reached ₹ 115 billion as of June 2016 while convertible currency debt stood at USD 609 million, increasing by 42.1 percent and 4.8 percent respectively from a year ago. However, almost all of the convertible currency debts are concessional loans of the Government used for financing various socio-economic development projects while over 88 percent of Indian Rupee debt are hydropower debt and the remaining Rupee debt were related to GoI line of credit ( ₹ 7 billion) and Reserve Bank Swap ( ₹ 6.7 billion) arrangement.

Going forward, Bhutan's medium term economic growth prospects remain favorable. Real GDP is projected to grow at an average of 10.2 percent during FY 2016/17-2017/18. The medium term GDP growth will be driven by new hydropower constructions and commissioning of ongoing hydropower projects. On the external front, both trade and current account deficits are expected to moderate considerably to an average of 19.8 percent and 24.3 percent of GDP respectively, down from an average of 21.2 percent and 27.3 percent of GDP during the preceding years of the 11 FYP. The external grant supports and official inflows in the capital and financial account remain optimistic. As a result, Bhutan's overall balance of payments is projected to be positive, with reserves growing at an average of 14.3 percent per annum during the period.

Yet, besides the progress we have achieved in terms of economic growth performance, Bhutan continues to face numerous structural weaknesses and challenges that need close attention to ensure the long term sustainability of the economy. Our economy can no longer be sustained on the back of a single economic sector although hydropower development remains a vital catalyst for socio-economic development. In light of our inability to enhance domestic production and capacity to support hydropower development, longer term strategies are needed for structural transformation by strengthening productive sectors such as cottage and small scale industries and development of agriculture sector. With the past lessons learnt, it is crucial for all to put a concerted and coordinated effort to address the emerging macroeconomic and structural challenges faced by the economy in a more proactive manner. Unemployment trends among the youth continue to look worrisome but with concerted political will and effort, the challenges may not be insurmountable. To address these challenges, the RMA is ready to work closely with all our stakeholders; we must view our mandates in a wider perspective where other important considerations including cross-sectoral linkages, transparency, and long-term sustainability, take precedence.

To reiterate, the responsibility of developing a strong financial sector is a role that the RMA will continue to undertake with renewed strength and commitment. Since a balanced financial intermediation process will ensure efficient credit allocation that ultimately supports growth and employment, the RMA will work to discipline the current system through efficient regulation and governance, both for itself as well as for the financial institutions. Second, the financial sector will also complement the efforts of the government to direct credit to productive sectors. Although the financial institutions have responded well to the new interest rate policy - the minimum lending rate, there is a need to create greater synergies to promote savings and investment in productive sectors to complement the national policy of economic diversification as envisaged in the 12<sup>th</sup> FYP formulation. Third, recognizing the catalytic role of financial inclusion in reducing poverty and achieving inclusive economic growth, the

RMA will advocate a nationwide campaign on financial inclusion and financial literacy to reach the un- and underserved segments of our population in all 20 Dzongkhags of the country. Fourth, the recent challenges posed by the demonetization of ₹ 500 and ₹ 1000 banknotes generated ripple effects in domestic economy. With the support of the Reserve Bank of India and the State Bank of India, the RMA has been trying to manage and cater to the Rupee cash needs of the people traveling to India for pilgrimage, medical and other important purposes. With due diligence, the RMA also undertook mass awareness programs along with several precautionary measures to support the Government of India and the Reserve Bank of India to counter black money and counterfeit banknotes.

Lastly, with all our present efforts and future commitments, I take this opportunity to express my sincere appreciation to all our stakeholders including the Royal Government, the financial sector, the private sector, the general public and the media fraternity for providing unwavering support and assistance to the RMA in making the year 2016 a big success.

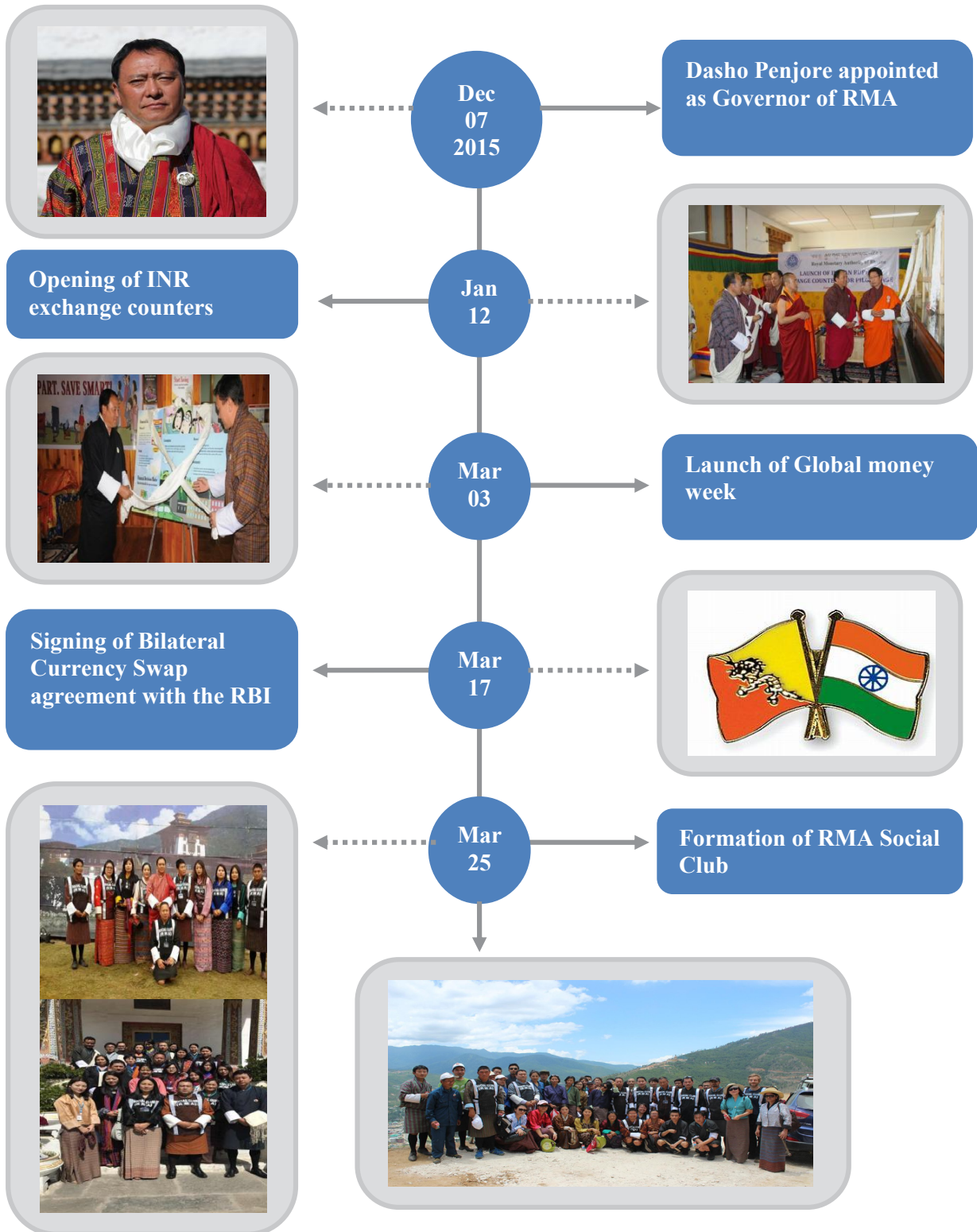
Tashi Delek and a Happy New Year to All!



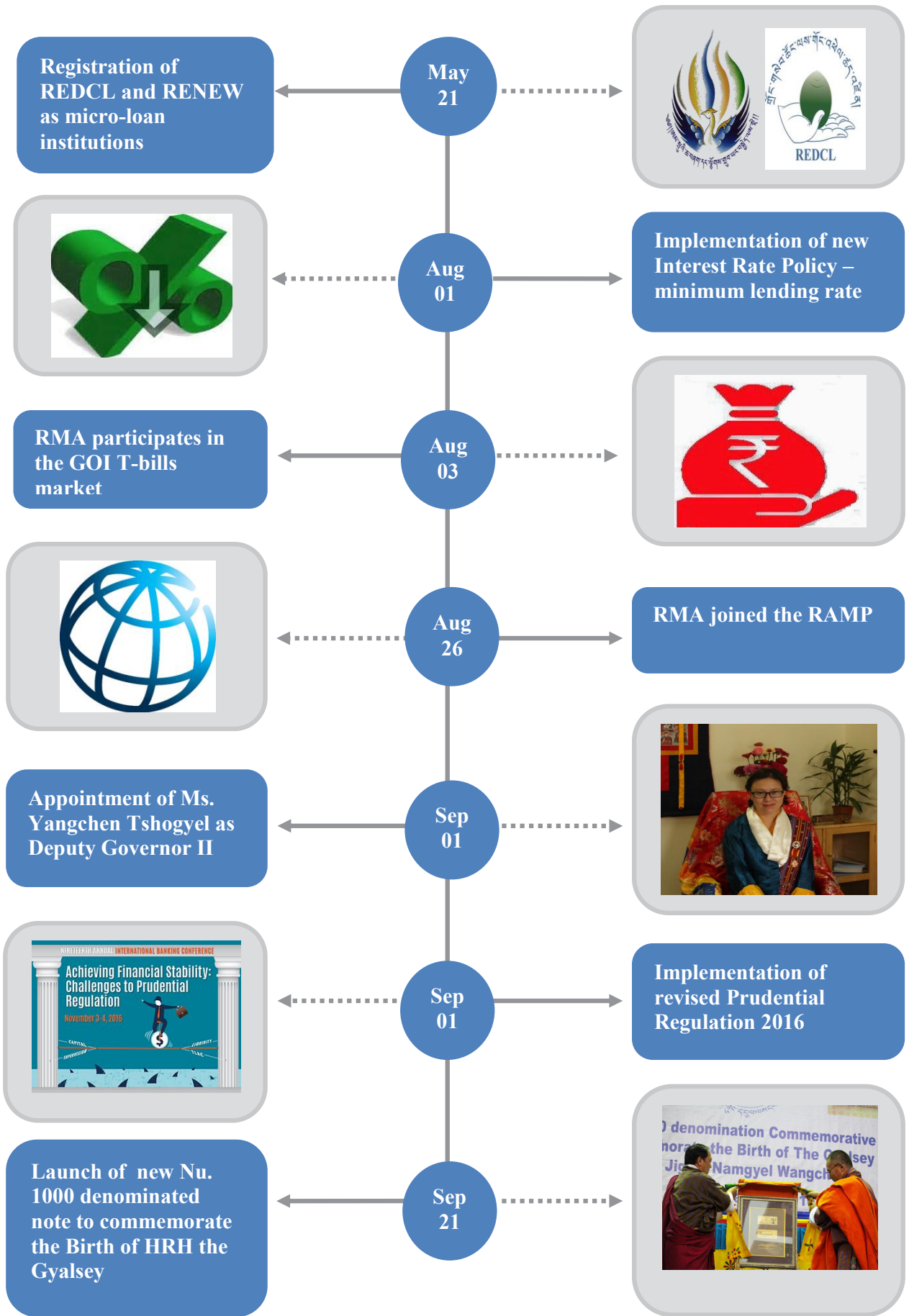
(Dasho Penjore)  
Governor

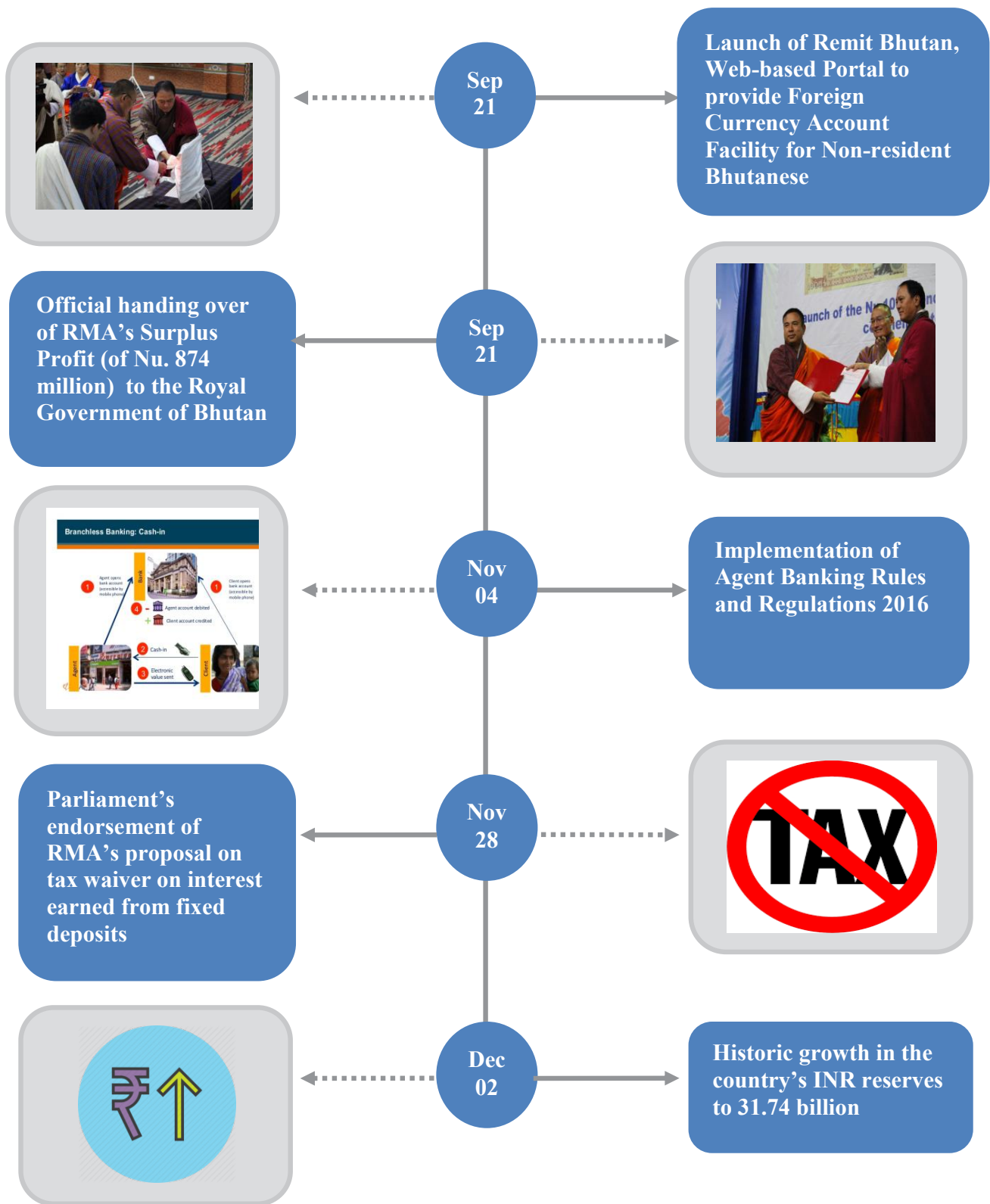
## 2016 MILESTONES OF THE RMA

As we entered the New Year, 2016 unfolded with numerous events and activities that will be vital in reshaping the future of our economy and the financial sector. Amongst many, the RMA's key milestones of the year are as follows:









Along with the above initiatives, other initiatives that have national significance are also underway, such as formulation of regulation for deposit taking micro financial institutions, organizing mass national campaign and international conference on financial inclusion and implementation of performance management and good governance systems at the RMA.



SECTION I

ECONOMIC  
REVIEW



## KEY ECONOMIC INDICATORS OF BHUTAN

Indicator	2011/12	2012/13	2013/14	2014/15	2015/16
<b>GDP Growth and Prices</b> (percent change)					
GDP at Constant (2000) Price (a), (b)	7.9	5.1	2.1	5.8	6.5
Consumer Prices - June quarter (b)	13.5	5.5	8.6	5.2	3.3
Wholesale Prices (India) - June quarter (c)	7.4	4.9	5.6	(2.2)	1.1
<b>Government Budget</b> (in millions of Nu.) (d)					
Total Revenue and Grants	32,646.4	30,656.1	37,819.1	36,231.1	43,735.0
Of which: Foreign Grants	12,501.5	9,562.6	14,236.4	9,955.0	16,988.0
Total Expenditure and Net Lending	33,688.0	34,900.8	33,522.8	34,334.3	47,954.3
Current Balance	3,439.2	2,996.9	5,641.6	5,244.0	2,837.5
Overall Balance	(1,041.7)	(4,244.7)	4,296.3	1,896.8	(4,219.3)
(in percent of GDP)	(1.2)	(4.4)	4.1	1.6	(3.2)
<b>Money and Credit</b> (percent change, end of period)					
Broad Money, M2	(1.0)	18.6	6.6	7.8	15.8
Credit to Private Sector	30.1	7.1	6.4	14.0	14.7
<b>Interest Rates</b> (end of period)					
One Year Deposits	5.0-6.0	5.0-6.5	5.0-6.5	4.0-7.0	4.0-6.5
Lending Rate	10.4-16.0	10.0-16.0	10.0-16.0	11.7-17.0	11.7-15.0
91-day RMA Bills/ Treasury Bills	4.1	3.0	2.3	0.1	5.5
<b>Balance of Payments</b> (in millions of Nu.)					
Trade Balance(Goods)	(19,880.6)	(20,708.5)	(24,170.5)	(26,662.8)	(35,828.7)
With India	(12,795.1)	(17,468.8)	(17,362.4)	(18,963.1)	(28,792.7)
Current Account Balance	(19,527.6)	(25,758.8)	(29,682.0)	(35,644.7)	(41,211.8)
(In percent of GDP)	(23.0)	(26.4)	(28.2)	(29.8)	(31.2)
With India	(15,413.2)	(26,616.4)	(25,775.0)	(30,177.1)	(39,335.5)
(In percent of GDP)	(18.1)	(27.3)	(24.5)	(25.2)	(29.8)
RGOB Loans	11,232.1	17,933.7	18,716.2	24,217.7	35,377.5
Of which: India	9,675.4	14,275.7	16,353.6	22,890.0	34,914.1
Errors and Omissions	(9,479.3)	3,282.4	2,253.0	(1,264.9)	919.3
Overall Balance	(9,068.4)	9,212.2	4,280.5	(570.8)	12,567.1
(In percent of GDP)	(10.7)	9.5	4.1	(0.5)	9.5
<b>External Indicators</b> (end of period)					
Gross Official Reserves in millions of USD	674.3	916.9	997.9	958.5	1,118.8
Reserves in months of merchandise imports	9.0	13.0	12.6	11.7	13.2
External Debt outstanding (USD millions)	1,333.7	1,606.8	1,759.0	1,854.6	2,305.6
External Debt (percent of GDP)	88.4	98.4	100.3	98.9	118.6
CC debt outstanding (USD millions)	524.7	579.3	629.5	581.2	609.0
CC debt (percent of GDP)	34.8	35.5	35.9	31.0	31.2
Rupee debt outstanding (INR millions)	45,550.9	61,341.7	67,870.2	81,183.6	115,393.8
Rupee debt (percent of GDP)	53.6	62.9	64.4	67.9	87.4
Debt-Service Ratio (e)	127.1	229.2	27.1	19.8	14.5

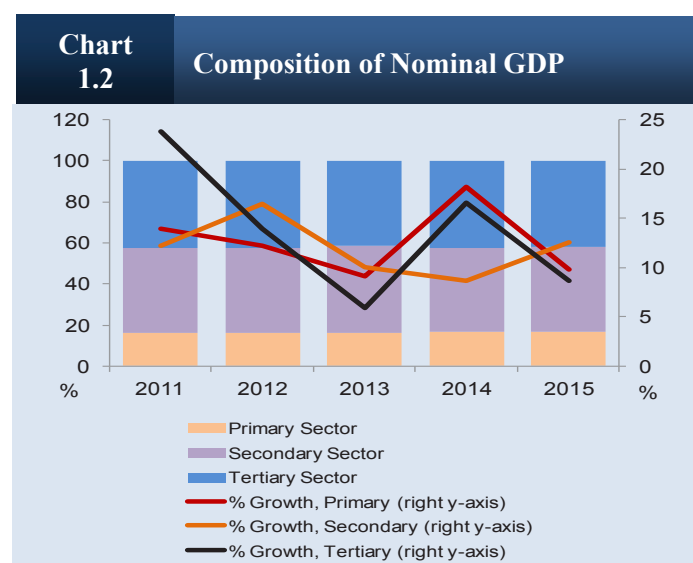
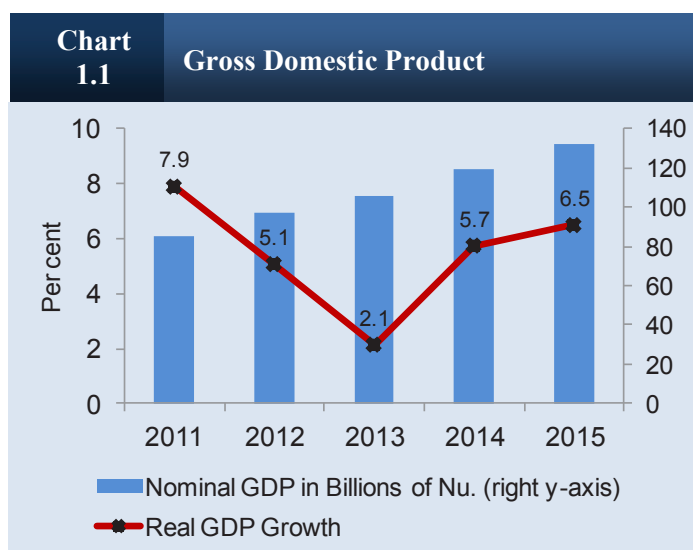
Indicator	2011/12	2012/13	2013/14	2014/15	2015/16
<b>Memorandum Items</b>					
(in millions of Nu. unless otherwise indicated)					
Nominal GDP (a), (b)	84,950.0	97,453.0	105,378.4	119,545.8	132,021.3
Ngultrum per USD (fiscal year average)	50.3	54.9	61.5	62.1	66.3
Money Supply, M2 (end of period)	50,122.9	59,451.2	63,387.8	68,344.3	79,162.7
Money Supply, M1 (end of period)	31,960.2	37,794.1	39,701.8	41,675.5	44,933.6
Counterparts					
Foreign Assets (Net)	35,532.1	48,566.4	53,886.5	58,248.7	67,815.6
Domestic Credit	46,466.1	52,432.3	52,299.0	56,255.1	65,692.7
Claims on Private Sector	43,734.6	46,824.6	49,838.7	56,820.5	65,157.2
Components					
Currency Outside Banks	6,390.7	5,681.2	5,704.6	5,946.1	6,101.7
Transferable Deposits	25,569.5	32,112.9	33,997.3	35,729.4	38,831.9
Other Deposits	18,162.7	21,657.1	23,686.0	26,668.8	34,229.1
Reserve Money, M0 (end of period)	16,743.1	23,997.4	26,638.2	26,248.8	27,802.9
of which: Banks' Deposits	9,397.7	16,607.6	18,543.7	16,916.6	18,132.0
Money Multiplier (M2/M0)	3.0	2.5	2.4	2.6	2.8
Income Velocity (GDP/M2)	1.7	1.6	1.7	1.7	1.7
Population Growth Rate (a) (b)	2.4	3.0	1.5	1.3	1.5
Unemployment Rate (a) (f)	3.1	2.1	2.9	2.6	2.5

a) On a calendar year basis (eg: entry under 2015/16 is for 2015). b) Source: National Statistics Bureau c) Source: Reserve Bank of India. Wholesale Price Index of All Commodities, Base = 2004-05. Effective August 2010, the RBI revised the base year from 1993-04 to 2004-05, creating a break in the continuity and comparison of data. The newly-recalculated WPI commences from April 2004; reference period same as for Bhutan CPI. d) Data for 2015/16 are revised estimates. e) Debt service payments in percent of exports of goods and services. f) Updates sourced from Labour Force Survey Report (2015), MOLHR.



## 1. DOMESTIC ECONOMY

After the economic slowdown in the year 2013, **real GDP** gradually rebounded to moderate growth of 6.5 percent in 2015, up by 0.8 percent from 5.7 percent in the year 2014. The growth was mainly driven by the **secondary sector** with a contribution of 3.5 percentage points. The contribution of **tertiary sector** has fallen from 3.8 to 2.4 percentage points, while the contribution of **primary sector** has increased from 0.3 to 0.6 percentage points (refer Table 1.2). In **nominal** terms, GDP increased by 10.4 percent to Nu.132 billion in 2015 from Nu.119.5 billion in 2014.



### Key Highlights

*Bhutan's GDP per capita in 2015 increased to USD 2,719.1 from USD 2,610.6 in 2014.*

*Unemployment decreased from 2.6 percent to 2.5 percent in 2015.*

*Higher rates of unemployment were observed in the age bracket of 15-24 years.*

*Unemployment rate, 2015 (in percent):*

*Male vs. Female: 1.8: 3.1  
Urban vs. Rural: 6.3: 1.0*

*Youth unemployment rate, 2015 (in percent)*

*Male vs. Female: 8.2: 12.7  
Urban vs. Rural: 28.0: 4.8*

*Bhutan's labour force participation rate increased to 63.1 percent in 2015 from 62.6 percent (2014).*

*Labour Force Participation Rate, 2015 (in percent):*

*Male vs. Female: 71.2: 55.9*

*Source: National Statistics Bureau and Ministry of Labour and Human Resources (Labour Force Survey Report – 2015).*

**Table 1.1 Real GDP Growth by Major Economic Sectors: 2008- 2015**

Item	Year-on-year % change							
	2008	2009	2010	2011	2012	2013	2014	2015
Gross Domestic Product	4.7	6.7	11.7	7.9	5.1	2.1	5.7	6.5
Primary Sector	0.7	2.7	0.9	2.4	2.3	2.4	2.4	4.6
Secondary Sector	6.2	3.5	12.5	4.1	6.8	3.9	3.7	8.1
Tertiary Sector	4.8	12.2	15.2	13.9	4.3	0.3	8.9	5.4

Source: National Statistics Bureau. Discrepancies in the figures are due to rounding.

**Table 1.2 Contribution to Real GDP Growth by Sector: 2008- 2015**

Sector	Real Contribution to GDP Growth							
	2008	2009	2010	2011	2012	2013	2014	2015
<b>I. PRIMARY SECTOR</b>	<b>0.1</b>	<b>0.4</b>	<b>0.1</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.6</b>
1. Agriculture, livestock & forestry	0.1	0.4	0.1	0.3	0.3	0.3	0.3	0.6
1.1 Crops	0.2	0.2	0.1	0.2	0.2	0.2	0.3	0.4
1.2 Livestock	0.0	0.1	0.1	0.0	0.1	0.1	0.1	0.1
1.3 Forestry & logging	(0.1)	0.1	(0.1)	0.1	0.1	0.0	(0.0)	0.1
<b>II. SECONDARY SECTOR</b>	<b>2.8</b>	<b>1.6</b>	<b>5.5</b>	<b>1.8</b>	<b>2.9</b>	<b>1.7</b>	<b>1.6</b>	<b>3.5</b>
2. Mining & quarrying*	0.4	(0.1)	0.2	0.4	(0.0)	0.7	0.4	0.4
3. Manufacturing	0.7	0.6	1.8	0.7	0.6	(0.5)	0.8	0.4
4. Electricity & water	3.0	(0.6)	1.2	(1.1)	(0.1)	1.8	(0.5)	1.3
5. Construction	(1.3)	1.7	2.4	1.8	2.4	(0.3)	0.9	1.5
<b>III. TERTIARY SECTOR</b>	<b>1.8</b>	<b>4.7</b>	<b>6.1</b>	<b>5.7</b>	<b>1.9</b>	<b>0.1</b>	<b>3.8</b>	<b>2.4</b>
6. Wholesale & retail trade	0.0	0.3	1.0	1.1	1.1	0.5	1.0	1.0
7. Hotels and restaurants	0.3	(0.1)	0.0	0.3	0.2	0.2	0.2	0.2
8. Transport, storage & communication	0.5	0.8	1.0	1.2	0.5	0.4	0.9	0.9
9. Financing, insurance & real estate	0.5	0.6	0.8	1.9	(0.7)	0.2	0.3	0.5
9.1 Finance	0.4	0.5	0.7	1.8	(0.7)	0.1	0.3	0.4
9.2 Real estate	0.0	0.1	0.0	0.1	(0.0)	0.1	0.1	0.1
9.3 Business services	0.0	0.0	0.0	0.0	0.0	(0.0)	0.0	0.0
10. Community, social & personal services	0.3	3.1	1.7	0.5	(0.8)	(0.6)	0.7	0.6
10.1 Public Administration	0.2	1.4	1.0	0.3	(0.4)	(0.4)	0.4	0.5
10.2 Education & health	0.1	1.7	0.7	0.2	(0.4)	(0.3)	0.2	0.2
11. Private social, personal & recreational services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12. Plus indirect taxes less subsidies	0.2	(0.0)	1.6	0.8	1.6	(0.5)	0.7	(0.8)
<b>Total (Real GDP Growth in %)</b>	<b>4.7</b>	<b>6.7</b>	<b>11.7</b>	<b>7.9</b>	<b>5.1</b>	<b>2.1</b>	<b>5.7</b>	<b>6.5</b>

Source: National Statistics Bureau.

\* Mining and Quarrying is now included in the secondary sector. The series was revised from 2012 and backtracked to 2000. Hence the share and composition of the primary sector to the total GDP will be different from the past reported figures. (Note: An entry of "0.0" indicates a marginal value compared to "-" which indicates no value for that particular item)

In terms of the sector shares in nominal GDP, the agriculture, livestock and forestry sector, the construction sector, the electricity and water supply sector, the general government sector (community, social and personal services), and the transport, storage and communication sector have been the five largest sectors for the last decade. As Chart 1.3 illustrates, these sectors continue to dominate in 2015 as well.

Agriculture, livestock and forestry accounted for 18 percent of nominal GDP in 2015, followed by construction at 17 percent, electricity and water supply at 16 percent, community and social services at 12 percent, and transport, storage and communications at 10 percent.

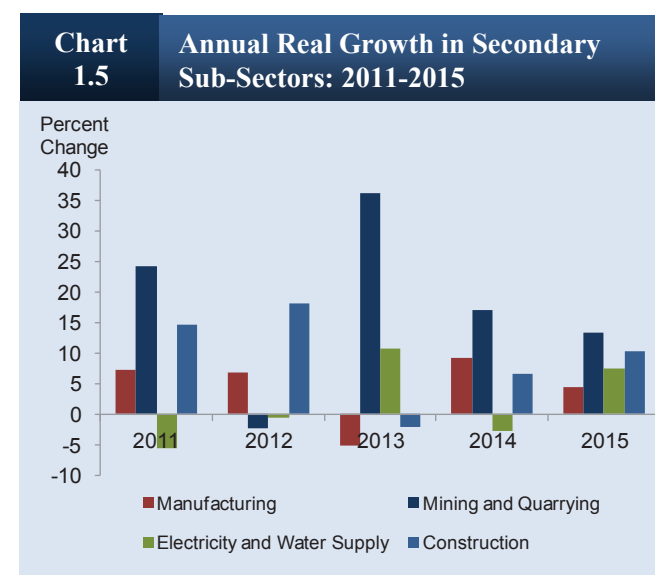
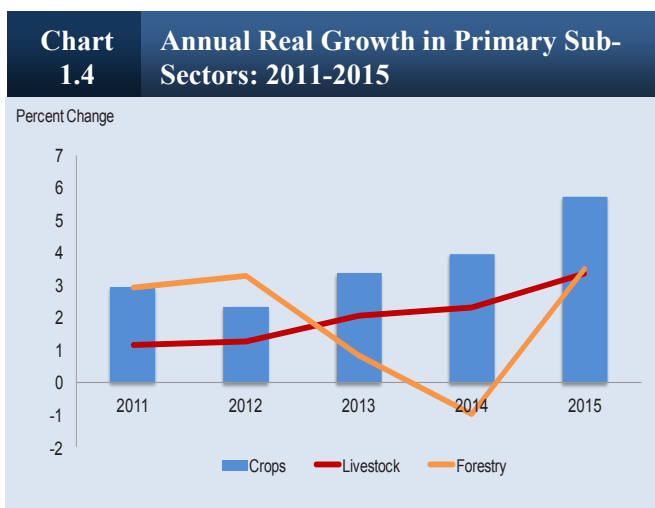
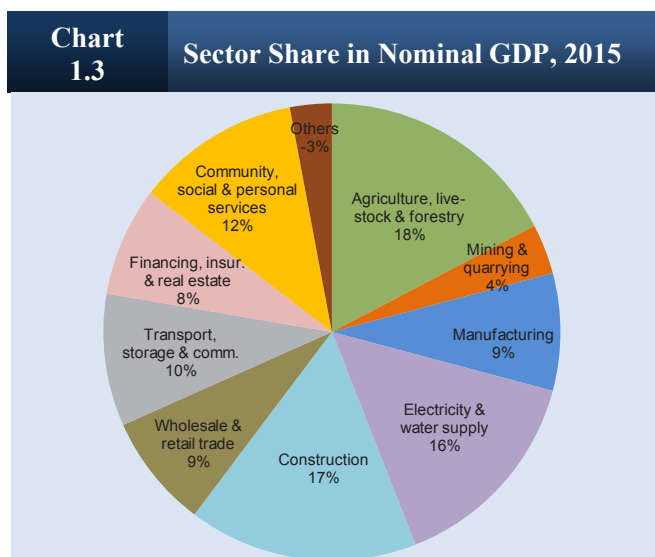
### 1.1 Primary Sector

The primary sector grew at a moderate pace at 4.6 percent in 2015 from 2.4 percent in 2014. The **crops** subsector was the main driver of the primary sector's growth, which contributed 2.8 percentage points. **Livestock** and **forestry** contributed 0.96 and 0.78 percentage points respectively to the primary sector's growth.

Its share to nominal GDP decreased marginally by 0.1 percentage points to 16.7 percent in 2015.

### 1.2 Secondary Sector

The **secondary sector** recorded a higher growth of 8.1 percent in 2015 from 3.7 percent in the previous year and contributed 3.5 percentage points to the real GDP growth. Within the sector, the leading growth driver was construction sub-sector which contributed 3.42 percentage points followed by electricity with a contribution of 2.9 percentage points. The GVA from the construction sub-sector at current prices was estimated at Nu.20.6 billion, attributing a



growth of 11.5 percent from 2014. On the other hand, the **mining & quarrying** sub-sectors recorded a decelerated growth of 13.4 percent from 17 percent in 2014, down by 3.6 percentage points. The share of secondary sector in nominal GDP increased to 41.3 percent in 2015 from 40.6 percent in 2014.

The electricity and water supply sub-sector registered a real growth of 7.4 percent in 2015, after it plummeted to negative growth of 2.8 percent in the previous year. A favorable monsoon resulting in higher generation in hydropower (Table 1.3) contributed to the growth in the sector. As a result, the real value of this sub-sector increased to Nu.10.2 billion from Nu.9.5 billion in 2014 along with an increase its share to nominal GDP from 14.2 percent to 14.3 percent in 2015.

Total energy sales (exports and domestic sales) from the four hydropower plants in 2015 increased by 2.8 percent from the previous year. Contributions to total electricity sales during 2015 are as follows: THP at 58.5 percent (60.2 percent in 2014), followed by CHP at 33.4 percent (31.8 percent in 2014), KHP at 4.7 percent (4.8 percent in 2014) and BHP at 3.4 percent (3.3 percent in 2014). The export of electricity to India increased by 3.5 percent in 2015, from Nu.10.4 billion in previous year to Nu.10.8 billion. While, the overall domestic sales declined significantly by negative 1.3 percent in 2015. A feature report on Bhutan's hydropower sector is presented in **Annex IV** for details.

<b>Table 1.3</b>		<b>Hydropower Production: 2011-2015</b>				
<i>In Millions of Unit</i>						
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	
Basochhu	322.3	299.8	333.2	306.3	312.7	
Chhukha	1,774.1	1,744.5	1,910.1	1,798.0	1,867.4	
Kurichhu	361.8	360.9	378.6	368.0	381.9	
Tala	4,588.0	4,405.5	4,914.6	4,675.0	4,823.6	
<b>TOTAL</b>	<b>7,046.2</b>	<b>6,810.7</b>	<b>7,536.5</b>	<b>7,147.3</b>	<b>7,385.6</b>	
<i>Percent Change over Previous Year</i>						
Basochhu	(2.3)	(7.0)	11.1	(8.1)	2.1	
Chhukha	(5.1)	(1.7)	9.5	(5.9)	3.9	
Kurichhu	(4.2)	(0.2)	4.9	(2.8)	3.8	
Tala	(2.9)	(4.0)	11.6	(4.9)	3.2	
<b>TOTAL</b>	<b>(3.5)</b>	<b>(3.3)</b>	<b>10.7</b>	<b>(5.2)</b>	<b>3.3</b>	

Source: Respective hydropower plants; 1 unit = 1KWh.

### 1.3 Tertiary Sector

The **tertiary sector** recorded a decelerated growth, from 8.9 percent in 2014 to 5.4 percent in 2015. It contributed 2.4 percentage points to the GDP growth. The share of tertiary sector to GDP was 42 percent in 2015, a marginal decrease of 0.7 percentage points from 42.7 percent in 2014.

In terms of the sub-sector wise real contribution to growth, the **wholesale & retail trade** sub-sector, **transport, storage & communication**, and the **community, social & personal**

**services** sub-sector records the highest contributions (see Table 1.2). In terms of real annual growth, the sub-sectors recording the highest growths were **hotels & restaurants** (16.2 percent), **wholesale & retail trade** (12.7 percent), and **transport, storage & communication** (8.8 percent).

The community, social and personal services (public administration, and education and health) sub-sector recorded a positive real growth of 7.6 percent during the year from 7 percent in 2014 from a negative growth of 5.3 percent in 2013.

One of the fastest growing sub-sectors in the economy, **hotels and restaurants**, recorded a real growth of 16.2 percent in 2015.

The strong performance of this sub-sector is largely attributable to increased number of tourist arrivals<sup>1</sup> during the year (recorded 155,121 tourists), recording a growth of 16.2 hospitality industry in general also performed extremely well as indicated by increased tourist earnings, higher occupancy

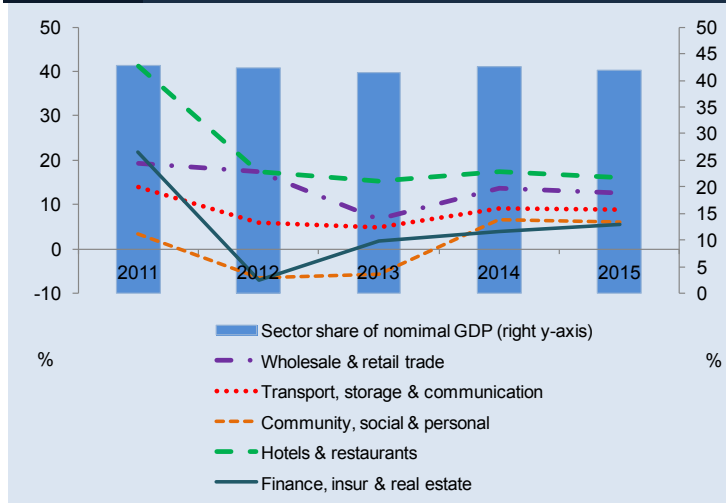
rates, and surge in regional visitors from India (93 percent), Bangladesh (7.8 percent) and Maldives (0.1 percent). In 2015, the international to regional visitor ratio was at 37:63, with growth rates more significant for the regional segment.

International (US dollar paying) leisure visitor arrivals dropped by 15.8 percent recording 48,800 arrivals in 2015 from 57,934 arrivals in 2014 due to major earthquake in Nepal leading to numerous cancellation of visit plan to Bhutan. Correspondingly, there was a decrease in the foreign exchange revenue collection by 2.8 percent from USD 73.2 million in 2014 to USD 71.2 million. Data on tourist arrivals and revenues is presented in Table 5 while a detailed description of developments in tourism sector is presented in **Annex III**.

The contribution of the hotels and restaurants sub-sector to real GDP growth remained at 0.2 percentage points while its share in total GDP increased to 1.9 percent in 2015 from 1.7 percent in 2014.

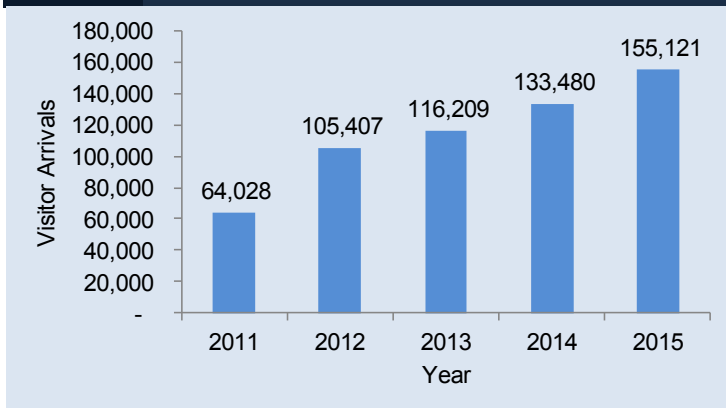
**Chart 1.6**

**Real Growth in Major Tertiary Sub-Sectors**



**Chart 1.7**

**Total Visitor Arrivals to Bhutan (2011-2015)**



<sup>1</sup>This figure includes international, regional, business, official and FAM visitors.

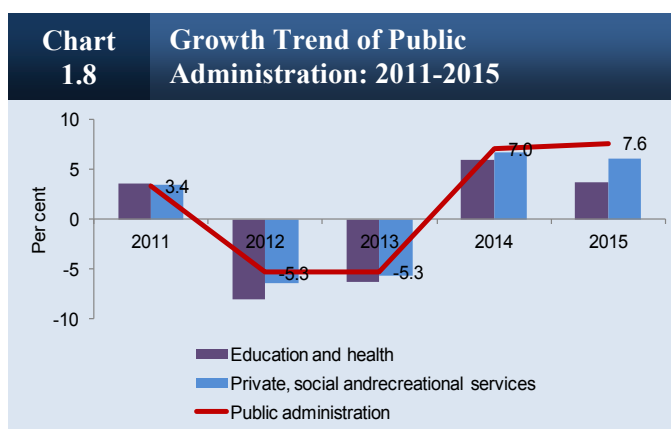
Among other sub-sectors, the **financing, insurance, real estate and business services**, which consists of banking services, insurance services, real estates and dwelling services, and other business services, witnessed an improvement in 2015, with a real growth of 5.5 percent from 3.8 percent in 2014. The sub-sector's contribution to real GDP growth increased marginally from 0.3 percentage points in 2014 to 0.5 percentage points during 2015.

Within the sub-sector, finance & insurance and real estate & dwellings grew by 6.1 percent and 5.5 percent each in 2015. Business services recorded a decreased growth of 2.3 percent in 2015 compared to 5.6 percent in 2014.

The **public administration (General Government)** sub-sector constituted 6.9 percent of nominal GDP in 2015 (6.8 percent in 2014). Activities covered under this sub-sector include public administration and defense.

This sub-sector registered a decrease real growth of 12.7 percent in 2015 compared to 15.7 percent in 2014. In nominal terms, this sector grew at an average rate of 10.7 percent in the past five years.

The **education and health** sub-sector continued to grow at a decelerated rate of 3.7 percent in 2015 from 6 percent in 2014. The sub-sector's share to GDP was recorded at 4.3 percent in 2015.

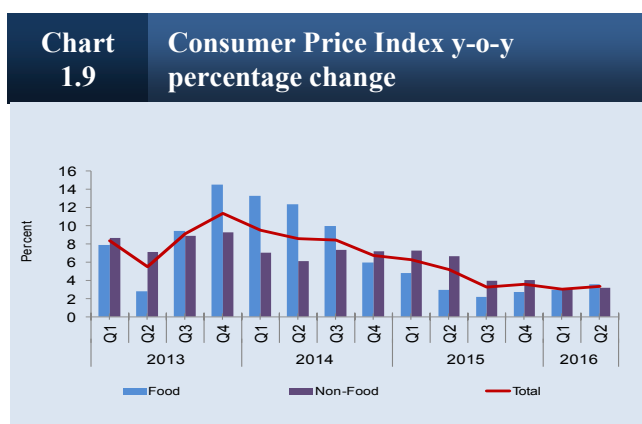


The **private, social and recreational services** sub-sector continued to constitute less than 1 percent of nominal GDP. In real terms, the sub-sector registered a 3 percent growth in 2015, lower by 1.3 percentage points compared to the previous year.

## 1.4 Prices

For the quarter ending June 2016, Bhutan's annual inflation was recorded at 3.3 percent, down by 1.9 percentage points from 5.2 percent in 2015.

As illustrated in Chart 1.9 and Tables 1.6 and 1.7, the fall in the prices of non-food items has mainly contributed to the decrease in the CPI inflation in the quarter ending June 2016. A significant decrease in the prices of **non-food commodities** was registered with inflation at 3.2 percent in Q2 2016, compared to 6.7 percent during the same quarter last year. On the other hand, the general prices of **food items** increased to 3.5 percent during the



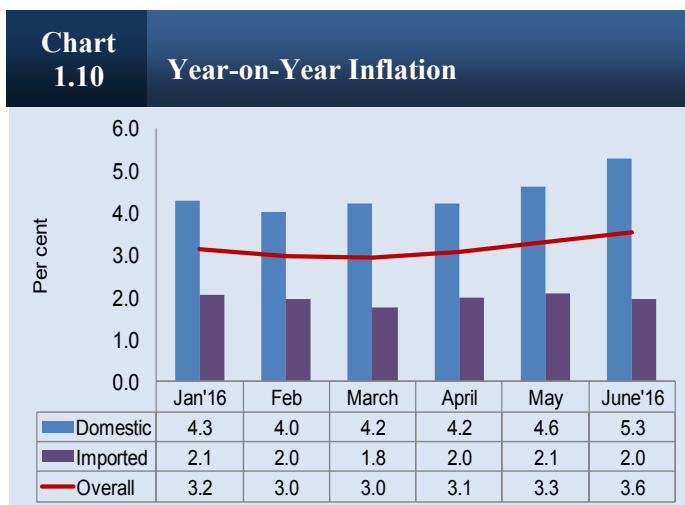


second quarter of 2016 compared to 2.9 percent last year.

The overall monthly CPI (year-on-year) recorded a 3.6 percent growth in June 2016, of which prices of both imported and domestic goods and services stood at 2 percent and 5.3 percent respectively.

The percentage weights to the overall inflation from imported goods account for 52 percent while domestic goods and services accounted for 48 percent for June 2016.

In June 2016, under **food items**, which constitute 39.9 percent of the overall weight assigned in the commodity basket: vegetables saw the highest *y-o-y* increase in prices by 9.6 percent followed by fish at 7.8 percent; food products not elsewhere classified (n.e.c) at 4.5 percent; bread and cereals at 4 percent; spirits at 3.8 percent; coffee, tea and cocoa 3.4 percent; fruits at 3.2 percent; milk, cheese and eggs at 3.14 percent; narcotics at 2.9 percent; mineral water, soft drinks and juices at 2.8 percent; wine at 2.4 percent; sugar, jam and honey etc. at 2.2 percent; oils and fats at 1.3 percent; meat at 1.4 percent; and beer at 0.5 percent.



For **non-food items**, the highest *year-on-year* increase in prices was recorded for electricity, gas & other fuels at 7.2 percent followed by purchase of vehicles at 3.4 percent; housing (rental) at 3.2 percent; catering services 3.2 percent; household (rental) at 5.7 percent; clothing at 3.15 percent; and glassware, tableware & utensils at 3.1 percent.

Other non-food items noted moderate price increases except for fuels & lubricants and recreational & cultural services which recorded a negative growth of 1.1 percent and 3.9 percent, respectively during June 2016.

The PPN, as measured by CPI, was recorded at 80 Ngultrum as of June 2016. This implies that Ngultrum 100 in June 2016 is worth only Ngultrum 80 at December 2012 prices. The Ngultrum value depreciated by 20 percent in the past 12 months due to price increase in the economy.

In June 2016, overall **PPI inflation** grew by 3 percent compared to negative growth of 1.7 percent in the previous year. The increase in prices was mainly contributed by logging sector by 17 percent, followed by increase in prices of manufacturing at 5.7 percent, and mining & quarrying at 5.1 percent. Transport and information & communication observed a negative growth of 2.4 percent and 0.1 percent respectively. Meanwhile, there was no change in the prices of electricity, gas, steam and air conditioning supply; information & communication and water supply, sewerage, waste management & remediation activities (Refer table 1.4 for details).

**Table 1.4 Monthly PPI and Percentage Change by Industry, 2016**

Sectors	Weights (%)	Index level (September 2011=00)							Monthly Inflation (%)			Annual Inflation (%)		
		Apr-15	May-15	Jun-15	Mar-16	Apr-16	May-16	Jun-16	Apr-16	May-16	Jun-16	Apr-16	May-16	Jun-16
<b>All Industry</b>	100.0	109.8	109.6	109.5	112.7	113.6	113.0	112.7	0.8	-0.5	-0.2	3.4	3.1	3.0
Logging	0.7	112.4	112.4	112.4	131.5	131.5	131.5	131.5	0.0	0.0	0.0	17.0	17.0	17.0
Mining and quarrying	5.8	117.0	117.3	117.6	124.0	124.1	124.1	123.5	0.1	0.0	-0.4	6.1	5.7	5.1
Manufacturing	47.7	107.4	106.8	106.6	112.6	114.4	113.2	112.7	1.6	-1.1	-0.5	6.6	6.0	5.7
Electricity, gas, steam and air conditioning supply	35.4	113.0	113.0	113.0	113.0	113.0	113.0	113.0	0.0	0.0	0.0	0.0	0.0	0.0
Water supply; sewerage, waste management and remediation activities	0.1	109.4	109.4	109.4	109.4	109.4	109.4	109.4	0.0	0.0	0.0	0.0	0.0	0.0
Transport	5.9	120.8	121.4	121.4	118.8	118.5	118.7	118.9	-0.2	0.2	0.2	-1.9	-2.2	-2.1
Information and communication	4.5	89.8	89.8	89.8	89.8	89.8	89.8	89.8	0.0	0.0	0.0	0.0	0.0	0.0

Source: National Statistics Bureau. (Note: An entry of "0.0" indicates a marginal value compared to "-" which indicates no value for that particular item)

In terms of the annual movements in PPI (Table 1.4 and 1.5), the year-on-year percent change in PPI by **industry** recorded at 3 percent for June 2016, up from a negative of 1.7 percent in previous year. The overall index grew by 3 percent mainly due to significant increase in logging sector, whereas the other sectors grew moderately except for transport with a negative growth while electricity, gas, steam etc.; water supply, sewerage etc.; and information & communication remained unchanged.

**Table 1.5 Monthly PPI and Percentage Change by Product, 2016**

Description	Share (%)	Index level (September 2011=00)							Monthly Inflation (%)			Annual Inflation (%)		
		Apr-15	May-15	Jun-15	Mar-16	Apr-16	May-16	Jun-16	Apr-16	May-16	Jun-16	Apr-16	May-16	Jun-16
<b>All Products</b>	100.0	109.8	109.6	109.5	112.8	113.6	113.0	112.7	0.7	-0.5	-0.2	3.4	3.1	3.0
Logging	0.7	112.4	112.4	112.4	131.5	131.5	131.5	131.5	0.0	0.0	0.0	17.0	17.0	17.0
Ores and minerals; electricity, gas and water	5.8	117.0	117.3	117.6	124.9	124.1	124.1	123.5	-0.7	0.0	-0.4	6.1	5.7	5.1
Food products, beverages and tobacco; textiles, apparel and leather products	3.6	110.5	110.4	110.4	110.2	110.7	110.8	110.8	0.5	0.0	0.1	0.3	0.3	0.4
Other transportable goods, except metal products, machinery and equipment	15.4	116.3	116.3	116.1	122.0	121.6	121.7	121.1	-0.3	0.1	-0.5	4.6	4.7	4.4
Metal products, machinery and equipment	28.8	102.5	101.6	101.4	108.2	111.2	109.2	108.7	2.8	-1.8	-0.5	8.5	7.5	7.1
Distributive trade services; accommodation, food and beverage serving services; transport services; and electricity, gas and water distribution services	41.3	114.1	114.2	114.2	113.8	113.8	113.8	113.8	0.0	0.0	0.0	-0.3	-0.3	-0.3
Business and production services	4.5	89.8	89.8	89.8	89.8	89.8	89.8	89.8	0.0	0.0	0.0	0.0	0.0	0.0

Source: National Statistics Bureau. (Note: An entry of "0.0" indicates a marginal value compared to "-" which indicates no value for that particular item)

According to the year-on-year percentage change by **product** in PPI for June 2016, logging registered the highest growth of 17 percent; followed by metal products, machinery & equipment 7.1 percent; ores and minerals, electricity, gas and water by 5.1 percent; other transportable goods, except metal products, machinery and equipment by 4.4 percent; and food products, beverages and tobacco, textiles, apparel & leather products by 0.4 percent.

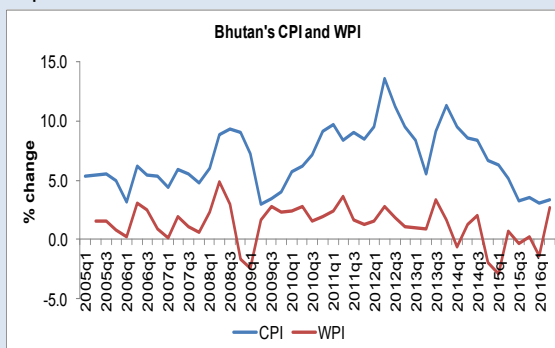
Meanwhile, distributive trade services, accommodation, food & beverage serving services, transport services, electricity, gas & water distribution services recorded a negative growth of 0.3 percent, except for business & production services which remained unchanged.

## Relationship between CPI Inflation and Indian WPI

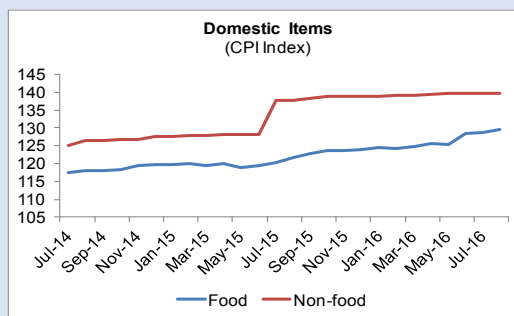
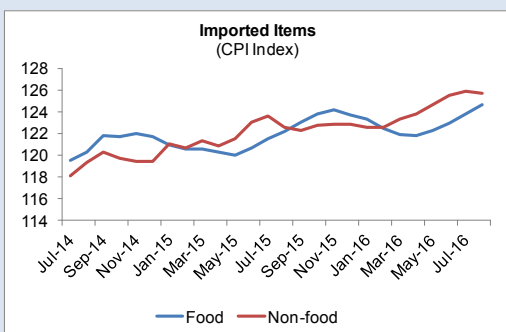
Inflation is an important economic variable that affects the value of money and indicates the overall stability of a country's economy. Owing to strong trade and financial linkages with India, Bhutan's inflation pattern closely tracks with inflation in India.

Analysis on CPI inflation in Bhutan indicated that Bhutan's CPI (Btn\_CPI) is closely correlated with Indian WPI (Ind\_WPI) rather than Indian CPI (Ind\_CPI). Granger Causality test also reveals that Ind\_WPI does Granger cause Btn\_CPI at 5% level of significance at period 3.

Degree of Correlation			
	Ind_WPI	Ind_CPI	Btn_CPI
Ind_WPI	1.00	0.28	0.69
Ind_CPI	0.28	1.00	0.34
Btn_CPI	0.69	0.34	1.00



According to NSB, about 52% of the commodities in the CPI basket comprises of imported items while only 48% constituted domestic commodities. In other words, only 48% of the CPI inflation will be controlled by the domestic policies while, 52% of the CPI inflation continued to be guided by inflation in India - RBI inflation targets and GoI policies.

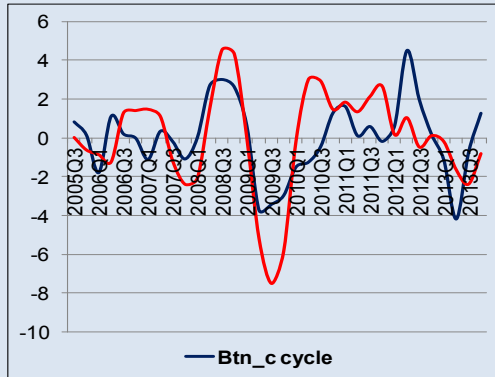
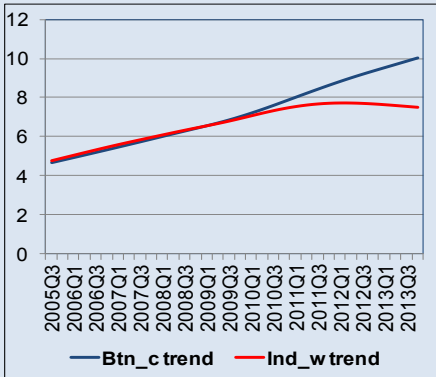


The regression analysis reveals that domestic inflation is largely contributed by increase in the price of rents (LRENT), vegetables (LVEG) and livestock products (LLP). On the other hand, the imported inflation is contributed significantly by rise in the price of fuels (LFULS), meat (LMEAT), oils (LOILS) and garments (LGAR).

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.158	0.352	-3.291	0.009
LCLS	-1.244	0.279	-4.454	0.002
<b>LCLS(-1)</b>	<b>0.357</b>	<b>0.173</b>	<b>2.061</b>	<b>0.069</b>
<b>LGAR</b>	<b>0.367</b>	<b>0.083</b>	<b>4.429</b>	<b>0.002</b>
LVEG	0.136	0.035	3.925	0.003
<b>LFULS</b>	<b>0.536</b>	<b>0.104</b>	<b>5.160</b>	<b>0.001</b>
<b>LMEAT</b>	<b>0.478</b>	<b>0.079</b>	<b>6.030</b>	<b>0.000</b>
<b>LOILS</b>	<b>0.623</b>	<b>0.096</b>	<b>6.464</b>	<b>0.000</b>
AR(1)	-0.743	0.227	-3.268	0.010

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.554	0.075	7.348	0.000
<b>LRENT</b>	<b>0.257</b>	<b>0.034</b>	<b>7.524</b>	<b>0.000</b>
LCLS	-0.003	0.062	-0.054	0.958
<b>LCLS(-1)</b>	<b>0.213</b>	<b>0.048</b>	<b>4.436</b>	<b>0.001</b>
LVEG	0.109	0.021	5.247	0.000
<b>LLP</b>	<b>0.305</b>	<b>0.060</b>	<b>5.066</b>	<b>0.000</b>
AR(1)	0.046	0.408	0.114	0.912

## Inflation Decomposition



Decomposition of inflation shows that trend in Btn\_c and Ind\_w followed the same path until Q1, 2010, but thereafter witnessed divergence in their trends. Further, Btn\_c has a clear seasonality pattern (with a lag of 1-2 months) peaking at Q1 & Q2 and falling after Q3.

### Pairwise Granger Causality Tests

Date: 09/25/14 Time: 11:43  
Sample: 2005Q3 2013Q4

Lags: 2

Null Hypothesis:	Obs	F-Statistic	Prob.
BCPI does not Granger Cause IWPI	29	2.04996	0.1507
IWPI does not Granger Cause BCPI		0.18933	0.8287
BCPI(-3) does not Granger Cause IWPI	26	0.0026	0.9974
<b>IWPI does not Granger Cause BCPI(-3)**</b>		<b>4.34475</b>	<b>0.0264</b>
BCPI does not Granger Cause ICPI	29	1.30664	0.2873
ICPI does not Granger Cause BCPI		0.67092	0.5196
BCPI(-3) does not Granger Cause ICPI	29	1.05965	0.3622
ICPI does not Granger Cause BCPI(-3)		2.37521	0.1145
BCPI(-3) does not Granger Cause BCPI	29	0.18736	0.8303
<b>BCPI does not Granger Cause BCPI (-3)**</b>		<b>7.49671</b>	<b>0.0030</b>

\*\* Reject H0 at 5% significance level: indicate the presence of causality between two variables

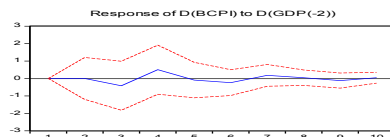
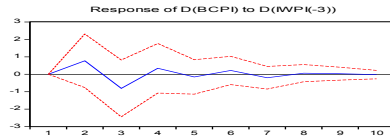
Both short run and long run unit shock on BCPI revealed that the IWPI does impact BCPI with some lag effect as illustrated below.

### Short run shock of GDP and WPI on CPI

GDP and Prices are inversely related.

Graph 1: WPI shock impacted the CPI positively at period t whereas as indicated in Graph 2, the GDP shock affected the CPI negatively at same period.

Response to Cholesky One S.D. Innovations  $\pm 2$  S.E.

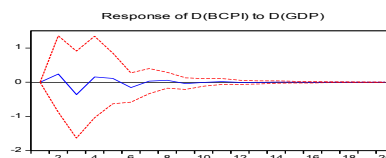
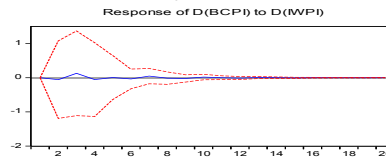


### Long run shock of WPI and GDP on CPI

In long run, a unit shock of WPI will have only marginal impact on CPI. The impact of the WPI shock dies down within a short period of time.

It takes time to adjust the production. A unit shock of GDP will initially increase the price and gradually the price get adjusted to normality as reflected in the graph 2

Response to Cholesky One S.D. Innovations  $\pm 2$  S.E.



**Table 1.6 CPI: Major Component Indicators**

	Weight %	Year-on-year % change	
		Q2 2015	Q2 2016
<b>Consumer Price Index (Q2 2012=100)</b>	<b>100.0</b>	<b>5.2</b>	<b>3.3</b>
<i>Of which</i>			
Food & non-alcoholic beverages	36.9	2.2	4.5
Alcoholic beverages, tobacco & narcotics	3.0	1.8	2.6
Clothing & footwear	9.2	6.5	2.5
Housing, water, electricity, gas & other fuels	21.7	5.5	3.7
Furnishing, household equipment & routine household maintenance	2.2	3.5	1.9
Health	4.7	3.0	0.7
Transport	12.0	13.7	4.6
Communication	3.0	0.1	0.1
Recreation & culture	2.4	1.4	(1.2)
Education	1.6	6.5	7.0
Restaurants & hotels	1.2	8.4	3.0
Miscellaneous goods & services	2.1	4.3	2.4

Source: National Statistics Bureau.

**Table 1.7 Selected CPI Food-Component Indicators**

	Weight %	Year-on-year % change				
		Feb	Mar	Apr	May	Jun'16
<b>Consumer Price Index (Q2 2012=100)</b>	<b>39.9</b>					
<b>Food</b>						
Bread & cereals	9.7	3.2	2.8	3.2	3.1	4.0
Meat	3.1	1.5	1.3	1.6	1.4	1.4
Fish	1.1	6.5	6.3	7.6	8.3	7.8
Milk, cheese & eggs	6.9	0.9	2.4	2.5	1.8	3.1
Oils & fats	3.2	(0.2)	(0.2)	(0.1)	0.4	1.3
Fruits	1.7	3.4	3.0	2.8	2.2	3.2
Vegetables	7.8	5.3	4.6	4.2	7.8	9.6
Sugar, honey, jam etc.	1.0	1.0	1.1	1.5	2.0	2.3
Food products n.e.c	0.6	5.7	5.5	4.9	3.7	4.5
Coffee, tea and cocoa	0.7	5.7	5.7	4.7	3.6	3.4
Mineral water, soft drinks and juices	1.1	1.6	2.6	1.6	2.5	2.8
Spirits	0.7	3.0	3.1	3.6	3.6	3.8
Wine	0.4	2.5	2.5	2.4	2.4	2.4
Beer	0.6	(0.5)	(0.5)	0.2	0.5	0.5
Narcotics	1.4	3.0	1.4	1.1	2.3	2.9

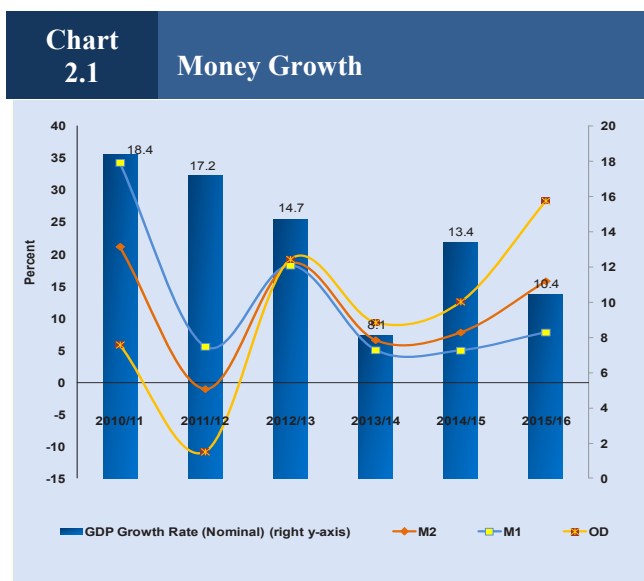
Source: National Statistics Bureau.

## 2. MONETARY AND FINANCIAL DEVELOPMENTS \*

### 2.1 Monetary Developments

**Broad money supply (M2)** recorded an annual growth of 15.8 percent as of June end 2016 compared to 7.8 percent in the same period last year. M2 has been growing at the annual average of 14.5 percent over the last decade. The growth was contributed by higher growth in the *transferable deposits*, which comprises of current deposits and savings deposits of the commercial banks. While on the other hand, among the counterparts of M2, *domestic credit* has also contributed to the growth in broad money. Saving deposits and time deposits recorded a growth of 12.5 percent and 28.3 percent, respectively. Although currency in circulation outside the banks and current deposits also recorded positive growth but the growth were not as high as compared to the other components such as time deposits and foreign currency deposits which grew by 28.3 percent and 30.0 percent, respectively.

Among the two major **components** of M2<sup>2</sup> which comprises of **M1 (narrow money)** and **other deposits**, both the components grew at a higher rate. The annual growth in M1 grew by 7.8 percent in June 2016 as compared to 5 percent during the period last year. Growth in M1 was mainly contributed by higher growth in both *current deposits* and *saving deposits*, which grew by 4.4 percent and 12.5 percent respectively. Currency in circulation outside the banks also recorded a growth of 2.6 percent increasing from Nu.5.9 billion to Nu.6.1 billion as of June 2016, while savings deposits increased from Nu.18.9 billion to Nu.21.3 billion. Similarly, current deposits marginally increased from Nu.16.8 billion to Nu.17.6 billion as of June 2016. The other major component of M2 i.e. the **other deposits**, which constitutes of *time deposits* and *foreign currency deposits* increased from 12.6 percent in June



\*) For monetary analysis, the balance sheets of banks are classified within the framework of the Monetary and Financial Statistics Manual (MFSM 2000) of the IMF. Data classification and computation done by the Research and Statistics Department of the RMA are not directly comparable to those compiled and published by the Financial Regulation and Supervision Department of the RMA.

2) Broad money or M2 represents money and close substitutes for money. M2 is a broader classification of money and can be measured identically from the asset (*counterpart*) and liability perspectives (*component*) of the monetary sector. On the counterpart side,  $M2 = \text{Net Foreign Assets (NFA)} + \text{Domestic Credit (DC)} - \text{Other Items Net (OINs)}$ , and from the component side,  $M2 = \text{Narrow Money (M1)} + \text{Other Deposits (OD)}$ .

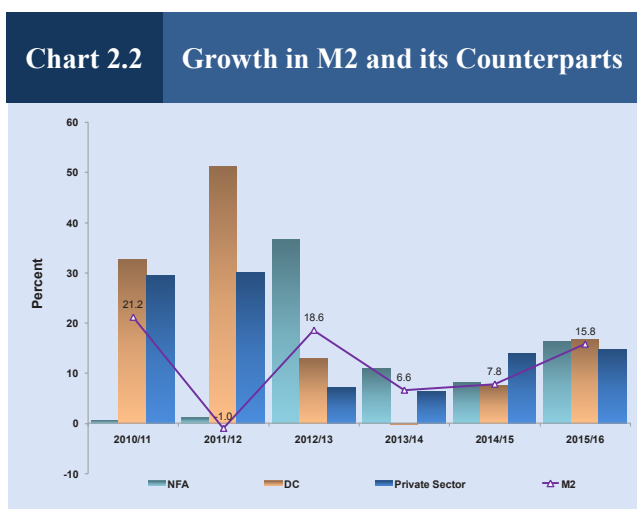
Narrow money (M1) = currency outside banks + transferable deposits (comprising of current and savings deposits). Bank reserves are not included in M1.

The term Demand Deposits and Quasi Money have been replaced by Transferable Deposits and Other Deposits, in line with the IMF's MFSM 2000.

2015 to 28.3 percent in June 2016. The growth in other deposits was on account of higher growth in time deposits as well as in foreign currency deposits, which grew by 28.3 percent and 30.0 percent respectively. Please refer to **Table 2.1** for details.

On the *counterpart side*, the (y-o-y growth) **net foreign assets (NFA)** (which includes both net convertible currency and net Rupee positions) recorded a growth of 16.4 percent as of June 2016, compared to 8.1 percent for the same period last year. The net Rupee assets witnessed a significant improvement as compared to the previous year. Rupee increased to ₹7.3 billion from ₹4 billion while net convertible currency assets increased to an equivalent of Nu.60.5 billion in June 2016 from Nu.54.2 billion in June 2015, recording a growth of 11.6 percent.

**Domestic credit** (comprising of net credit to the government, other public and the private sectors) recorded a growth of 16.8 percent in 2016 as compared to 7.6 percent a year ago. This higher growth is attributed to growth in net claims on government and claims on the private sector. The net claims on government and private sector grew by 28 percent and 14.7 percent respectively.



**Table 2.1 Selected Monetary Aggregates**

(Nu. in Million) as of June						
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
<b>MONEY SUPPLY, M2</b>	<b>50,639.8</b>	<b>50,122.9</b>	<b>59,451.2</b>	<b>63,387.8</b>	<b>68,344.3</b>	<b>79,162.7</b>
<b>MONEY SUPPLY, M1</b>	<b>30,270.3</b>	<b>31,960.2</b>	<b>37,794.1</b>	<b>39,701.8</b>	<b>41,675.5</b>	<b>44,933.6</b>
<b>Counterparts</b>						
1. Foreign Assets (Net)	35,144.5	35,532.1	48,566.4	53,886.5	58,248.7	67,815.6
O/w: Rupee	-7,113.4	-9,550.8	1,492.9	265.2	4,034.4	7,316.8
Convertible Foreign Currency	42,257.9	44,719.4	47,073.5	53,621.2	54,214.4	60,498.8
2. Net Domestic Assets	15,495.3	14,590.8	10,884.9	9,501.3	10,095.6	11,347.2
Domestic Credit	34,661.0	45,220.3	49,109.2	52,299.0	56,255.1	65,692.7
Claims on Other Public Sector <sup>1</sup>	1,035.9	1,485.7	2,284.6	4,438.4	7,174.3	6,106.0
Claims on Private Sector <sup>2</sup>	33,625.2	43,734.6	46,824.6	49,838.7	56,820.5	65,157.2
3. Other Items Net <sup>3</sup>	15,210.4	31,875.3	41,547.4	42,797.7	46,159.6	54,345.5
<b>Components</b>						
4. Currency Outside Banks	6,893.7	6,390.7	5,681.2	5,704.6	5,946.1	6,101.7
5. Transferable Deposits	23,376.6	25,569.5	32,112.9	33,997.3	35,729.4	38,831.9
6. Other Deposits	20,369.5	18,162.7	21,657.1	23,686.0	26,668.8	34,229.1
O/w Foreign Currency Deposits	2,958.6	1,520.9	1,283.5	1,733.6	1,222.3	1,588.6
<b>Percent Change over Previous Year</b>						
<b>M2</b>	<b>21.2</b>	<b>-1.0</b>	<b>18.6</b>	<b>6.6</b>	<b>7.8</b>	<b>15.8</b>
<b>M1</b>	<b>34.3</b>	<b>5.6</b>	<b>18.3</b>	<b>5.0</b>	<b>5.0</b>	<b>7.8</b>
1. Foreign Assets (Net)	0.6	1.1	36.7	11.0	8.1	16.4
O/w: Rupee	-131.6	-34.3	115.6	-82.2	1421.1	81.4
Convertible Foreign Currency	11.2	5.8	5.3	13.9	1.1	11.6
2. Domestic Credit	32.6	30.5	8.6	6.5	7.6	16.8
Claims on Other Public Sector <sup>1</sup>	-662.7	-43.4	53.8	94.3	61.6	-14.9
Claims on Private Sector <sup>2</sup>	29.4	30.1	7.1	6.4	14.0	14.7
3. Other Items Net <sup>3</sup>	-6.5	109.6	30.3	3.0	7.9	17.7
4. Currency Outside Banks	28.0	-7.3	-11.1	0.4	4.2	2.6
5. Transferable Deposits	36.3	9.4	25.6	5.9	5.1	8.7
6. Other Deposits	5.9	-10.8	19.2	9.4	12.6	28.3
O/w Foreign Currency Deposits	127.2	-48.6	-15.6	35.1	-29.5	30.0

On Counterpart: M2= Net Foreign Assets plus Net Domestic Assets

On Components: M2 =Currency Outside Banks plus Transferable Deposits plus Other Deposits

M1 ( Narrow Money) = Currency Outside Banks plus Transferable Deposits

1. Claims on Other Public Sectors includes claims on Government Corporations and Public Corporations.

2. Claims on Private Sectors includes Claims on NBFIs.

3. Other Items (Net) includes money market instruments.



## 2.2 Developments in the Banking Sector

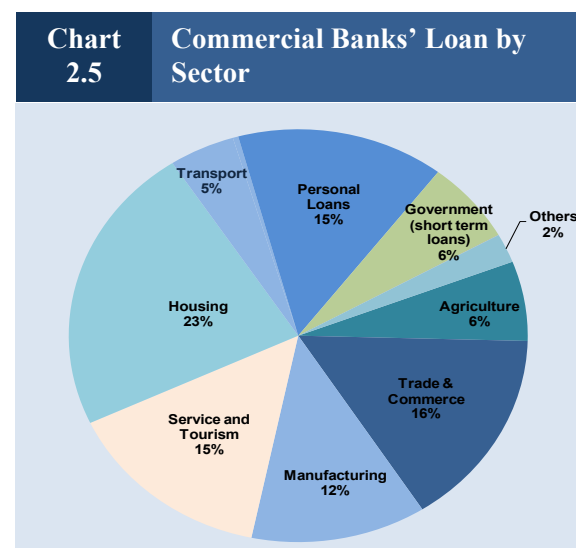
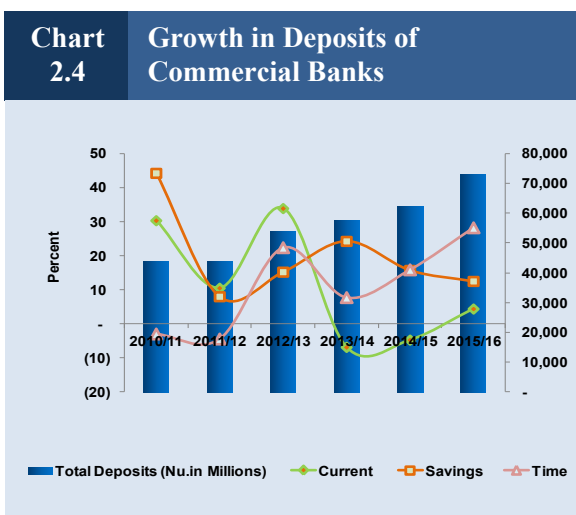
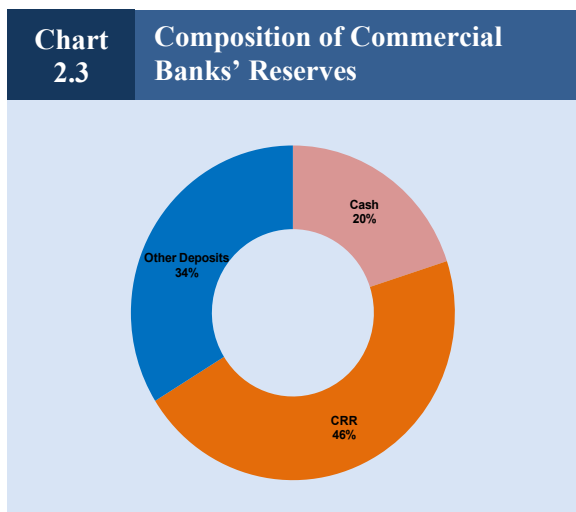
Review on banking sector data, the total asset has been growing on an average of 16.9 percent annually for the last ten years. After slow down in its growth to 7.6 percent in 2015, the growth in the assets of banking sector picked up to 12.3 percent in June 2016, increasing to Nu.97.4 billion from Nu.86.7 billion in June 2015.

On the *assets side*, reserves is one of the major components. As of June 2016 the *reserves* constituted 18.3 percent while *foreign assets* accounted only 3.7 percent of the total assets. The remaining (Nu.75.9 billion) comprised of debt and equity claims on residents (government and government corporations, public sector, NBFIs and the private sector). Banks' reserves stood at Nu.17.9 billion as of June 2016 recording a year-on-year growth of negative 8.7 percent. From the total reserves, 46 percent were absorbed through the *CRR*, while 20 percent and 34 percent were held as *cash in hand* and *other deposits*, respectively. In terms of foreign assets excluding cash in hand, the banks held Nu.3.2 billion worth of foreign assets, denominated in Indian Rupees (Nu.1.8 billion) and convertible foreign currency (Nu.1.5 billion) recording a growth of 13.4 percent.

On the *liabilities side*, *total deposit* (including foreign currency deposits) has increased to

Nu.73.1 billion from Nu.62.4 billion, recording an annual growth of 17.1 percent as of June 2016. The share of demand deposits in total deposits decreased to 53.1 percent as of June 2016 from 57.3 percent (Nu.35.7 billion) in June 2015. While on the other hand, share of time deposits increased to 44.7 percent from 40.8 percent (Nu.32.6 billion) over the same period. The foreign currency deposits accounted for 2.2 percent (Nu.1.6 billion) of the total deposits.

The *total loan* outstanding of the banks recorded an annual growth of 16.4 percent, increasing from Nu.61.4 billion as of June 2015 to Nu.71.4 billion as of June 2016. In terms of sector-wise distribution of loans, the highest





share of the credit portfolio was exposed to the *housing* sector with 22.7 percent (Nu.16.2 billion), followed by *trade and commerce* with 15.5 percent (Nu.11.1 billion), *services* and *tourism sector* with 14.8 percent (Nu.10.6 billion), *personal loan* with 14.7 percent (Nu.10.5 billion) and *manufacturing and industry* sector with 12.4 percent (Nu.8.8 billion).

With the objective of promoting more competition in the banking sector, two new banking licenses were issued along a special banking license to BDBL in 2010. With the commencement of their operation, the share of deposits and credit in the banking system for the existing banks has been changing since 2010. In the first year of their operations, the new banks on aggregate mobilized total deposits amounting to Nu.2.2 billion, while as of June 2010, the banking sector as a whole mobilized deposits amounting to Nu.36.4 billion. Since then, the deposits of the new banks have been increasing steadily over the period of time, peaking to Nu.21.3 billion as of June 2016. In terms of percentage share, the new commercial banks contributed only 6.1 percent to the overall deposit of the banking sector during their initial year of operation but since then their share has increased to 29.2 percent as of June 2016. With the increasing share of new banks in overall deposits, the share of the older commercial banks to total deposits have been declining, from 79.7 percent as of June 2013 to 70.8 percent as of June 2016. While the share of deposits of the older banks has been declining over the period, the total deposit mobilized has been increasing, which increased to Nu.51.7 billion during the year from Nu. 45.1 billion a year ago.

Table 2.2		Impact of New Commercial Banks: Banking Sector Deposits and Credit							
		End of June							
Bank	Deposits (Nu. Million)				Credit (Nu. Million)				
	2013	2014	2015	2016	2013	2014	2015	2016	
<b>Old Banks</b>									
BOBL	26,814.1	27,775.4	30,493.4	33,457.1	18,576.7	20,758.5	22,255.1	25,132.7	
BNBL	16,034.5	15,641.4	14,583.1	18,287.7	18,149.7	18,376.2	19,234.1	23,090.2	
<b>Total</b>	<b>42,848.6</b>	<b>43,416.8</b>	<b>45,076.5</b>	<b>51,744.9</b>	<b>36,726.4</b>	<b>39,134.7</b>	<b>41,489.2</b>	<b>48,222.9</b>	
<b>New Banks</b>									
BDBL	4,143.5	7,244.0	9,473.1	12,475.5	7,644.7	10,236.1	13,244.3	15,926.0	
T BANK	1,990.4	1,942.5	2,277.2	2,733.4	2,263.0	2,189.0	2,546.5	2,555.4	
DPNBL	4,787.6	5,080.0	5,571.4	6,107.3	3,692.9	3,715.5	4,089.2	4,732.0	
<b>Total</b>	<b>10,921.4</b>	<b>14,266.4</b>	<b>17,321.7</b>	<b>21,316.2</b>	<b>13,600.6</b>	<b>16,140.6</b>	<b>19,879.9</b>	<b>23,213.4</b>	
<b>Grand Total</b>	<b>53,770.0</b>	<b>57,683.2</b>	<b>62,398.2</b>	<b>73,061.0</b>	<b>50,327.0</b>	<b>55,275.4</b>	<b>61,369.1</b>	<b>71,436.3</b>	
<i>% Share of Total Deposits and Credit</i>									
<b>Old Banks</b>	<b>79.7</b>	<b>75.3</b>	<b>72.2</b>	<b>70.8</b>	<b>73.0</b>	<b>70.8</b>	<b>67.6</b>	<b>67.5</b>	
BOBL	49.9	48.2	48.9	45.8	36.9	37.6	36.3	35.2	
BNBL	29.8	27.1	23.4	25.0	36.1	33.2	31.3	32.3	
<b>New Banks</b>	<b>20.3</b>	<b>24.7</b>	<b>27.8</b>	<b>29.2</b>	<b>27.0</b>	<b>29.2</b>	<b>32.4</b>	<b>32.5</b>	
BDBL	7.7	12.6	15.2	17.1	15.2	18.5	21.6	22.3	
T BANK	3.7	3.4	3.6	3.7	4.5	4.0	4.1	3.6	
DPNBL	8.9	8.8	8.9	8.4	7.3	6.7	6.7	6.6	

On the other hand, the total credit provided by the new commercial banks increased drastically from Nu.13.6 billion in June 2013 to Nu.23.2 billion as of June 2016. The share of the older commercial banks in total credit has declined gradually over the same period from 82.3 percent to 67.5 percent, although overall credit has been increasing steadily (see [Table 2.2](#))

As depicted in **Table 2.4**, the deposits by private sector remain the major source of funds for the banking sector with its share increasing from 71.6 percent in 2012 to 83.6 percent in 2015 and further to 84.7 percent in 2016. The total deposits which comprises of current, saving and foreign currency deposits increased from Nu.62.4 billion in June 2015 to Nu.73.1 billion in June 2016 recording an annual growth of 17.1 percent. The higher growth in total deposits was contributed by savings deposits and time deposits, which grew by 10.1 percent and 22.9 percent respectively. The other key financial indicators of the banking sector such as credit to GDP ratio increased from 53.5 percent in 2015 to 57.5 percent in 2016. On the other hand, the savings to credit ratio of the banking sector decreased to 28 percent from 29.5 percent in June 2016.

<b>Table 2.3</b>		<b>Sources of Deposits by Type</b>						
								End of June
<b>Deposits by Type</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	
<b>Corporate Deposits as % of Total Deposits</b>	<b>63.0</b>	<b>56.3</b>	<b>53.2</b>	<b>54.4</b>	<b>50.1</b>	<b>50.7</b>	<b>42.5</b>	
<i>Of which</i>	<b>As a percent of total corporate deposits</b>							
Government	17.3	18.5	20.0	25.7	22.5	30.1	16.9	
Govt Corporations	40.0	38.7	37.3	32.4	20.9	15.3	21.6	
Public Corporations	2.0	2.7	3.7	1.3	1.6	1.0	3.6	
Private Companies	15.6	10.8	14.8	11.6	8.6	8.8	11.6	
Commercial Banks	12.9	20.6	15.3	17.1	26.9	23.9	26.8	
NBFIs	12.2	8.7	8.8	11.8	19.5	20.9	19.6	
<b>Retail Deposits as % of Total Deposits</b>	<b>37.0</b>	<b>43.7</b>	<b>46.8</b>	<b>45.6</b>	<b>49.9</b>	<b>49.3</b>	<b>57.5</b>	
<i>Of which</i>	<b>As a percent of total retail deposits</b>							
Individuals	91.1	86.7	93.2	95.3	94.8	96.5	96.6	
Foreign Currency	8.9	13.3	6.8	4.7	5.2	3.5	3.4	

Source: Financial Regulation and Supervision Department, RMA. This table is to supplement the information on deposits shown in Table 2.3 above. Please note that these figures may not be directly comparable with other tables due to differences in classification methodology.

<b>Table 2.4</b>		<b>Key Indicators of the Banking Sector</b>						
								End of June
<b>Indicator</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	
<b>Credit Concentration by Institution</b>								
<b>Total banking sector credit (Nu. millions)</b>	<b>27,165.5</b>	<b>35,761.1</b>	<b>46,274.4</b>	<b>51,255.6</b>	<b>56,140.3</b>	<b>64,006.5</b>	<b>75,859.4</b>	
% share of total credit								
Government	3.9	3.1	2.3	4.2	3.3	0.1	6.1	
Other Public Sectors <sup>1</sup>	0.5	2.9	3.2	4.5	7.9	11.2	8.0	
Private Sectors <sup>2</sup>	95.6	94.0	94.5	91.3	88.8	88.7	85.8	
<b>Deposit Concentration by Institution</b>								
<b>Total deposits (Nu. millions)</b>	<b>36,392.2</b>	<b>43,746.1</b>	<b>43,732.2</b>	<b>53,770.0</b>	<b>57,683.2</b>	<b>62,398.2</b>	<b>73,061.0</b>	
% share of total deposits								
Government <sup>3</sup>	-	-	-	-	-	-	-	
Other Public Sector	33.6	31.8	28.4	26.4	18.2	16.4	15.3	
Private Sector <sup>4</sup>	66.4	68.2	71.6	73.6	81.8	83.6	84.7	
<b>Growth Rates of Deposits by Type</b>								
<b>Total Deposits</b>	<b>32.0</b>	<b>20.2</b>	<b>0.0</b>	<b>23.0</b>	<b>7.3</b>	<b>8.2</b>	<b>17.1</b>	
Current Deposits	22.3	30.4	10.5	33.9	(6.9)	(4.7)	(2.6)	
Saving Deposits	26.3	44.3	8.0	15.2	24.3	15.7	10.1	
Time Deposits	42.0	(2.9)	(4.4)	22.4	7.7	15.9	22.9	
Foreign Currency	17.2	127.2	(48.6)	(15.6)	35.1	(29.5)	29.9	
<b>Ratios (in %)</b>								
Credit to Deposit	74.6	81.7	105.8	95.3	97.3	102.6	103.8	
Credit to Asset	59.8	66.2	77.6	71.6	69.7	73.8	77.9	
Savings to Credit	26.9	29.5	24.6	25.6	29.1	29.5	28.0	
Credit to GDP	37.5	41.8	54.1	51.5	53.8	53.5	57.5	

1) Other Public Sector includes Government Corporations and Public Corporations.  
2) Private Sector includes loans and advances to Private companies, Individuals and NBFIs.  
3) Government is a net borrower from the banking sector  
4) Includes Private Companies, NBFIs, Individuals and Foreign Currency Deposits.

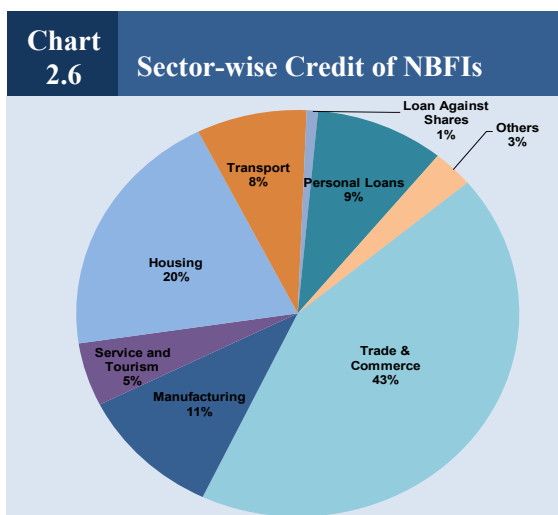
## RMA's Initiatives on Monetary Projections

The Research and Statistics Department (RSD) in coordination with the Macroeconomic Framework Coordinate and Technical Committee (MFCTC) developed a framework to forecast the key monetary aggregates based on the projections undertaken by other sectors of the economy. The input for monetary projection is linked to projection of other three sectors including real, external and fiscal sectors. Since monetary forecast is based residual variables, it will provide check and balance in the development of other key macroeconomic variables including reserves, output and fiscal balance.

The forecast of monetary aggregates is still at rudimentary stage. The RSD will constantly work towards improving the quality of forecast in the future. Currently, the forecast is used as a benchmark for projection of inflation and overall credit growth in Bhutan, which forms a part of MFCTC framework for making policy decision.

### 2.3 Developments in NBFIs

The **total assets** of NBFIs grew from Nu.12.9 billion in 2015 to Nu.17.4 billion in 2016 recording an annual growth of 34.5 percent. The growth was mainly on account of increase in *claims on the private sector*, which has grown to Nu.15.2 billion from Nu.10.2 billion. While on liabilities side it was attributed by increase in borrowing from the financial institutions, which picked up from Nu.4.4 billion to Nu.6.4 billion. Meanwhile, the NBFIs' overall *credit* portfolio accounted for 87.2 percent of their total assets as of June 2016.



The *reserves* of the NBFIs which comprises of cash in hand and their deposits with banks decreased from Nu.914 million at the end of June 2015 to Nu.622.3 million in 2016. On further analysis, this decrease was mainly on account of fall in demand deposits with the commercial banks from Nu.898 million in June 2015 to Nu.602 million in June 2016. Their reserves accounted for 3.4 percent of their total assets. Of the total reserves, 3.2 percent (Nu.20.2 million) was held in the form of *cash in hand*, while 96.7 percent (Nu.602 million) was held in the form of demand deposits with banks.

On the other hand, under the **liabilities side**, one of the major sources for their fund are borrowings from other financial institutions besides other sources such as the sale of life, general insurance policy and issuance of debt instruments. Of the total borrowings of Nu.6.4 billion by NBFIs during the year from the domestic financial institutions, Nu.4 billion was borrowed from other non-bank financial institutions including the borrowings of Nu.2.4 billion from the banks.

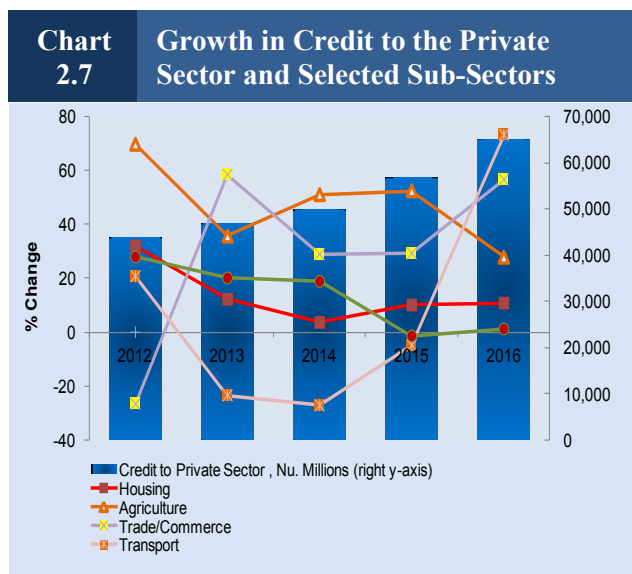
## 2.4 Developments in Credit Markets

The financial institutions' (*banks and non-banks, excluding the NPPF*) total credit outstanding recorded a growth of 21.1 percent, increased to Nu.86.6 billion in 2016 from Nu.71.5 billion as of June 2015. As the economy recovered during the year and lifting of temporary ban on housing and vehicle loans, the credit has been picking up. Since the capital market is at the nascent stage most of the economic activities have to largely depend on the financial systems.

Of the total credit of Nu.86.6 billion, banks financed 82.5 percent of the total credit amounting to Nu.71.4 billion. The remaining 17.5 percent was provided by the non-banks financial institutions. Majority of the banks' credit remain concentrated in the private sector, constituting 85.8 percent of the total credit as of June 2016.

The total credit of the NBFIs increased drastically during the year recording an annual growth rate of 49.6 percent, which increased from Nu.10.1 billion as of June 2015 to Nu.15.2 billion as of June 2016. Credit to the trade and commerce, housing and manufacturing and industry sectors recorded growths of 88.3 percent, 24.6 percent and 21.1 percent respectively as of June 2016. In terms of sectoral share of credit of the non-bank financial institutions, the trade and commerce sector constituted the highest share with 43.2 percent, followed by housing sector (20 percent), manufacturing and industry sector (10.5 percent) and personal loan (9.4 percent).

In terms of the percentage share of overall credit, the credit to *housing* sector has the highest exposure with 22.2 percent as of June 2016. It was followed by trade and commerce sector with 20.3 percent. The overall financial institutions' exposure to *personal loans* has remained same as the previous year at Nu.11.9 billion which constitutes 13.7 percent of the total credit which is the third highest exposure after the housing and trade and commerce sectors. The share of services and manufacturing and industry were at 13.1 percent and 12 percent respectively. Similarly, exposure to transport sector has increased to 5.2 percent of the total loans as compared to 3.7 percent in the previous year. This growth also reflects the lifting of temporary ban on transport which was imposed during the Rupee shortage. While the share of credit under other sector (including staff loans, small business and artisans' scheme, and the EDP loan) slightly decreased to 2.4 percent in June 2016 from 2.6 percent at the end of June 2015 (See [Table 2.5](#) for details).



**Table 2.5 Loan Exposure of the Financial Sector (\*)**

(Nu. in millions) as of June												
Economic Sectors	2013			2014			2015			2016		
	Banks	Non banks	Total	Banks	Non banks	Total	Banks	Non banks	Total	Banks	Non banks	Total
Agriculture	1,514.0	0.0	1,514.0	2,287.1	0.0	2,287.1	3,487.4	0.0	3,487.4	4,456.9	0.0	4,456.9
Trade & Commerce	5,025.7	1,725.8	6,751.5	6,461.5	2,242.1	8,703.7	7,773.6	3,476.6	11,250.2	11,073.3	6,548.1	17,621.4
Manufacturing	9,394.1	774.8	10,168.9	8,920.7	995.2	9,915.9	8,769.8	1,319.2	10,088.9	8,835.5	1,598.2	10,433.7
Service and Tourism	7,513.7	143.9	7,657.5	9,696.1	200.0	9,896.1	12,044.7	358.0	12,402.7	10,560.4	763.4	11,323.9
Building & Construction	13,225.1	2,009.6	15,234.7	13,717.4	2,067.6	15,785.0	14,941.4	2,430.1	17,371.5	16,217.3	3,026.7	19,244.0
Transport	2,920.2	856.9	3,777.1	2,119.7	632.0	2,751.7	1,943.5	674.3	2,617.8	3,313.8	1,221.3	4,535.1
Loan Against Shares	504.3	53.0	557.3	516.1	124.4	640.5	550.8	116.4	667.3	277.4	125.5	402.8
Personal Loans	9,189.6	841.0	10,030.6	10,312.9	1,606.8	11,919.6	10,252.6	1,498.3	11,750.9	10,462.5	1,429.3	11,891.7
Government (short term loans)	0.0	0.0	0.0	4,605.5	0.0	4,605.5	0.0	0.0	0.0	4,605.5	0.0	4,605.5
Credit Card	7.7	0.0	7.7	7.2	0.0	7.2	8.8	0.0	8.8	11.3	0.0	11.3
Others	1,032.7	46.3	1,078.9	1,236.7	43.5	1,280.2	1,596.6	267.0	1,863.5	1,622.5	454.6	2,077.1
<b>Total</b>	<b>50,327.0</b>	<b>6,451.3</b>	<b>56,778.3</b>	<b>59,880.8</b>	<b>7,911.6</b>	<b>67,792.4</b>	<b>61,369.1</b>	<b>10,139.9</b>	<b>71,509.0</b>	<b>71,436.3</b>	<b>15,167.0</b>	<b>86,603.4</b>
<b>% share of total</b>												
Agriculture	3.0	0.0	2.7	3.8	0.0	3.4	5.7	0.0	4.9	6.2	0.0	5.1
Trade & Commerce	10.0	26.8	11.9	10.8	28.3	12.8	12.7	34.3	15.7	15.5	9.2	20.3
Manufacturing	18.7	12.0	17.9	14.9	12.6	14.6	14.3	13.0	14.1	12.4	2.2	12.0
Service and Tourism	14.9	2.2	13.5	16.2	2.5	14.6	19.6	3.5	17.3	14.8	1.1	13.1
Building & Construction	26.3	31.2	26.8	22.9	26.1	23.3	24.3	24.0	24.3	22.7	4.2	22.2
Transport	5.8	13.3	6.7	3.5	8.0	4.1	3.2	6.7	3.7	4.6	1.7	5.2
Loan Against Shares	1.0	0.8	1.0	0.9	1.6	0.9	0.9	1.1	0.9	0.4	0.2	0.5
Personal Loans	18.3	13.0	17.7	17.2	20.3	17.6	16.7	14.8	16.4	14.6	2.0	13.7
Government (short term loans)	0.0	0.0	0.0	7.7	0.0	6.8	0.0	0.0	0.0	6.4	0.0	5.3
Credit Card	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	2.1	0.7	1.9	2.1	0.6	1.9	2.6	2.6	2.6	2.3	0.6	2.4

(\*) Excluding the NPPF.

Note: Prior to 2011, Government (short term loans) have been clubbed with other economic sectors and therefore not shown separately. From 2011

The **non-performing loan (NPL)** is one of the indicators which indicate the quality of the loan portfolio of the financial institutions. This NPL affect the profitability as well as capital of the lending institutions. During the year the NPL ratio slightly improved from 9.5 percent in 2015 to 9.1 percent in 2016. Further analysis shows that the total loans increased by 21.1 percent from Nu. 71.5 billion in June 2015 to Nu.86.6 billion in June 2016, while the NPL increased by 16.4 percent to Nu.7.9 billion from Nu.6.8 billion. The NPL for most of the sectors deteriorated in 2016, however the NPL for sectors like manufacturing and industry, housing and personal loans improved. Under the deteriorated sectors, the NPL of services and trade and commerce deteriorated from Nu.746.1 million to Nu.1.4 billion and from Nu.1.4 billion to Nu.2 billion, respectively. The non-performing loans under the agriculture sector also increased from Nu.484.9 million to Nu.710.6 million in 2016. In terms of percentage share to total NPL, the trade and commerce sector of the financial institutions recorded with the highest NPL of 25.5 percent, followed by services with 17.6 percent, manufacturing and industry sector with 15.4 percent and the personal loans and housing sector with 12.7 percent each.

**Table 2.6 Non-Performing Loans of FIs by Sector**

(Nu. in Millions) as of June								
Sector							% of total NPL	
	2010	2011	2012	2013	2014	2015	2016	NPL
Agriculture	110.0	131.2	166.3	218.2	354.3	484.9	710.6	9.0
Trade/Commerce	216.0	625.2	434.5	1,812.9	2,202.2	1,389.5	2,012.7	25.5
Manufacturing/Industry	244.5	546.1	542.3	843.1	1,013.4	1,316.7	1,212.4	15.4
Services	424.4	255.1	455.2	476.4	845.3	746.1	1,384.2	17.6
Housing	726.0	436.6	503.5	841.9	1,324.1	1,094.3	999.4	12.7
Transport	178.4	300.8	450.1	492.5	633.5	510.4	506.5	6.4
Loan Against Shares	1.2	7.6	1.5	8.0	42.1	28.7	5.1	0.1
Personal Loans	303.9	416.8	483.7	779.6	1,138.5	1,153.6	998.6	12.7
Government (short term)	-	-	-	-	-	-	-	-
Credit Card	-	2.2	5.0	6.1	3.9	3.1	5.3	0.1
Others	15.3	738.0	971.8	51.0	43.3	40.3	43.5	0.6
Overdraft/Working Capital*	799.3	-	-	-	-	-	-	-
<b>Total NPL</b>	<b>3,019.0</b>	<b>3,459.5</b>	<b>4,014.1</b>	<b>5,529.7</b>	<b>7,600.6</b>	<b>6,767.7</b>	<b>7,878.3</b>	<b>100.0</b>
<b>Total Loans</b>	<b>29,775.8</b>	<b>40,645.6</b>	<b>51,305.2</b>	<b>56,778.3</b>	<b>63,187.0</b>	<b>71,509.0</b>	<b>86,604.3</b>	
<b>NPL Ratio</b>	<b>10.1</b>	<b>8.5</b>	<b>7.8</b>	<b>9.7</b>	<b>12.0</b>	<b>9.5</b>	<b>9.1</b>	

\*) From 2011, the figures under Overdraft/Working Capital have been allocated to their various sectors for each bank except for BNBL where it has been re-categorized under Others. Source: Financial Institutions (excludes NPPF).

**Table 2.6.1 Non-Performing Loans of Banks by Sector**

(Nu. in Millions) as of June								
Sector	2010	2011	2012	2013	2014	2015	2016	% of total NPL
Agriculture	110.0	131.2	166.3	218.2	354.3	484.9	710.6	10.2
Manufacturing/Industry	244.5	483.5	531.4	811.9	976.8	1,172.3	1,668.5	23.8
Trade/Commerce	199.9	319.8	361.7	1,355.6	1,880.0	1,256.5	1,161.8	16.6
Services	421.9	252.3	446.5	476.4	818.9	734.4	1,364.3	19.5
Housing	626.3	318.0	467.4	832.4	1,184.2	1,047.0	925.6	13.2
Transport	112.9	134.4	340.2	418.7	464.4	354.9	337.8	4.8
Loan Against Shares	1.2	1.2	1.5	8.0	42.1	28.7	1.1	0.0
Personal Loans	264.4	297.8	436.2	585.7	936.6	851.3	802.8	11.5
Government (short term)	-	-	-	-	-	-	-	-
Credit Card	-	2.2	5.0	6.1	3.9	3.1	5.3	0.1
Others	14.8	738.0	971.8	50.0	42.6	39.0	23.3	0.3
Overdraft/Working Capital*	470.1	-	-	-	-	-	-	-
<b>Total NPL</b>	<b>2,466.1</b>	<b>2,678.4</b>	<b>3,727.9</b>	<b>4,762.9</b>	<b>6,703.9</b>	<b>5,972.1</b>	<b>7,001.1</b>	<b>100.0</b>
<b>Total Loans</b>	<b>26,106.8</b>	<b>35,121.5</b>	<b>45,442.7</b>	<b>50,327.0</b>	<b>55,274.6</b>	<b>61,369.1</b>	<b>71,436.3</b>	
<b>NPL Ratio</b>	<b>9.4</b>	<b>7.6</b>	<b>8.2</b>	<b>9.5</b>	<b>12.1</b>	<b>9.7</b>	<b>9.8</b>	

\*) From 2011, the figures under Overdraft/Working Capital have been allocated to their various sectors for each bank except for BNBL where it has been re-categorized under Others. Source: Financial Institutions

The total loans of the banks increased from Nu.61.4 billion to Nu.71.4 billion recording a growth of 16.4 percent. While, the banks' non-performing loans increased from Nu.5.9 billion in 2015 to Nu.7 billion in 2016, resulting in marginal deterioration in the banks' NPL ratio from 9.7 percent to 9.8 percent. Most of the sectors experienced decline in the non-performing loans, except for the loans under agriculture, manufacturing and industry and services sectors. In terms of percentage share, the highest NPL was reflected in manufacturing and industry with 23.8 percent, followed by services with 19.5 percent, trade and commerce with 16.6 percent, housing with 13.2 percent and personal loan with 11.5 percent.

**Table 2.6.2 Non-Performing Loans of Non-Banks by Sector**

(Nu. in Millions) as of June								
Sector	2010	2011	2012	2013	2014	2015	2016	% of total NPL
Agriculture/Animal Husbandry	-	-	-	-	-	-	0.0	0.0
Manufacturing/Industry	-	62.7	11.0	31.2	36.5	217.2	344.2	39.2
Trade & Commerce	16.1	305.4	72.8	457.3	322.2	60.2	50.6	5.8
Service & Tourism	2.5	2.8	8.8	-	26.4	11.7	19.9	2.3
Housing	99.7	118.5	36.1	9.6	139.9	47.3	73.8	8.4
Transport	68.4	166.3	109.9	73.9	169.2	155.5	168.7	19.2
Loan Against Shares	-	6.3	-	-	-	0.0	4.0	0.5
Personal	39.5	119.0	47.5	193.8	201.9	302.3	195.8	22.3
Government (short term)	-	-	-	-	-	-	-	-
Credit Card	-	-	-	-	-	-	-	-
Others	0.4	(0.0)	-	1.0	0.7	1.3	20.2	2.3
Overdraft/Working Capital*	329.2	-	-	-	-	-	-	-
<b>Total NPL</b>	<b>555.8</b>	<b>781.1</b>	<b>286.2</b>	<b>766.8</b>	<b>896.8</b>	<b>795.6</b>	<b>877.3</b>	<b>100.0</b>
<b>Total Loans</b>	<b>3,669.0</b>	<b>5,524.1</b>	<b>5,862.5</b>	<b>6,451.3</b>	<b>7,911.6</b>	<b>10,139.9</b>	<b>15,168.0</b>	
<b>NPL Ratio</b>	<b>15.1</b>	<b>14.1</b>	<b>4.9</b>	<b>11.9</b>	<b>11.3</b>	<b>7.8</b>	<b>5.8</b>	

\*) From 2011, the figures under Overdraft/Working Capital have been allocated to their various sectors for each non-bank; non-bank excludes NPPF.



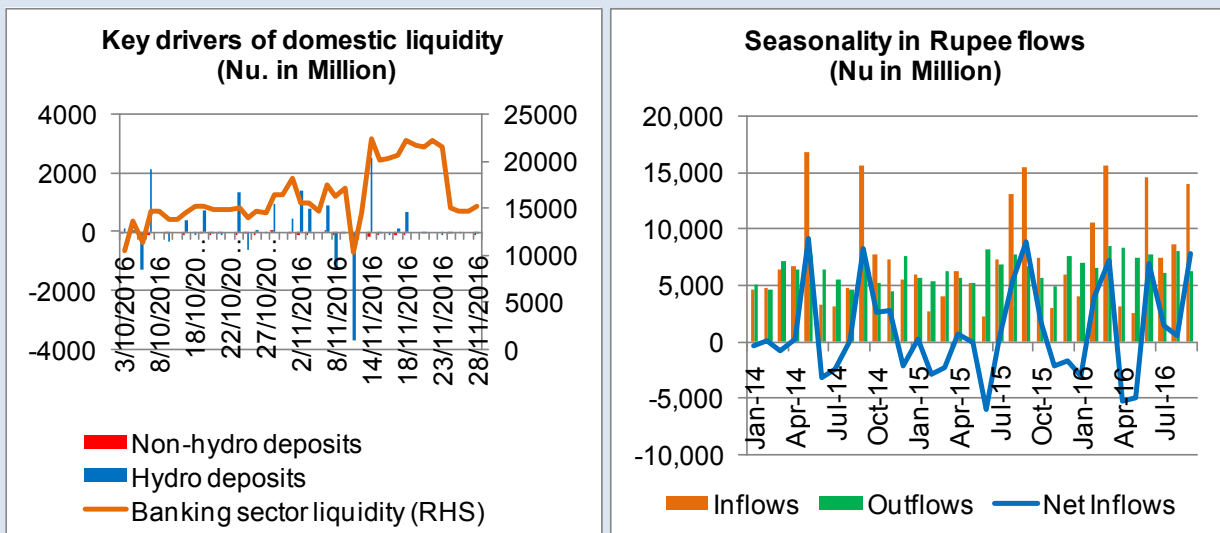
The NPL ratio for the *non-banks* improved with the NPL ratio falling from 7.8 percent to 5.8 percent in 2016. The growth in total loan (49.6 percent) was much higher as compared to total non-performing loans (10.3 percent). Although the overall NPLs decreased during the year, some sectors like manufacturing and industry, housing and transport sectors experienced increased in NPLs. The NPL under manufacturing and industry has the highest share with 39.2 percent, followed by personal loan with 22.3 percent, transport with 19.2 percent and housing with 8.4 percent.

## 2.5 Developments in Interest Rates

The savings rates of commercial banks in 2016 remained same at 5.00-6.00 percent as compared to 2015. Deposit rates on maturity of 3 months to less than one year fell slightly from the 4.00-7.00 percent range in 2015 to 4.00-6.50 percent, while the deposits rate with maturity of 3 years and above also declined from 8.00-10.00 percent in 2015 to 8.00-9.25 percent in 2016. On an average through June 2015 to June 2016, the deposit rates of commercial banks decreased from 7.28 percent to 6.91 percent. Similarly, the lending rates of commercial banks across all the sectors observed decline in the lending rates. The major sectors such as housing and manufacturing loan decreased from the range of 13.00-15.25 percent to 12.48-14.00 percent and 13.00-16.00 to 11.73-13.00 percent, respectively. On an average, the overall lending rate of the banks decreased from 13.97 percent in 2015 to 13.16 percent in 2016. (Refer to [Annex II](#) for details).

## Relationship of driver of banking sector liquidity and Rupee flows

Bhutan's banking sector is faced with large hang-up of the short term liquidity. This is partly a reflection of lack of limited short term market instruments available for investment. Analysis on current liquidity situation reveals that the banking sector liquidity is largely contributed by hydro deposits (flows related to Puna I & II, Mangdechhu, Dagachhu and hydropower construction and hydro export proceeds) more than non-hydro related deposits (which includes deposits relating to Government, REDCL, BICMA, Dungsam and Stimulus Fund). The volatile nature of deposits temporarily inflates the balance sheet of the banking sector. Thus, RMA sterilizes a large portion of deposits related to hydropower sector along with non-hydro deposits in order to neutralize the balance sheet effect by such flows.



As illustrated above, as of November 14, 2016, the overall banking sector liquidity stood at over Nu.20 billion, up from Nu. 10 billion in November 10, 2016. Of the total deposits sterilized by the RMA, more than 80 percent is contributed by volatile hydro related deposits.

On the other hand, while tracking the Rupee flows, a large portion of inflows are related to hydropower construction and hydro export proceeds and outflows are mostly related to expenses related to hydropower construction, payments for merchandise imports including fuels, imports by industries and debt service payments, which impacted the overall net balances significantly, making the task of managing Rupees a challenging one. On average, the net Rupee inflow for 2014 was INR 1.2 billion with a fall in the following year to INR 223.5 million. Further in September 2016, the net inflows was recorded INR 1.6 billion. Monthly data on both inflows and outflows revealed that the seasonal pattern in INR flows (generally high during the month of May and September) impacted the net inflows- reflecting the impact of fiscal year (April-Mar) in India. Changes in the exchange rate (INR/USD) also have impact on the level of net INR inflows, investment decision in G-Sec market and balance of payments with India. The impact of such flows result in twin challenges (i) management of domestic liquidity to absorb the overheating pressure caused by volatile flows and (ii) Rupee and foreign exchange management.



## 2.6 Developments in the Capital Market

Unlike in the past, none of the companies issued shares through Initial Public Offering (IPO) in the primary market during 2015. While in the secondary market a total share of 7,289,245 worth of Nu.193.8 million was traded as compared to 4,582,410 shares worth of Nu.181.9 million in the previous year recording a growth of 59.1 percent in volume and 6.5 percent in terms of value.

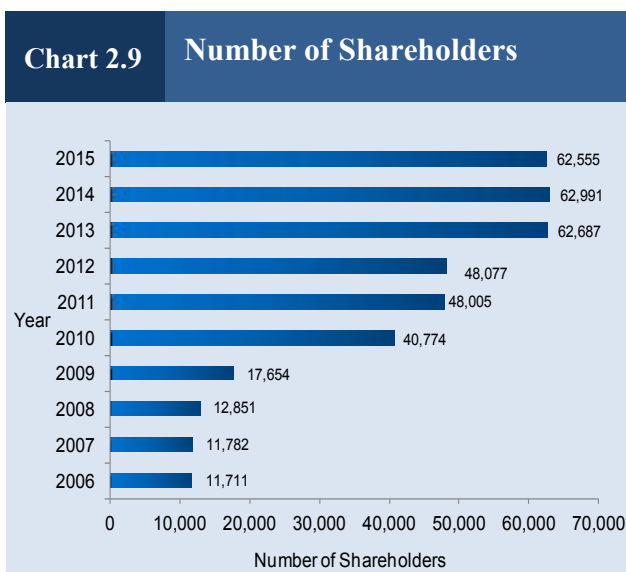
During the year, RICBL issued bonus shares in the ratio of 1:1.5 to its current shareholders of 72 million shares. DWAL also issued bonus shares amounting to 970,000 shares in the ratio of 20:1 to its existing shareholders.

The overall trading during the year amounted to 80,287,976 shares worth of Nu.923.8 million in both primary and secondary trading as compared to 67,151,401 shares worth of Nu.1,935.9 million in 2014. At the end December 2015, the market capitalization of twenty one (21) listed companies increased to Nu.23.9 billion as compared to Nu. 22.5 billion in 2014. This increase in market capitalization was due to fluctuation in the prices of shares, issue of bonus shares by RICBL and DWAL and the off-market transaction of DPNB shares.

The total number of shareholders with the Central Depository decreased to 62,555 as compared to 62,991 in 2014. The decrease in the number of shareholders was mainly on account of secondary market transactions.

Out of the total value of securities traded in the secondary market, the BNB Securities Limited traded with 51.9 percent, followed by RICB Securities Ltd. with 20.7 percent, DSBPL (Drukyul Securities Broker Private Limited) with 14.4 percent, BOB Securities limited with 11.8 percent and BDB Securities Ltd. with 1.2 percent.

During the year, bonds worth Nu.1.5 billion of 1.5 million units of 7-year term RICB Bond Series –IV were issued at a coupon rate of 9.5 percent per annum. Of this total, Nu.500 million worth was allotted to NPPF under the private placement while remaining was allotted to financial institutions and general public. Similarly, DCCL issued 1.5 million units of 7-year term bond series-III worth Nu.1.5 billion at the rate of 8 percent per annum. From this, Nu.1.2 billion worth was allotted to BOBL, DPNBL and BIL. The Zimdra Foods Private Ltd.



also issued 500,000 units of bonds with 7-year term at the rate of 9.3 percent per annum and it was subscribed by NPPF and general public. (More information on developments in the stock market is presented in [Annex I](#) and [Statistical Table 36](#)).

### Box 2.1 Highlights of Major Development in Financial Sector

- July 2016                      Since the Base Rate System revealed several rigidities in its credit market, the RMA came up with the *Minimum Lending Rate (MLR)* which is a forward-looking and integrated approach to interest rate policy that is expected to address the rigidities of the existing Base Rate System. At the same time to encourage competition and professionalism among the financial institutions to result in a balanced approach of engaging in financial intermediation process.
- September 2016              RMA issued '*Inward Remittance Rules and Regulations 2016*' to encourage inward remittances of non-resident Bhutanese and to facilitate remittance of savings and earnings to their families and promote their own savings in Bhutan. Remit Bhutan facility was provided through a friendly web based portal which is secure, accessible and efficient.
- To facilitate the implementation of prudent practices and effective risk management system among financial institutions, RMA amended and issued *Prudential Regulations 2016*. This prudential regulation will promote a level playing field for all market players, including transparency, accountability, corporate governance and fair competition among the financial institutions.
- November 2016                In order to increase financial services outreach and to promote financial inclusion to the un-banked and under-served population without undermining the safety and soundness of the banking system and to encourage banks to use agents in the provision of banking services that reduce the cost of financial services, the RMA issued "*Agent Banking Rules & Regulations 2016*".
- Formulation of Guidelines on new money market instruments aimed at promoting inter- financial institutions lending market was endorsed by the RMA Board held on November 23, 2016. Development of inter-financial institutions lending market through issue of short-term debt instruments will help to promote benchmark or reference rate for short-term lending in the financial institutions that will help to strengthen monetary policy operation and ascertain market signal on the short-term interest rate.

### 3. EXTERNAL SECTOR

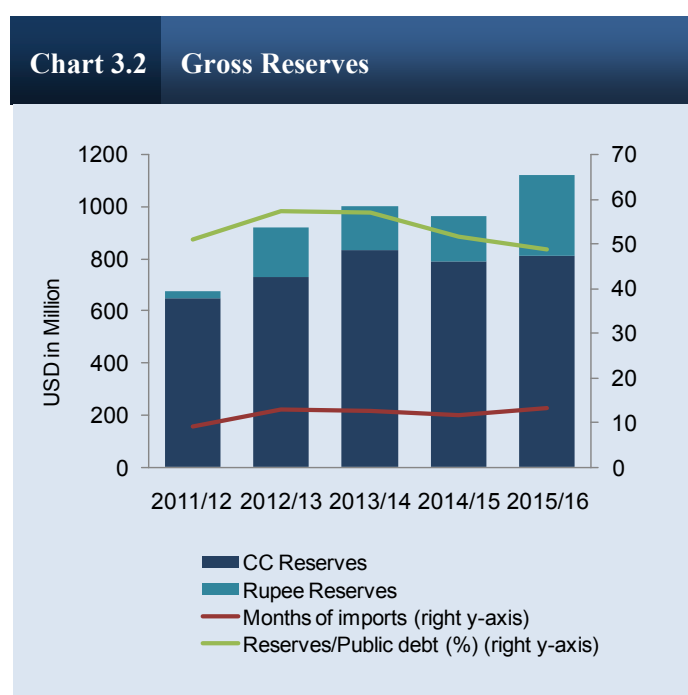
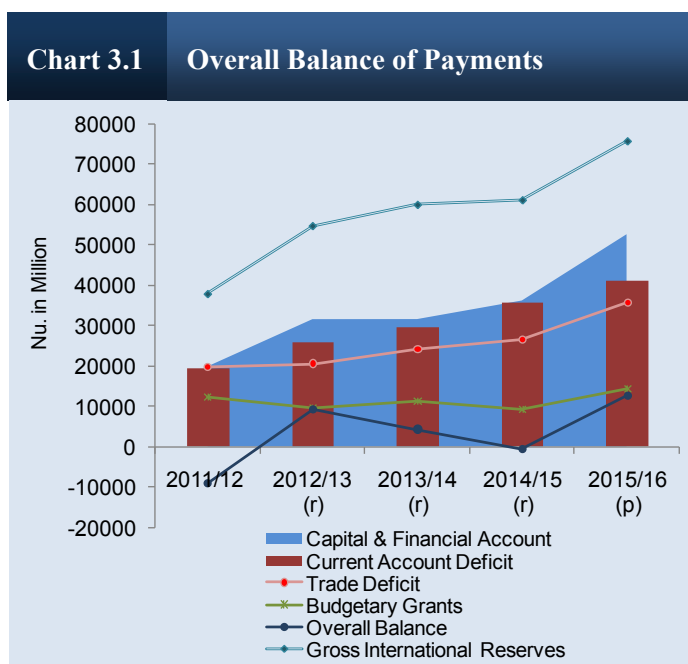
#### 3.1 Overall Balance of Payments

Both the **trade** and **current account deficits** continue to remain elevated at over 20 percent of GDP. The current account deficit increased from 29.8 percent of GDP in FY 2014/15 to 31.2 percent of GDP in FY 2015/16. The trade deficit widened by 34.4 percent to Nu.35.8 billion. Deficits continued to persist in the **services** and **primary income** accounts, however the surplus in the **secondary income** increased to 9.6 billion from 5.1 billion mainly driven by grants for budget support.

The **capital and financial account** balance increased by 51.6 percent to Nu.55.1 billion. Indian Rupee denominated hydropower loan disbursements increased by 53.1 percent to ₹ 30.0 billion with an additional ₹ 6.6 billion received as the grant component. After accounting for other financial flows and the net errors and omissions, against the current account deficit of Nu. 41.2 billion, the capital and financial account surplus stood at Nu. 55.1 billion, with a subsequent increase in reserves by an equivalent of Nu.12.6 billion.

At the end of the fiscal year, **gross international reserves** increased to USD 1118.8 million from USD 958.5 million as of end-June 2015. Reserves were sufficient to finance 13.2 months of merchandise imports while covering 48.5 percent of public external debt. Of the total, USD 811.0 million were convertible currency reserves while ₹ 20.8 billion were Indian Rupees.

In **exchange rate** developments, the Ngultrum averaged Nu.66.3 per US dollar in the fiscal year, depreciating by 6.4 percent from the previous year. In June-to-June comparisons, the Ngultrum depreciated by 5.1 percent from averaging Nu.63.9 against the US dollar in June 2015 to Nu.67.3 in June 2016.



**Table 3.1 Overall Balance of Payments and Selected External Indicators**

Item	Nu. in Million			USD in Million		
	2013/14 (r)	2014/15 (r)	2015/16 (p)	2013/14 (r)	2014/15 (r)	2015/16 (p)
<b>A. Current Account</b>	<b>-29,682.0</b>	<b>-35,644.7</b>	<b>-41,211.8</b>	<b>-482.9</b>	<b>-574.4</b>	<b>-664.2</b>
<i>o.w. India</i>	-25,775.0	-30,177.1	-39,335.5	-419.3	-486.3	-633.9
<i>o.w. COTI</i>	-3,907.0	-5,467.6	-1,876.2	-63.6	-88.1	-30.2
<b>Trade Balance</b>	<b>-24,170.5</b>	<b>-26,662.8</b>	<b>-35,828.7</b>	<b>-393.2</b>	<b>-429.7</b>	<b>-577.4</b>
<i>o.w. India</i>	-17,362.4	-18,963.1	-28,792.7	-282.4	-305.6	-464.0
<i>o.w. COTI</i>	-6,808.1	-7,699.6	-7,036.0	-110.8	-124.1	-113.4
Exports (fob)	32,876.6	35,982.2	32,704.5	534.8	579.9	527.1
<i>o.w. Hydropower Exports</i>	10,247.9	11,304.0	10,583.8	166.7	182.2	170.6
Imports (fob)	57,047.1	62,644.9	68,533.2	928.0	1,009.6	1,104.5
<b>Services</b>	<b>-3,993.9</b>	<b>-4,287.5</b>	<b>-3,529.4</b>	<b>-65.0</b>	<b>-69.1</b>	<b>-56.9</b>
Credit	7,646.2	7,784.2	9,529.1	124.4	125.4	153.6
Debit	11,640.2	12,071.7	13,058.5	189.4	194.5	210.4
<b>Primary Income</b>	<b>-7,429.6</b>	<b>-9,737.8</b>	<b>-11,407.4</b>	<b>-120.9</b>	<b>-156.9</b>	<b>-183.8</b>
Credit	1,192.4	1,650.1	1,623.1	19.4	26.6	26.2
Debit	8,622.0	11,388.0	13,030.5	140.3	183.5	210.0
<b>Balance on Goods, Services &amp; Primary Income</b>	<b>-35,594.0</b>	<b>-40,688.1</b>	<b>-50,765.5</b>	<b>-579.0</b>	<b>-655.7</b>	<b>-818.1</b>
<b>Secondary Income</b>	<b>5,912.0</b>	<b>5,043.4</b>	<b>9,553.7</b>	<b>96.2</b>	<b>81.3</b>	<b>154.0</b>
Credit	7,333.4	6,874.2	11,358.5	119.3	110.8	183.1
<i>o.w. Budgetary Grants</i>	3,856.5	4,785.0	8,373.3	62.7	77.1	134.9
Debit	1,421.3	1,830.7	1,804.8	23.1	29.5	29.1
<b>B. Capital Account</b>	<b>16,901.7</b>	<b>13,981.0</b>	<b>12,668.1</b>	<b>275.0</b>	<b>225.3</b>	<b>204.2</b>
<i>o.w. Budgetary Grants, Credit</i>	7,541.5	4,408.0	6,114.6	122.7	71.0	98.5
<i>o.w. Hydropower Grants, Credit</i>	9,360.2	9,573.0	6,553.5	152.3	154.3	105.6
<b>C. Financial Account<sup>1</sup></b>	<b>-14,807.7</b>	<b>-22,357.7</b>	<b>-42,431.5</b>	<b>-240.9</b>	<b>-360.3</b>	<b>-683.8</b>
Direct investment in Bhutan: net incurrence of liabilities	1,791.4	660.6	532.9	29.1	10.6	8.6
Other investment: net acquisition of assets	-327.5	-820.5	1,450.8	-5.3	-13.2	23.4
Other investment: net incurrence of liabilities	12,688.8	20,876.7	43,349.4	206.4	336.4	698.6
<i>o.w. INR denominated hydropower loans<sup>2</sup></i>	16,353.6	22,890.0	37,154.1	266.0	368.9	598.8
<i>o.w. CC loans of the RGOB</i>	2,362.6	1,327.7	463.4	38.4	21.4	7.5
<b>D. Net Errors &amp; Omissions</b>	<b>2,253.0</b>	<b>-1,264.9</b>	<b>-1,320.7</b>	<b>36.7</b>	<b>-20.4</b>	<b>-21.3</b>
<b>E. Overall Balance (Reserve Assets)</b>	<b>4,280.5</b>	<b>-570.8</b>	<b>12,567.1</b>	<b>69.6</b>	<b>-9.2</b>	<b>202.5</b>
<b>In % of GDP</b>						
Trade Balance (Goods)	-22.9	-22.3	-27.1			
Goods and services (net)	-26.7	-25.9	-29.8			
Current Account Balance	-28.2	-29.8	-31.2			
Overall Balance	4.1	-0.5	9.5			
GDP at current prices <sup>3</sup>	105,378.4	119,545.8	132,021.3			
<b>Memorandum Items:</b>						
Gross International Reserves (end of period) <sup>4</sup>				997.9	958.5	1118.8
In months of merchandise imports				12.6	11.7	13.2
External Debt Outstanding (end of period)				1759.0	1854.6	2315.6
In percent of GDP				100.3	98.9	118.6
Debt Service Ratio (including overdraft facility)				27.1	19.8	14.5
Debt Service Ratio (excluding overdraft facility)				27.1	19.8	14.5
Annual average exchange rate (Nu/USD)				61.5	62.1	66.3
End of period exchange rate (Nu/USD)				60.1	63.8	67.6

<sup>1</sup>Net acquisition of financial assets **minus** net incurrence of financial liabilities; (+) figure denotes net lending and (-) figure denotes net borrowing; excludes reserve assets. <sup>2</sup>Includes accrued interest. <sup>3</sup>Calendar year GDP used (eg: CY 2014 = FY 2014/15); Source: NSB. <sup>4</sup>Excluding pledge on any outstanding overdraft during the reference periods.

Note: External debt includes only loan liabilities. Debt service ratio is in percent of exports of goods and services.

### 3.1.1 Goods Trade Account

The trade deficits with India widened by 51.8 percent, while the trade deficit with COTI improved by 8.6 percent. Exports to India decreased by 6.7 percent while the imports increased by 15.1 percent. Both exports and imports for COTI decreased by 27.9 percent and 15.3 percent respectively.

Nu. in Million	FY 2012/13 (r)		FY 2013/14 (r)		FY 2014/15 (r)		FY 2014/15 (p)	
	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports
<b>Merchandise trade statistics as provided by DRC <sup>1</sup></b>	<b>19608.0</b>	<b>49956.2</b>	<b>22628.7</b>	<b>57310.3</b>	<b>24678.2</b>	<b>62455.2</b>	<b>22120.7</b>	<b>68632.2</b>
<b>Adjustments</b>								
+ Hydropower exports <sup>2</sup>	10323.4		10247.9		11304.0		10583.8	
+ Goods procured in ports by carriers <sup>3</sup>		849.1		1047.3		1970.9		1364.2
+ Informal Trade at the Border		1210.2		1149.7		1092.2		1037.6
+ Net exports of goods under merchandising								
- CIF/FOB adjustment for COTI		1375.5		2460.2		990.2		0.0
+ FOB adjustment for India <sup>4</sup>								
<b>Total goods on a balance of payments basis</b>	<b>29931.5</b>	<b>50640.0</b>	<b>32876.6</b>	<b>57047.1</b>	<b>35982.2</b>	<b>64528.1</b>	<b>32704.5</b>	<b>71034.0</b>

This table shows the additional components added to the trade data sourced from the Department of Revenue & Customs to arrive at the total goods export and import in the balance of payments presentation. <sup>1</sup>Excluding hydropower exports. For FY 2014/15, includes import of airplane by Druk Air. <sup>2</sup>Sourced from respective power plants. <sup>3</sup>Includes refuelling at stations abroad by carriers. <sup>4</sup>To be carried out once data are available from DRC's Revenue Administration Management Information System.

The following section reviews the trade account in more detail based on the Bhutan Trade Statistics publication of the DRC for **calendar year 2015**. For the purposes of compiling fiscal year balance of payments, the DRC currently provides the RMA with quarterly aggregates of the trade data.

#### Merchandise Trade, 2014<sup>3</sup>

Total exports decreased to Nu. 35.2 billion in 2015 from Nu. 35.6 billion in 2014 while imports increased to Nu. 68.0 billion from Nu. 56.9 billion in the same period (See Tables 24 to 25).

Higher production from timely monsoon for the year, increased Hydro power exports from Nu.10.6 billion to Nu. 12.1 billion in 2015. Hydropower continues to remain Bhutan's largest export (34.4 percent share), while export of ferro alloys decreased to Nu. 7.1 billion from Nu. 8.8 billion with 20.0 percent share compared to 24.8 percent share in 2014. Other articles which are related to minerals, agro products and base metals continue to feature in top twenty export items. (See table 3.3)

Imports of fuel decreased in 2015 with the import of diesel accounting for 7.7 percent of the total imports at Nu. 5.3 billion as compared to 10.3 percent of the total share, amounting to Nu. 5.9 billion in 2014. Imports related to hydropower projects and industries along with food imports such as rice, cooking oil and milk products continue to feature in the top twenty commodity list.

<sup>3</sup> This section is based on the *Bhutan Trade Statistics* publication of the DRC and tracks *calendar year* developments in the composition and direction of Bhutan's trade.

**Table 3.3 Top Twenty Exports 2015 & corresponding value in 2014**

Item (BTC code in brackets)	2015		2014	
	Value (Millions of Nu.)	% Share of total	Value (Millions of Nu.)	% Share of total
Hydropower	12124.5	34.4	10633.6	29.9
Ferro-alloys (72.02)	7061.1	20.0	8839.8	24.8
Cement: portland, aluminous, slag, supersulphate (25.23)	2676.5	7.6	1498.8	4.2
Semi finished products of iron & non alloy steel (72.07)	1851.7	5.3	2420.4	6.8
Calcium carbide (2849.10.00)	926.4	2.6	1096.2	3.1
Cardamoms (0908.31.00)	940.9	2.7	789.2	2.2
Bars & rods of free-cutting steel (7214.30.00)	869.2	2.5	753.2	2.1
Dolomite chips (2518.10.20)	693.2	2.0	600.0	1.7
Silicon carbide (2849.20.00)	686.2	1.9	733.6	2.1
Gypsum; anhydrite (2520.10.00)	646.5	1.8	681.9	1.9
Dolomite lumps & slabs (2518.10.30)	609.1	1.7	567.2	1.6
Plastics (plates, sheets, film etc)(3920.99.00)	519.5	1.5	493.6	1.4
Oranges (0805.10.00)	467.6	1.3	542.6	1.5
Potatoes (07.01)	371.0	1.1	688.8	1.9
Limestone & other calcareous stone (2521.00.90)	351.8	1.0	360.2	1.0
Particle board (4410.11.00)	252.4	0.7	236.3	0.7
Undenatured ethyl alcohol of vol. 80% or higher (2207.10.00)	236.9	0.7	238.1	0.7
Ingots (iron & non-alloy steel)(7206.10.00)	227.8	0.6	1.0	0.0
Copper wire - Other (7408.19.00)	226.6	0.6	209.8	0.6
Cordyceps sinensis (1211.90.50)	194.4	0.6	376.0	1.1
Others - remaining items	3862.4		3631.2	
<b>Total Exports</b>	<b>35229.3</b>	<b>90.6*</b>	<b>35585.0</b>	<b>89.8*</b>

Source: Bhutan Trade Statistics, Department of Revenue & Customs. \*Share of top 20 exports to total exports.

**Table 3.4 Top Twenty Imports 2015 & corresponding value in 2014**

Item (BTC code in brackets)	2015		2014	
	Value (Millions of Nu.)	% Share of total	Value (Millions of Nu.)	% Share of total
High speed diesel (2710.19.15)	5262.7	7.7	5866.0	10.3
Aeroplanes and other aircrafts(8802.40.00)	3484.1	5.1	0.0	0.0
Parts including regulators of hydraulic turbines & water wheels (8410.90.00)	3303.9	4.9	2582.4	4.5
Ferrous products by direct reduction of iron ore (7203.10.00)	2550.1	3.7	2400.0	4.2
Motor spirit (gasolene) including aviation spirit (petrol) (2710.12.10)	1693.0	2.5	1826.5	3.2
Parts for electric motors & generators & rotary converters (8503.00.00)	1620.8	2.4	451.2	0.8
Towers & lattice masts of iron or steel (7308.20.00)	1483.2	2.2	689.1	1.2
Wood charcoal - Other (4402.90.00)	1408.1	2.1	1387.3	2.4
Semi-milled or wholly milled rice (1006.30.00)	1126.4	1.7	518.3	0.9
Motor vehicles for transports of goods g.v.w. not exceeding 5 tonnes (8704.21.00)	1096.9	1.6	451.6	0.8
Coke & semi-coke of coal (2704.00.10)	1091.8	1.6	871.7	1.5
Other coal (2701.19.00)	941.8	1.4	851.2	1.5
Bars & rods of iron or non-alloy steel containing indentations ribs, grooves or other deformation or twisted (7214.20.00)	694.7	1.0	823.0	1.4
Soya bean oil & its fractions - Other (1507.90.00)	660.3	1.0	668.2	1.2
Milk & cream in powder, granules or other solid forms (0402.10.00)	579.0	0.9	542.3	1.0
Carcasses - meat of bovine animals (0201.10.00)	521.5	0.8	477.5	0.8
Quartz (2506.10.00)	471.2	0.7	432.6	0.8
Lubricating oils (2710.19.19)	405.3	0.6	428.2	0.8
Polythylene having specific gravity of less than 0.94 (3901.10.00)	393.2	0.6	389.7	
Waste & scrap of cast iron (7204.10.00)	386.0	0.6	547.9	1.0
Others - remaining items	42578.7		33054.7	
<b>Total Imports</b>	<b>68037.3</b>	<b>42.9*</b>	<b>56884.5</b>	<b>41.9*</b>

Source: Bhutan Trade Statistics, Department of Revenue & Customs. \*Share of top 20 imports to total imports.

Note: Items at the unique commodity level as classified under the Bhutan Trade Classification code shown in this table (in past publications some items were added under a broader code at a higher level of classification)

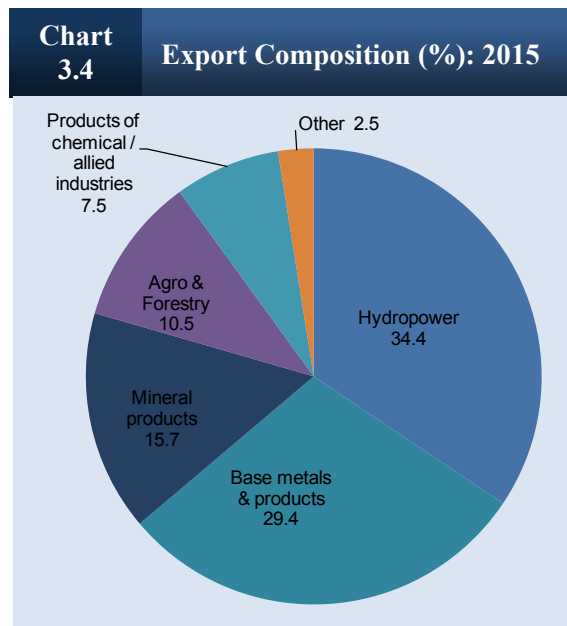
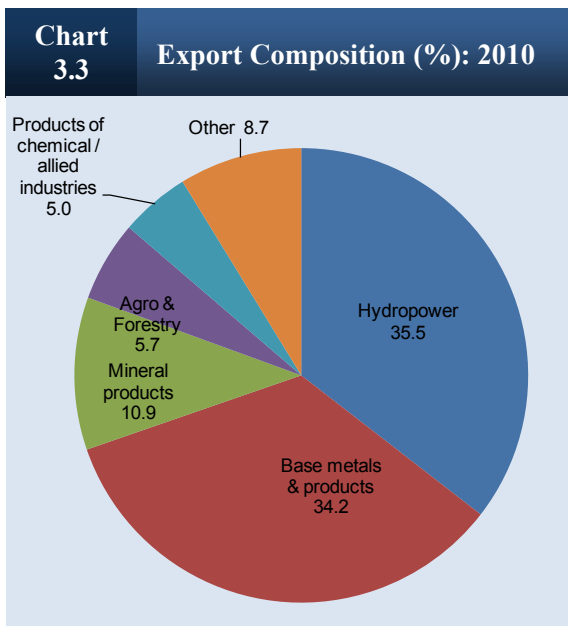


**Table 3.5 Trade in Food, Beverages & Plants (in Nu. Millions)**

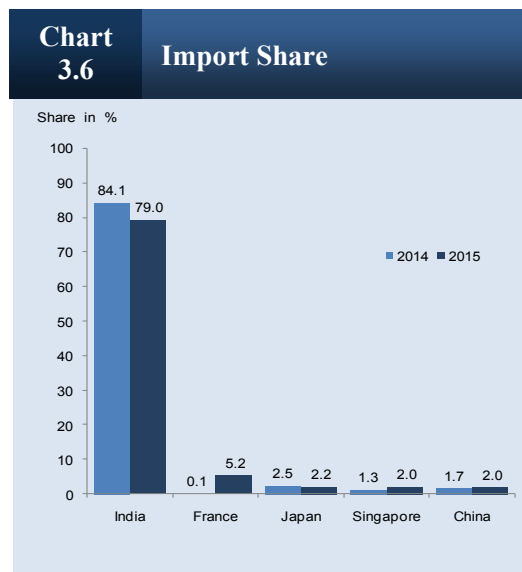
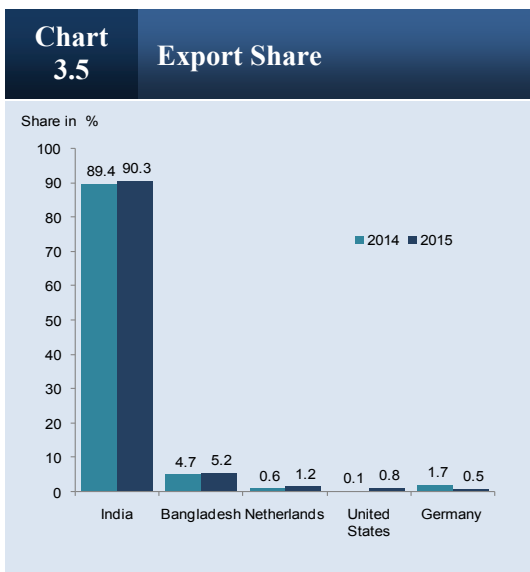
Item	Year: 2015						Jan-Jun 2016(provisional)					
	EXPORTS			IMPORTS			EXPORTS			IMPORTS		
	India	COTI	Total	India	COTI	Total	India	COTI	Total	India	COTI	Total
<b>Meat, poultry, fish &amp; crustaceans and edible offals</b>	-	-	-	1,404.1	19.7	1,423.7	-	-	-	560.9	9.7	570.7
<b>Dairy produce (milk &amp; cream, processed cheese, honey)</b>	6.3	0.2	6.6	1,325.8	65.8	1,391.6	2.1	0.2	2.3	752.8	29.8	782.6
<b>Vegetables, roots &amp; tubers</b>	453.1	12.3	465.4	603.8	12.3	616.1	29.6	0.1	29.7	363.2	1.5	364.7
<i>of which: Potatoes (including seed)</i>	370.9	0.1	371.0	60.5	-	60.5	22.3	-	22.3	58.9	0.0	58.9
<i>of which: Lentils</i>	8.1	-	8.1	175.6	-	175.6	2.3	-	2.3	71.3	-	71.3
<i>of which: Matsutake mushroom</i>	0.2	12.1	12.3	-	-	-	-	-	-	-	-	-
<b>Fruits and nuts</b>	148.2	508.8	657.0	124.0	20.6	144.6	74.7	51.6	126.4	88.1	4.2	92.3
<i>of which: Oranges</i>	21.1	446.5	467.6	5.4	0.0	5.4	0.7	51.6	52.2	4.8	-	4.8
<i>of which: Apples</i>	40.4	61.4	101.9	7.9	0.0	7.9	-	-	-	9.2	-	9.2
<i>of which: Betel nuts</i>	85.9	0.8	86.7	2.4	6.5	8.9	74.0	0.1	74.1	2.0	2.7	4.7
<b>Coffee, tea, mate and spices</b>	444.7	568.7	1,013.4	171.6	4.6	176.2	208.7	343.9	552.6	85.6	1.9	87.4
<i>of which: Cardamoms, mace &amp; nutmegs</i>	375.5	565.4	940.9	2.2	0.0	2.2	173.8	337.3	511.1	1.5	0.0	1.5
<i>of which: Ginger, saffron, turmeric &amp; other spices</i>	67.9	3.2	71.1	39.5	0.2	39.7	34.9	7.2	42.1	16.0	0.0	16.0
<b>Cereals (including seed)</b>	0.3	0.1	0.4	1,997.0	0.5	1,997.5	0.0	0.2	0.3	1,134.1	0.4	1,134.5
<i>of which: Rice</i>	0.3	0.1	0.3	1,668.0	0.2	1,668.1	0.0	-	0.0	992.0	0.2	992.2
<i>of which: Wheat and meslin</i>	-	-	-	191.2	0.0	191.2	-	-	-	53.8	0.0	53.8
<i>of which: Maize</i>	-	-	-	129.4	0.1	129.5	-	-	-	85.3	0.1	85.5
<b>Products of the milling industry</b>	82.3	0.1	82.3	274.1	1.8	275.9	15.6	-	15.6	153.9	0.6	154.5
<i>of which: Wheat or meslin flour</i>	80.5	0.1	80.6	151.2	0.8	152.1	15.6	-	15.6	76.3	0.3	76.5
<b>Oil seed, oleaginous fruits; misc. grains, seeds &amp; fruits; industrial or medicinal plants;</b>	0.7	194.6	195.2	88.1	10.6	98.7	0.9	25.1	26.0	46.6	7.3	53.9
<i>of which: Cordyceps sinensis</i>	0.0	194.4	194.4	-	-	-	0.3	24.5	24.8	-	-	-
<i>of which: Betel leaves</i>	-	-	-	61.8	-	61.8	-	-	-	29.0	-	29.0
<b>Animal &amp; vegetable fats or oils, cleavage products; prepared edible fats; animal or</b>	8.0	-	8.0	976.0	14.3	990.3	4.4	-	4.4	494.6	7.8	502.4
<i>of which: Vegetable oil (soya-bean, mustard, sunflower, palm)</i>	7.9	-	7.9	791.9	13.1	805.0	4.0	-	4.0	409.9	7.6	417.5
<b>Sugars and sugar confectionary</b>	0.0	-	0.0	512.7	9.4	522.0	-	-	-	323.1	3.5	326.6
<i>of which: Cane or beet sugar</i>	-	-	-	2.4	0.2	2.6	-	-	-	213.4	0.3	213.7
<b>Preparations of cereals, flour, starch or milk; pastry cooks' products</b>	0.1	-	0.1	752.8	108.4	861.2	0.1	-	0.1	384.2	60.7	444.9
<i>of which: Noodles and pasta</i>	0.0	-	0.0	366.8	2.0	368.7	-	-	-	190.3	25.0	215.3
<i>of which: Biscuits, pastries, cakes &amp; other bakers'</i>	0.1	-	0.1	218.2	62.9	281.1	0.1	-	0.1	106.3	31.8	138.2
<b>Preparations of vegetables, fruits, nuts or other parts of plants</b>	276.6	1.1	277.7	220.4	67.4	287.8	213.8	0.6	214.4	146.0	35.5	181.5
<i>of which: Fruit juices &amp; vegetable juices</i>	197.2	0.0	197.2	79.7	42.2	121.8	170.1	-	170.1	51.3	32.0	83.3
<i>of which: Jams, purees, pastes, marmalades</i>	80.3	1.1	81.4	2.1	3.6	5.7	43.7	4.1	47.7	0.6	3.1	3.8
<b>Miscellaneous edible preparations</b>	79.9	2.5	82.4	208.9	10.6	219.5	24.2	1.3	25.4	110.2	5.7	115.9
<i>of which: Pan masala</i>	19.9	-	19.9	26.3	-	26.3	10.8	-	10.8	8.9	-	8.9
<i>of which: Supari (betel nut cuts/powder)</i>	47.4	-	47.4	8.8	-	8.8	8.4	-	8.4	5.4	-	5.4
<i>of which: Tomato ketchup &amp; sauces</i>	11.4	2.5	13.9	2.1	0.1	2.2	4.4	0.8	5.2	0.8	0.1	0.9
<b>Beverages, spirits and vinegar</b>	506.9	4.2	511.0	164.7	287.5	452.2	363.7	7.1	370.8	74.3	87.4	161.8
<i>of which: Mineral &amp; aerated, sweetened waters</i>	180.5	0.5	181.0	3.7	13.9	17.5	131.8	7.0	138.8	1.7	5.3	7.0
<i>of which: Beer made from malt</i>	33.4	-	33.4	40.2	3.5	43.8	19.3	1.1	20.4	31.1	1.1	32.2
<i>of which: Ethyl Alcohol</i>	288.1	3.7	291.8	88.1	220.0	308.2	210.7	0.1	210.8	24.6	66.6	91.2
<b>Residues &amp; wastes from food industries; prepared animal fodder</b>	33.5	17.1	50.6	273.9	0.2	274.1	31.4	4.2	35.6	181.8	0.3	182.1
<i>of which: Residues &amp; wastes of Wheat</i>	15.3	17.1	32.4	0.0	-	0.0	7.8	4.2	12.0	0.3	-	0.3
<i>of which: Animal fodder and pet food</i>	2.9	-	2.9	91.7	0.2	91.9	2.6	-	2.6	55.8	0.3	56.1
<b>Total</b>	<b>2,040.7</b>	<b>1,309.7</b>	<b>3,350.4</b>	<b>9,097.8</b>	<b>633.7</b>	<b>9,731.5</b>	<b>969.3</b>	<b>434.2</b>	<b>1,403.5</b>	<b>4,899.4</b>	<b>256.2</b>	<b>5,155.6</b>

Source: Bhutan Trade Statistics, Department of Revenue and Customs.

Major export categories with their relative share are shown in chart 3.3 and 3.4 below. The export of **ferro alloys** accounted for 68.2 percent of base metals and products in 2015, while major items within the category of mineral products that were exported were , **cement, dolomite, gypsum** and **limestone**. **Cardamoms, potatoes, oranges, cordyceps**, together accounted for 53.4 percent of the export value under the category of agro and forestry products. The export of calcium and silicon carbide together accounted for over 60 percent of the total under the products of chemicals/allied industries category.



Among various countries that Bhutan exports and imports (see charts 3.5 and 3.6 and table 26), **India** continues to remain Bhutan’s largest trading partner , accounting for 90.3 percent share in exports and 79.0 percent share in imports in 2015. Top exports to India include *hydropower, ferro alloys, semi finished product of iron and non alloy steel, carbide, cement and dolomite*. Top imports from India include *diesel & petroleum products, hydraulic turbines, appliances and equipments and iron ore products*.





**Bangladesh** continues to remain the second highest export destination for Bhutan followed by **Netherlands**. Major exports to Bangladesh include *oranges, cardamoms, apples, dolomite* and *limestone*. Export to Netherlands includes *hydrogen, rare gases, other non-metals* and *ferro alloys*. With the export of ferro alloys to Italy, Switzerland, Spain, United Kingdom and Germany, these countries appear in top twenty export destination for Bhutan in 2015.

India, **France** and **Japan** are the top three import sources for Bhutan in 2015. Major import from France was the aircraft imported by Drukair worth Nu. 3.5 billion. Imports from Japan included flat-rolled products of other alloy steel, other instruments, appliances and machines and self-propelled bulldozers, excavators, shovel loaders, tamping machines and road rollers. Royal Bhutan Helicopter Services Ltd. also imported a helicopter worth Nu. 274.5 million from Singapore during the year.

### 3.1.2 Services and Income Accounts

The net deficit in the **overall invisibles account** (services, primary income and secondary income) decreased from Nu.9.0 billion to Nu.5.3 billion. The primary income deficit increased by 17.1 percent whereas the services deficit decreased by 17.7 percent in the year. However the secondary income surplus increased by 89.4 percent resulting in the decrease in the net overall invisibles deficit.

<b>Table 3.6 Overall BOP: Invisibles</b>						
Nu. in Million		2011/12	2012/13 (r)	2013/14 (r)	2014/15 (r)	2015/16 (p)
<b>Services</b>		<b>-4,677.0</b>	<b>-2,962.1</b>	<b>-3,993.9</b>	<b>-4,287.5</b>	<b>-3,529.4</b>
<i>Services: Credit</i>		5,146.0	6,764.6	7,646.2	7,784.2	9,529.1
<i>Services: Debit</i>		9,823.0	9,726.7	11,640.2	12,071.7	13,058.5
Maintenance and repair services n.i.e.		0.0	-2.0	-194.7	-300.9	-459.6
Transport		-1,383.5	67.5	-736.7	-2,242.6	395.3
Travel		-269.0	1,090.3	2,551.7	3,351.5	2,547.2
Construction		-1,548.3	-2,805.6	-2,950.0	-2,855.7	-3,803.9
Insurance		-190.4	17.7	-75.2	-105.8	-19.8
Financial services		-6.7	-12.8	-10.6	-18.6	-41.1
Charges for the use of intellectual property n.i.e.		-2.5	-1.3	-40.7	-29.4	-21.2
Telecommunications, computer, and information services		-175.5	-124.9	-307.9	-176.9	-305.2
Other business services (excluding merchandising)		-898.0	-972.0	-1,977.8	-1,651.4	-1,510.9
Government goods and services n.i.e.		-203.1	-219.0	-252.1	-257.7	-310.2
<b>Primary Income</b>		<b>-5,748.7</b>	<b>-9,085.7</b>	<b>-7,429.6</b>	<b>-9,737.8</b>	<b>-11,407.4</b>
<i>Primary Income: Credit</i>		875.1	965.9	1,192.4	1,650.1	1,623.1
<i>Primary Income: Debit</i>		6,623.8	10,051.6	8,622.0	11,388.0	13,030.5
Compensation of employees <sup>1</sup>		-1,898.6	-2,077.3	-2,062.0	-2,039.6	-2,160.5
Direct investment		-88.1	-1,089.8	-94.6	-328.5	-248.2
Interest on deposits		813.0	856.0	1,081.1	1,544.1	1,487.9
Interest on debt		-4,575.1	-6,774.6	-6,354.2	-8,913.8	-10,486.6
o.w. accrued interest on Indian Rupee hydropower debt		-1,776.6	-2,968.1	-3,611.6	-6,289.6	-8,580.0
<b>Secondary Income</b>		<b>10,778.7</b>	<b>6,997.5</b>	<b>5,912.0</b>	<b>5,043.4</b>	<b>9,553.7</b>
<i>Secondary Income: Credit</i>		12,907.3	8,684.7	7,333.4	6,874.2	11,358.5
<i>Secondary Income: Debit</i>		2,128.6	1,687.1	1,421.3	1,830.7	1,804.8
General Government		11,359.8	7,716.2	5,895.1	5,234.3	8,373.3
of which: Budgetary grants: Credit		9,020.7	4,716.2	3,856.5	4,785.0	8,373.3
Other Sectors		-581.1	-718.6	17.0	-190.8	1,180.4
of which: Workers' remittances <sup>1</sup>		-935.8	-468.2	-255.6	-148.2	969.4
Workers' remittances: Credit		848.1	536.4	767.0	1,115.5	2,149.4
Workers' remittances: Debit		1,783.9	1,004.5	1,022.6	1,263.7	1,180.0
<b>Total Invisibles</b>		<b>353.0</b>	<b>-5,050.2</b>	<b>-5,511.5</b>	<b>-8,981.9</b>	<b>-5,383.1</b>
in percent of GDP		0.4	-5.2	-5.2	-7.5	-4.1

<sup>1</sup> Methodology to estimate debits were revised in 2013 affecting data for FY 2012/13.

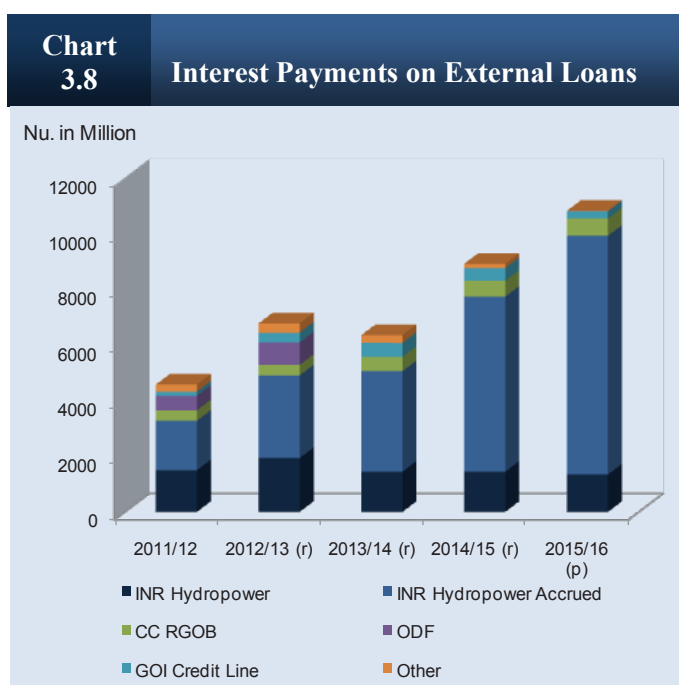
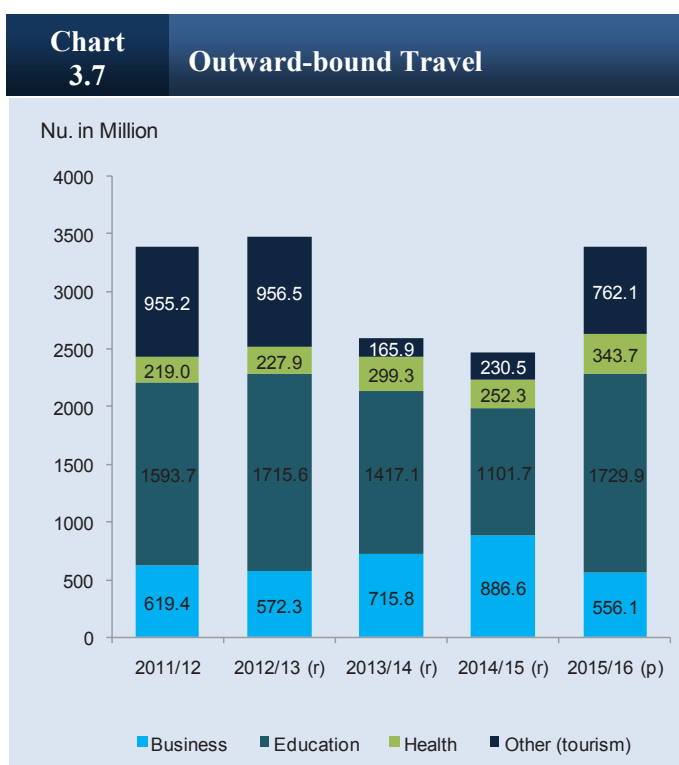
Note: All sub-components under each account are being reported on a net basis i.e. as credit minus debit.

The net **services account** deficit decreased by 17.7 percent in the fiscal year. Within the services account, the **transport services** which was in deficit for the past two years saw a surplus of Nu. 395.3 million. This was mainly on account of the huge increase in the revenues earned from sale of tickets to Indian tourists which increased from Nu. 231.7 million in 2014/15 to Nu. 1.5 billion in 2015/16.

Similarly among the major items in travel services, gross receipts from **Indian Rupee paying tourists**<sup>4</sup> increased by 68.9 percent during the fiscal year to Nu. 671.8 million. The gross receipts from the **convertible paying tourists** during the year fell slightly by around 2.8 percent, however it still accounted for 48.4 percent of the total service credits. On the debit side, expenditure on outbound personal travel increased by 78.9 percent resulting in a decrease in the travel services surplus by 24.0 percent. (See Chart 3.7).

The import of **construction**<sup>5</sup> **services** (largely from India) increased by 33.2 percent from the last fiscal year to Nu.3.8 billion. These services constituted 29.1 percent of the total services imports for the fiscal year, and were largely related to the ongoing hydropower projects. The import of **other business services** fell by 8.6 percent to Nu.1.5 billion.

In the **primary income account** the net deficit increased from Nu.9.7 billion to Nu. 11.4 billion. Annual interest payments on Indian Rupee hydropower debt (currently for Kurichhu and Tala) amounts to ₹ 1.3 billion while accrued interest on the three ongoing hydropower projects (Punatsangchhu I and II and



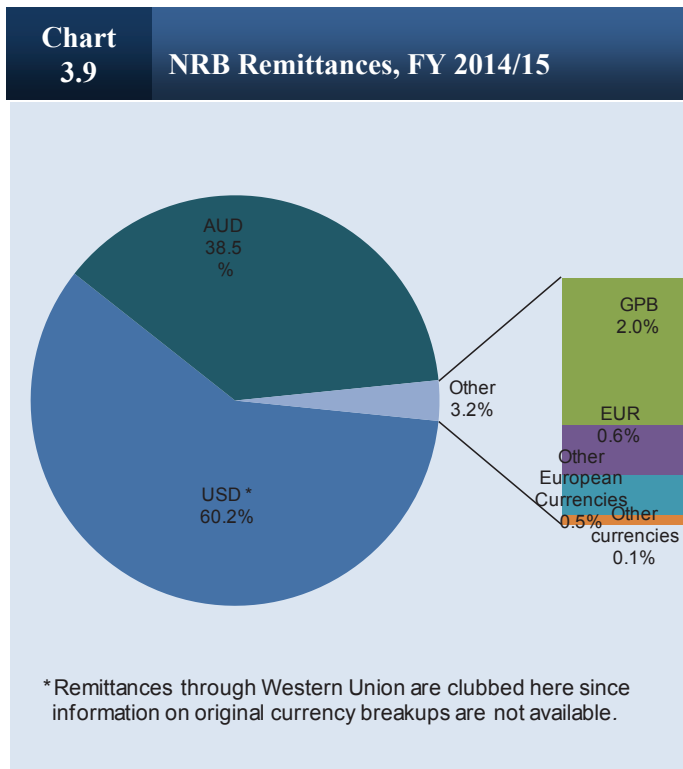
<sup>4</sup> TCB figures on international inbound leisure tourists.

<sup>5</sup> Currently covers data reported by hydropower projects and other enterprises reporting BOP data to the RMA; excludes households.

Mangdechhu) amounted to almost ₹ 8.6 billion for the year. Interest payments on convertible currency debt increased from an equivalent of USD 9.2 Million to USD 9.4 million during the year. Interest income earned during the year was Nu.1.5 billion, a slight decrease of 3.6 percent compared to that of the previous year

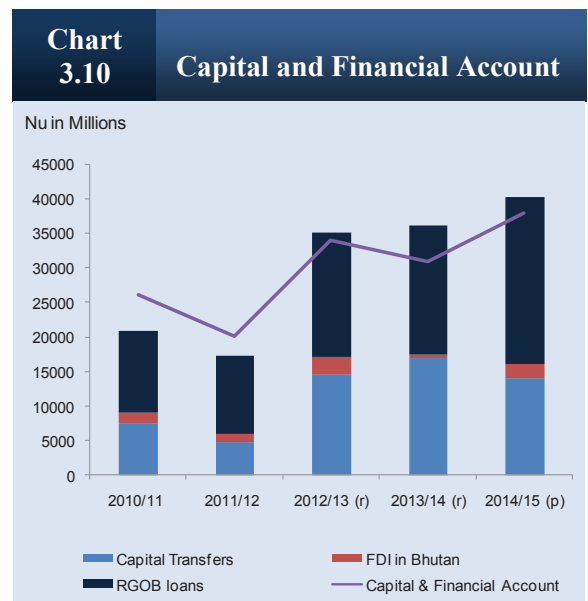
The net surplus in the **secondary income account** increased from Nu. 5.0 billion to Nu.9.6 billion. Grants for budget support are separately classified into the secondary income and the capital account, with grants for investment purposes to finance gross fixed capital formation classified as capital transfers in the capital account. The total grants (current plus capital) increased from Nu.9.2 billion to Nu. 14.5 billion and the grants identified as current grants increased from Nu.4.8 billion to Nu. 8.4 billion.

In terms of outflows, **outward workers' remittances** were estimated at Nu.1.2 billion for FY 2015/16. On the other hand, inward workers' remittances covering **non-resident Bhutanese remittances** through formal channels increased from Nu.1.1 billion to Nu. 2.2 billion. The bulk of these remittances were denominated in US dollars.



### 3.1.3 Capital and Financial Account

Inflows in the **capital account** fell by 9.4 percent in FY 2015/16 to Nu.12.7 billion as hydro grants fell from Nu.9.6 billion to Nu.6.6 billion. The **financial account**<sup>6</sup> balance for the year was negative at Nu.42.4 billion (implying a net borrower status for the country). Net flows related to direct investment during the year decreased by 19.3 percent to Nu.532.9 million. The net incurrence of loan liabilities increased to Nu. 43.3 billion out of driven by hydro-related loan disbursements ( ₹ 30.0 billion) and accrued interest ( ₹ 8.6 billion). A total amount of ₹ 6.7 billion was availed under the RBI Rupee SWAP arrangement during the year. After accounting for other financial flows and the



<sup>6</sup> Excluding reserve assets (overall balance).

net errors and omissions, Bhutan's **overall balance** (change in reserve assets) stood at 12.6 billion for the year. Corresponding to the positive overall balance, the country's **gross international reserves** increased to USD 1118.8 million from USD 958.5 million between June 2015 and June 2016. Of the total, USD 811.0 million were convertible currency reserves while ₹ 20.8 billion were Indian Rupees.

As of the year ending 2015/16, reserves were sufficient to finance 13.2 months of merchandise imports while covering 48.5 percent of public external debt.

The Constitution of Bhutan stipulates that “a minimum foreign currency reserve that is adequate to meet the cost of not less than one year’s **essential imports** must be maintained.” According to estimations by the Indian Rupee Taskforce<sup>7</sup> endorsed by the 127<sup>th</sup> session of the Cabinet, reserve levels of USD 448.9 million were estimated as being required to meet the Constitutional requirement for the year 2012. As of June 2016, Bhutan’s gross international reserves level of USD 1118.8 million are sufficient to finance an estimated **28 months of essential imports**<sup>8</sup>.

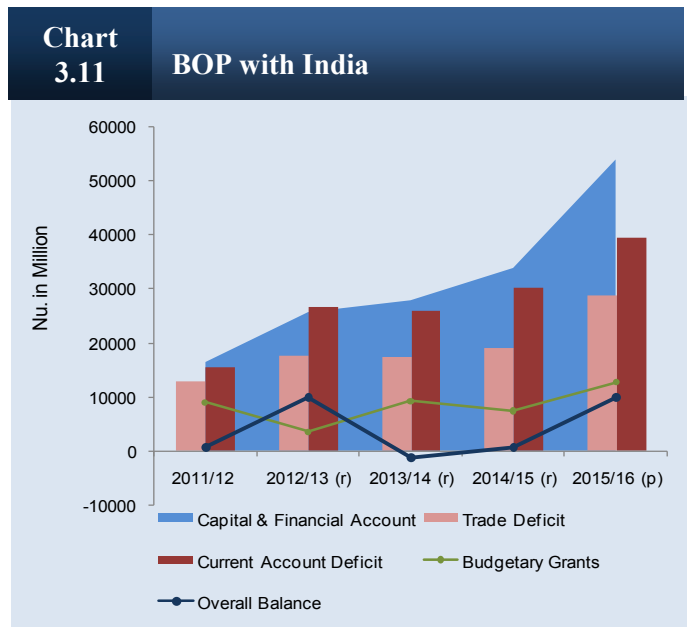
### 3.2 Balance of Payments with India

Bhutan’s **current account deficit** with India increased from 25.2 percent of GDP to 29.8 percent in 2015/16. The **trade deficit** has widened from 19.0 billion to Nu. 28.8 billion.

In the **income account**, budgetary grants<sup>9</sup> increased from ₹ 3.3 billion to ₹ 7.1 billion. Interest paid on hydropower debt (Kurichhu and Tala) amounted to ₹ 1.3 billion while accrued interest on the three ongoing hydropower projects (Punatsangchhu I and II and Mangdechhu) amounted to almost ₹ 8.6 billion for the year.

In the **capital and financial account**, grants for budget support increased from ₹ 4.1 billion to ₹ 5.6 billion while grants for hydropower projects decreased from ₹ 9.6 billion to ₹ 6.6 billion.

A total amount of ₹ 6.7 billion was availed under the RBI Rupee SWAP arrangement during the year. Disbursements for the three ongoing hydropower projects



<sup>7</sup> The Taskforce was formed in January 2012 by executive order from the Prime Minister of Bhutan to conduct an in-depth study on the Indian Rupee shortage issue, examining its causes and ramifications and recommending strategies for consideration by the Government.

<sup>8</sup> Essential imports were defined by the Indian Rupee Taskforce constituted in 2012. Based on the 2012 definition, the RMA has updated the value for essential imports for the years 2013, 2014 and 2015 using data from the trade statistics publications of the Ministry of Finance.

<sup>9</sup> Budgetary grants for investment purposes to finance gross fixed capital formation have been reclassified as capital transfers in the capital account.

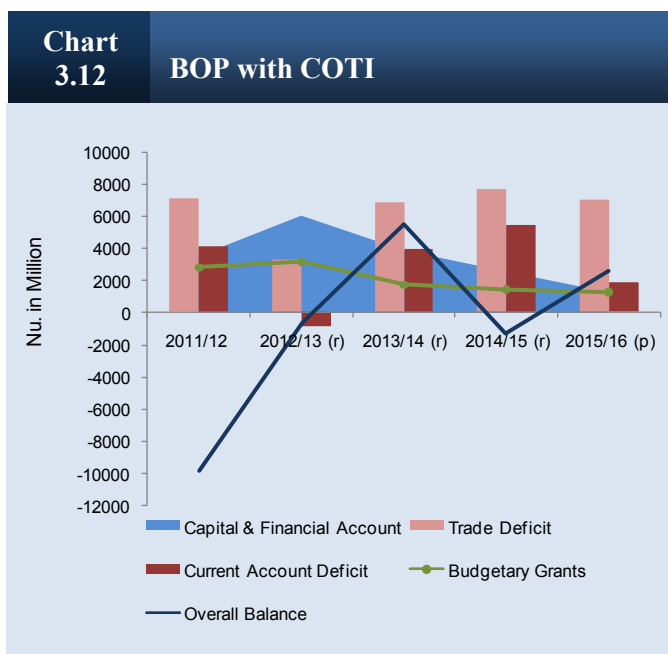
amounted to ₹ 30.0 billion, increasing from ₹ 18.1 billion in the previous year. Principal repayments for Dungsam Cement Corporation Ltd. and Kurichhu amounted to ₹ 987.4 million and Nu. 93.3 million respectively. Both were liquidated during the year. A total amount of ₹ 1.3 billion was repaid on account of Tala.

After provisioning for net errors and omissions, Bhutan's **overall balance** with India was positive at Nu.9.9 billion for the FY 2015/16. **Indian Rupee reserves** increased from ₹ 10.9 billion as of June 2015 to ₹ 20.8 billion as of June 2016.

### 3.3 Balance of Payments with Countries Other Than India

Bhutan's **current account deficit** with COTI decreased from Nu.5.4 billion to Nu.1.9 billion in FY 2015/16. Both the services and primary income accounts were in surplus during the year. The secondary income surplus also increased by 43.4 percent as formal NRB remittances increased from Nu. 1.1 billion to Nu. 2.5 billion. Budgetary grants marginally decreased from Nu.1.4 billion to Nu.1.3 billion.

The net surplus in the **capital and financial account** decreased from Nu.2.5 billion in 2014/15 to Nu.1.3 billion in 2015/16 owing to a decrease in both the direct investment flows and the disbursements for convertible currency loans. After provisioning for possible errors and omissions, Bhutan had a positive **overall balance** of Nu.2.6 billion with COTI for 2015/16. Convertible currency reserves increased from USD 788.0 million to USD 811.0 million between June 2015 and June 2016.



### 3.4 External Debt

Bhutan's **total outstanding external debt** increased to an equivalent of USD 2.3 billion as of June 2016. Of this, an equivalent of USD 609 million was outstanding on convertible currency loans and the remaining ₹ 115.4 billion were outstanding Indian Rupee loans. Of the total Rupee debt, 88.1 percent were outstanding public debt on hydropower projects while 11.9 percent represented debt taken to finance BOP transactions with India (the GOI line of credit and RBI SWAP). Within the convertible currency loan portfolio, concessional public and publicly guaranteed debt accounted for 98.8 percent while the remaining 1.2 percent represented outstanding external debt of the private sector.

The Government of India remains Bhutan's largest creditor with 69.9 percent of overall external debt at Nu.108.7 billion or 94.2 percent of total Rupee outstanding debt. This is followed by the ADB with USD 253.1 million, the World Bank with USD 185 million and the Government of Austria with USD 72.7 million. Bhutan's total debt outstanding stood at 118.6 percent of GDP.

Overall debt servicing on both convertible currency and Indian Rupee debt for 2015/16 was USD 92.1 million as compared to USD 139.1 million in 2014/15. A status report on Bhutan's external debt is included as **Annex V**. Bhutan's debt service ratio measured as a percent of the export earnings from goods and services decreased to 14.5 percent in 2015/16 from 19.8 percent in 2014/15.

<b>External Debt Indicators</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
<b>Total Outstanding (USD millions)</b>	<b>1,036.3</b>	<b>1,333.7</b>	<b>1,606.8</b>	<b>1,759.0</b>	<b>1,854.6</b>	<b>2,315.6</b>
Convertible Currency (USD millions)	338.0	524.7	579.3	629.5	581.2	609.0
Indian Rupee (in millions)	34,062.3	45,550.9	61,341.7	67,870.2	81,183.6	115,393.8
Debt/GDP ratio *						
<b>Total</b>	<b>67.8</b>	<b>88.4</b>	<b>98.4</b>	<b>100.3</b>	<b>98.9</b>	<b>118.6</b>
Convertible Currency loan	20.8	34.8	35.5	35.9	31.0	31.2
Indian Rupee loan	47.0	53.6	62.9	64.4	67.9	87.4
Debt service ratio ** (including OD)						
<b>Total</b>	<b>51.7</b>	<b>127.1</b>	<b>229.2</b>	<b>27.1</b>	<b>19.8</b>	<b>14.5</b>
Convertible Currency loan	12.4	14.5	15.8	17.0	16.8	20.5
Indian Rupee loan	63.5	158.7	285.3	30.1	20.7	12.7
Debt service ratio (excluding OD)	12.5	12.9	17.5	27.1	19.8	14.5
<b>GDP (Nu in Millions)</b>	<b>72,496.6</b>	<b>84,950.0</b>	<b>97,453.0</b>	<b>105,378.4</b>	<b>119,545.8</b>	<b>132,021.3</b>

\* Based on calendar year GDP figures. Example, the 2014 GDP figure is used to calculate the ratio for 2014/15.

\*\* Debt service payments as a percent of the export of goods and services. The total debt service ratio represents the total debt service payments (i.e. on convertible currency & Rupee loans) as a percentage of the total export earnings (from India & other countries). Convertible currency debt service ratio is the debt servicing on convertible currency loans as a percentage of the export earnings from countries other than India. Similarly, the Indian Rupee debt service ratio is the debt servicing on Indian Rupee loans as a percentage of the export earnings from India. The debt service ratio for the latest period is calculated based on the previous year's export of goods and services.



### 3.5 International Investment Position

The **international investment position (IIP)** is the financial statement that depicts the values of country's external financial assets and liabilities. The difference between country's international financial assets and liabilities is the net international investment position. Positive net IIP indicates the nation is the creditor nation while the negative net IIP indicates the nation is a debtor nation.

Bhutan's **external financial assets** increased by 19.2 percent to USD 1,255.1 million between end-June 2015 and end-June 2016. Reserve assets increased by 18.9 percent to USD 1,139.9 million. **External financial liabilities** also increased by 14.0 percent to USD 2,757.0 million mainly driven by the increase in the hydro loans. Bhutan's **net external financial liabilities** increased by 9.9 percent from USD 1,366.2 million as of June 2015 to USD 1,501.9 million as of June 2016.

**Table 3.8 International Investment Position**

Item	Jun-07	Jun-08	Jun-10	Jun-11	Jun-12	Jun-13	Jun-14	USD in Million	
								Jun-15 (p)	Jun-16 (p)
<b>Net IIP</b>	<b>-250.9</b>	<b>-175.2</b>	<b>-159.2</b>	<b>-491.2</b>	<b>-702.4</b>	<b>-920.8</b>	<b>-1,083.4</b>	<b>-1,366.2</b>	<b>-1,501.9</b>
<b>Assets</b>	<b>638.9</b>	<b>698.9</b>	<b>871.5</b>	<b>993.0</b>	<b>861.7</b>	<b>1,031.3</b>	<b>1,107.0</b>	<b>1,053.1</b>	<b>1,255.1</b>
Currency and deposits	61.3	99.8	94.5	172.7	154.9	64.0	64.6	64.4	60.4
Trade credits	41.6	50.5	20.1	43.7	34.4	49.5	44.7	30.0	48.7
Reserve assets <sup>1</sup>	535.9	548.6	756.9	776.6	672.4	917.9	997.7	958.6	1,139.9
<b>Liabilities</b>	<b>889.8</b>	<b>874.1</b>	<b>1,030.6</b>	<b>1,484.2</b>	<b>1,564.1</b>	<b>1,952.1</b>	<b>2,190.4</b>	<b>2,419.3</b>	<b>2,757.0</b>
Direct investment in Bhutan	17.9	20.6	52.6	66.7	83.3	128.8	145.4	191.4	168.8
o.w. Equity	15.8	18.0	50.2	53.1	58.4	103.3	106.3	133.7	111.8
o.w. Intercompany debt	2.1	2.6	2.4	13.7	24.9	25.5	39.1	57.6	57.1
Currency and deposits	82.2	79.2	80.6	83.2	77.2	88.5	100.8	85.7	86.7
Loans	785.5	770.9	888.1	1,321.6	1,390.9	1,710.5	1,922.0	2,106.9	2,470.5
Trade credits	4.1	3.3	0.4	3.1	3.6	15.3	12.9	26.9	22.5
SDR allocations	0.0	0.0	8.9	9.6	9.1	9.0	9.3	8.4	8.4
<b>Exchange rate to USD (end of period)</b>	<b>40.76</b>	<b>42.95</b>	<b>46.60</b>	<b>44.72</b>	<b>56.31</b>	<b>59.70</b>	<b>60.09</b>	<b>63.75</b>	<b>67.62</b>

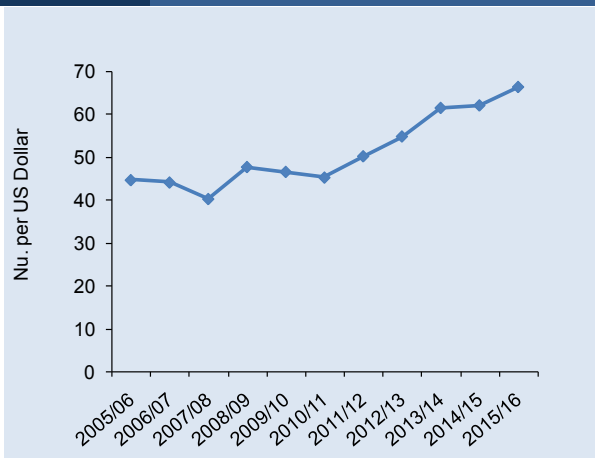
<sup>1</sup>Excludes US dollar pledge on any outstanding overdraft as of the reference date (Differences in value of reserve assets reflected here from gross international reserves appearing elsewhere in the report may be due to exchange rates for individual components); **Revisions made to this series: (1) SDR holdings and allocations were sourced from the IMF website and valued using relevant end of period exchange rates. (2) Coverage of data on trade credits and FDI are being continuously improved - historical data are expected to be finalized by end-2015. (3) From June 2013 onwards, C&D liabilities include accrued interest where available.**

### 3.6 Exchange Rate Developments

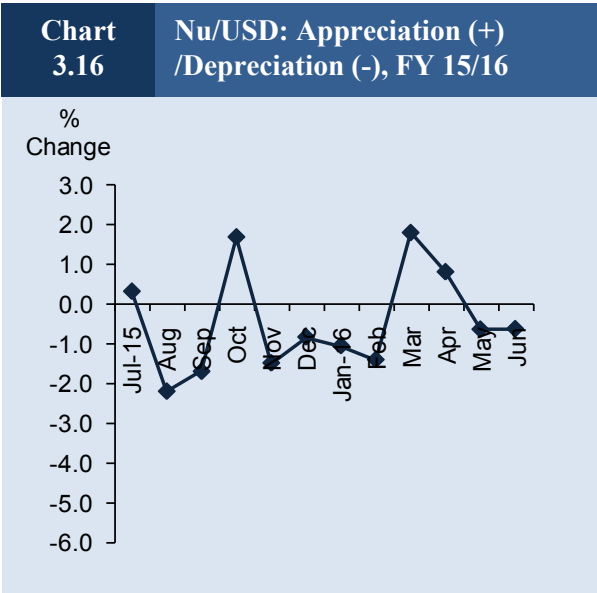
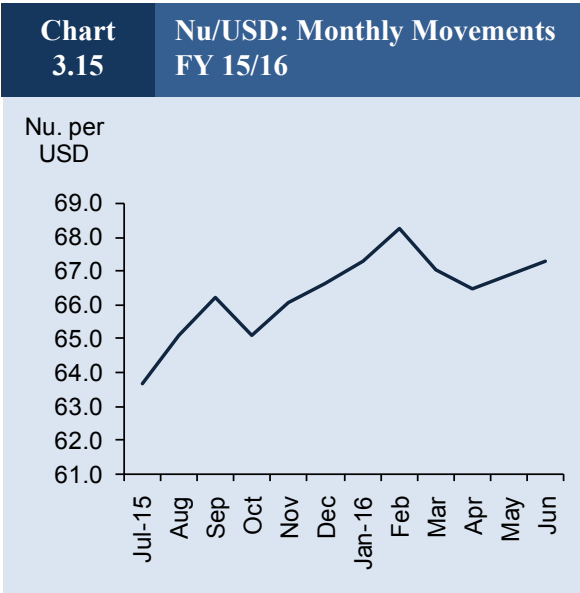
The exchange rate averaged Nu.66.3 per US dollar in the fiscal year, depreciating by 6.4 percent from the previous fiscal year. In terms of June-to-June comparisons, the Ngultrum depreciated by 5.1 percent from averaging Nu.63.9 against the US dollar in June 2015 to Nu.67.3 in June 2016.

Among other major currencies, the Japanese Yen, depreciated against the US dollar by 1.8 percent from an average exchange rate of

**Chart 3.13 Nu/USD: Fiscal Year Average**



114.8 Yen per US dollar in 2014/15 to 116.9 Yen per USD in 2015/16. The Euro also depreciated by 7.1 percent from an average of 0.8 Euro to 0.9 Euro per US dollar in the same period.





## 4. GOVERNMENT FINANCE

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*The Fire Male Monkey Year marks the 10<sup>th</sup> anniversary of His Majesty's glorious reign, the 400<sup>th</sup> anniversary of Zhabdrung Ngawang Namgyel's arrival in Bhutan and the birth of Guru Rinpoche. It is also a historic year for Bhutan with the birth of His Royal Highness the Gyalsey Jigme Namgyel Wangchuck that ensures the continuity of the sacred legacy of the Wangchuck dynasty. Therefore, the Budget for FY 2016-17 is dedicated to commemorate these historic events and in fulfilling the aspirations of the people of Bhutan towards achieving sustained economic growth, peace and prosperity in the country.*

*The FY 2016-17 is the fourth year of the 11<sup>th</sup> Five Year Plan and is targeted towards realizing its goal of "Self-Reliance and Inclusive Green Socio-Economic Development".*

### 2015/16 Overall Budget Performance

According to the revised budget for FY 2015/16, the government overall fiscal policy stance continued to be progressive, with **total expenditure** increasing by 39.7 percent (from Nu.34.3 billion in FY 2013/14 to Nu.48 billion) during the year. The increase was on account of growth in spending for both current and capital expenditures, which grew by 13.7 percent and 80.8 percent, respectively.

On the resource front, **total revenue** (including grants) increased by 20.7 percent in 2015/16, compared to the 3.8 percent negative growth in 2014/15. Total revenue increased by 2.8 percentage points to 33.1 percent of GDP in 2015/16.

Major initiatives undertaken by the government during FY 2015/16 include construction of central schools, hospitals, new terminal building for Paro International Airport, establishment of Special Economic Zones, double-laning of northern East-West Highway and the re-construction of Wangdue Phodrang Dzong.

### Key Highlights

The budget for **FY 2016/17** has been formulated as per the Budget Policy and Fiscal Framework Statement (BPFSS) and the resource envelope through a macroeconomic framework.

The Budget for the FY 2016-17 proposes few tax measures. In cognizance of the small resource base, the Budget stresses on further rationalizing expenditure and ensuring that the resource gap and fiscal deficit are contained at manageable levels.

**Source: National Budget Report (FY 2016/17), and Annual Financial Statements (FY 2014/15), Ministry of Finance**

*For analytical purposes, the 2015/16 budget (revised in June 2016) is being compared with the 2014/15 actual budget. This Report also highlights the budget outlook for FY 2016/17.*

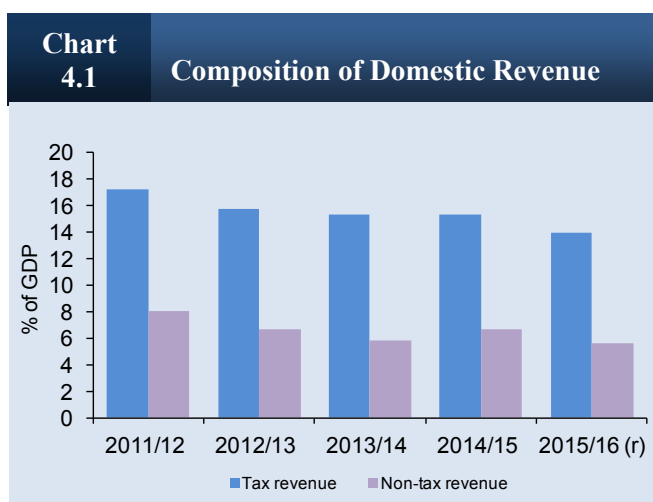
*GDP figures used in this Report were sourced from the National Statistics Bureau and from the projections of the MFCTC, MoF.*

## 4.1 Revenue and Grants

**Total revenue** (including grants) during FY 2015/16 amounted to Nu.43.7 billion, an increase of Nu.7.5 billion from 2014/15. In terms of annual growth, total revenue grew by 1.8 percent during the review year compared to the annual growth of 11.4 percent in 2014/15. **Tax revenue** increased marginally by 0.02 percent while **non-tax revenue** increased significantly by 17 percent from the previous year. Tax revenue and grants still continue to play a dominant role in meeting the government's plan outlay.

**Domestic revenue** (excluding grants) financed 55.8 percent of the total expenditure during the year, decreasing by 20.8 percentage points over the previous year. Tax revenue constituted 68.8 percent of total domestic revenue while non-tax revenue constituted 29.6 percent, with the remaining being on account of other miscellaneous receipts.

In terms of the major components of **tax revenue**, corporate income tax accounted for 35.9 percent (Nu. 6.6 billion) of the total tax revenue, followed by sales tax at 16.5 percent (Nu.3 billion), and excise duty at 13.3 percent (Nu.2.4 billion). Business income tax from tour operators, contractors, & other miscellaneous business entities and collection under personal income tax amounted to Nu.1.7 billion each.



**Non-tax revenue** comprises of administrative fees and charges, capital revenue from the sale of government properties, revenue from government departments, dividend receipts from DHI and other companies, net surplus, interest receipts from corporations and other non-tax revenue. The collection from non-tax revenue for the year stood at Nu.7.9 billion, recording an increase of 17 percent over the previous year while accounting for 29.6 percent of total revenue.

**External grants** in FY 2015/16 (Nu.17 billion) financed 35.4 percent of the total budget outlay, an increase from 29 percent in the previous year and still continued to meet a large portion of the capital expenditure. In percent of GDP, receipts of foreign grants increased from 8.3 percent in 2014/15 to 12.9 percent in 2015/16.

In terms of composition, external grants constituted 38.8 percent of total revenue (including grants) in FY 2015/16, compared to 27.5 percent last year. Of this total, 83.3 percent (Nu.14.1 billion) were in the form of project-tied grants and the remaining Nu.2.8 billion were in the form of program grants.

The Government of India, as a major development partner, contributed 73.4 percent of total grants for various development activities. Other donors contributed Nu.4.5 billion to the total

grant pool, out of which 74.7 percent (Nu. 3.4 billion) were in the form of project-tied grants and the remaining Nu.1.1 billion towards program grants.

Table 4.1		Highlights of Budgetary Operations, 2011/12-2015/16				
		In Percent of GDP				
	2011/12	2012/13	2013/14	2014/15	2015/16 (r)	
<b>Total revenue</b> (including grants)	<b>38.4</b>	<b>31.5</b>	<b>35.9</b>	<b>30.3</b>	<b>33.1</b>	
Tax	17.3	15.8	15.4	15.4	13.9	
Non-tax	6.7	5.8	6.7	5.6	6.0	
Other receipts	(0.2)	(0.0)	0.3	0.9	0.3	
Grants <sup>1</sup>	14.7	9.8	13.5	8.3	12.9	
<b>Expenditure and net lending</b>	<b>39.7</b>	<b>35.8</b>	<b>31.8</b>	<b>28.7</b>	<b>36.3</b>	
Current expenditure	19.7	18.6	17.0	17.6	18.1	
Capital expenditure <sup>2</sup>	20.0	17.2	14.8	11.1	18.2	
<b>Overall balance</b>	<b>(1.2)</b>	<b>(4.4)</b>	<b>4.1</b>	<b>1.6</b>	<b>(3.2)</b>	
Foreign financing (net)	(1.4)	0.7	(0.8)	(0.8)	(0.5)	
Domestic financing (net)	0.3	(0.2)	(0.2)	(0.1)	(0.1)	
<b>GDP at market prices<sup>3</sup></b>	<b>84,950.0</b>	<b>97,453.0</b>	<b>105,378.4</b>	<b>119,545.8</b>	<b>132,021.3</b>	

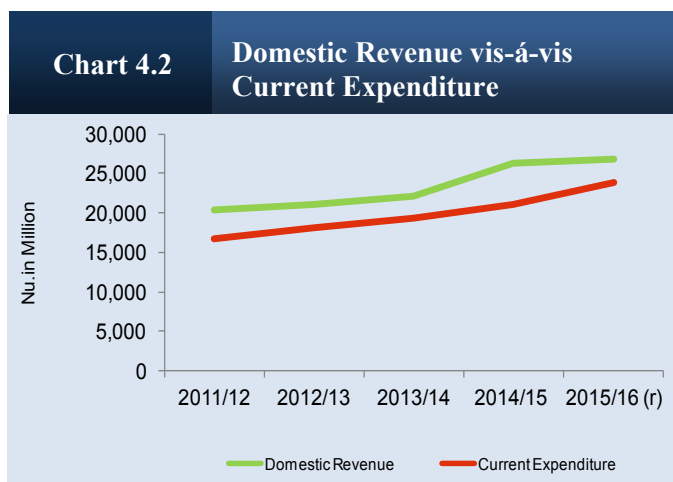
Source: Ministry of Finance, Bhutan  
 1/ Grants include both GOI grants and grants from other countries. 2/ Includes net lending.  
 3/ GDP figures are on calendar year basis (eg., CY 2015 used for FY 2015/16) and sourced from the NSB.

## 4.2 Expenditure

The **total expenditure** outlay for FY 2015/16 grew by 39.7 percent to Nu.48 billion over the 2014/15 outlay. Total expenditure increased from 28.7 percent of GDP in 2014/15 to 36.3 percent in 2015/16. The share of capital and current expenditure to total outlay were 50.1 percent and 49.9 percent, respectively.

The **current expenditure** was revised to Nu.23.9 billion, an increase of 13.7 percent over the previous year's current outlay. The increase was due to the incorporation of external funds and adjustments of previous year advances.

Despite the increase in the current expenditure, the domestic revenue has been able to adequately meet the Constitutional requirement of financing the current expenditure. Current expenditure for the year was Nu.23.9 billion while domestic revenue was Nu.26.7 billion.



Correspondingly, after the incorporation of activities under external grant of previous year's advances, **capital expenditure** stood at Nu.24 billion, higher by Nu.10.7 billion from the previous year's outlay.

As illustrated in Table 4.2 in terms of the **sectoral budget allocation** for FY 2015/16, the share of expenditure on economic services (comprised of agriculture, mining and manufacturing industries, roads, housing and community amenities, communications and energy sector) as a percent of total outlay was the highest, increasing from 30.2 percent in 2014/15 to 35.8 percent in 2015/16.

Similarly, the percentage share of the budget outlay allocated to social services (health and education) increased from 24.5 percent to 26.1 percent during the FY 2015/16.

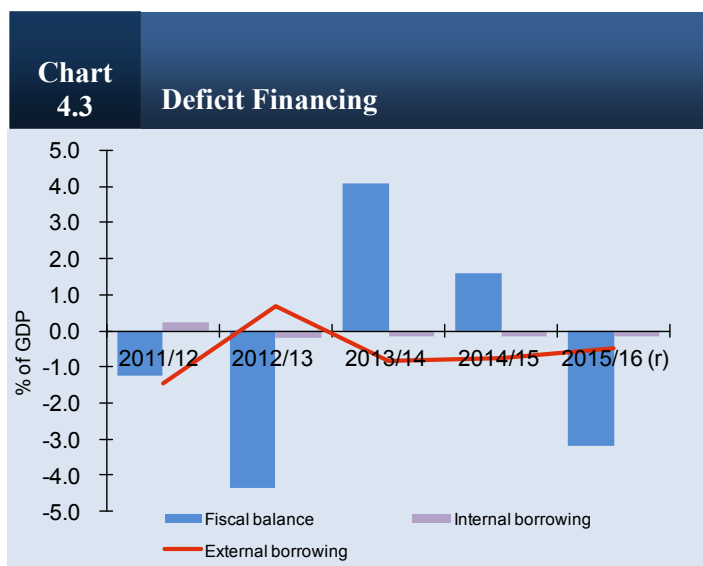
Table 4.2 Highlights of the Budgetary Expenditure: 2012/13 - 2016/17					
Sectoral expenditure	% of total expenditure				
	2012/13	2013/14	2014/15	2015/16 (r)	2016/17 (est.)
Social services	19.2	23.1	24.5	26.1	28.1
Health	5.6	7.9	7.9	7.8	8.2
Education	13.6	15.2	16.6	18.4	19.9
Economic services	21.9	28.5	30.2	35.8	34.6
General services	10.4	12.6	23.0	18.7	19.5
National debt services	41.6	26.3	13.4	10.8	9.0
Others <sup>1</sup>	6.9	9.4	8.9	8.6	8.7

Source: Ministry of Finance, Bhutan  
 1)Others includes public order & safety services and religion & cultural services.

### 4.3 Financing the Deficit

Despite the government’s efforts to pursue sustainable fiscal path over the medium term through expenditure rationalization and revenue enhancement measures, the revised budget of 2015/16 resulted in an overall **fiscal deficit** of Nu. 4.2 billion (3.2 percent of GDP) compared to Nu.1.9 billion surplus in 2014/15.

**External borrowings** which are highly concessional are availed from bilateral and multilateral development partners. For the FY 2015/16, borrowings from external sources accounted for negative 0.5 percent of GDP compared to negative 0.8 percent in the previous year. Meanwhile, a large portion of the remaining resource gap was also financed through domestic sources.



#### 4.4 2016/17 Budget Outlook

The budget for FY 2016/17 is formulated considering the implementation momentum of all the agencies gained over the past three years of the 11<sup>th</sup> FYP. It has also taken into account the Government's priority and importance of having to complete the FYP activities in the next two years. This budget also features integration of Budgeting System with the Government Performance Management System (GPMS) linking agencies targets and objectives to the budget, which is expected to enhance the agencies' performance in achieving the desired goals.

*The government continues to focus on development of quality education, efficient health services, improving connectivity of road networks and ICTization, food security and poverty alleviation, and preservation of culture.*

The **total budget outlay** for FY 2016/17 has been estimated at Nu.50 billion after adjusting net lending of (-) Nu.1.9 billion from total expenditure of Nu.51.9 billion, an increase of 4.2 percent over the 2015/16 revised budget.

**Current expenditure** is estimated at Nu.25.4 billion, an increase of 6.2 percent from FY 2015/16. This increase is mainly due to: a) upward revision of pay and allowances for Royal Bhutan Police, provident fund and pension for armed forces, b) establishment of additional central schools c) revision of stipend and daily allowances for mask and folk dancers in the Dzongkhags. The current budget also comprises interest payments (Nu.2 billion) and subsidies/transfers (Nu.4.1 billion). However, the estimated domestic revenue if realized as projected is expected to sufficiently cover the current expenditure.

For FY 2016/17 **capital expenditure** is estimated at Nu.24.6 billion accounting for about 49.2 percent of the total expenditure. The capital expenditure is expected to increase by about 2.3 percent from the revised budget of FY 2014/15 as a result of government's concerted efforts to intensify the implementation of priority programs and activities as it is the mid-year of the 11<sup>th</sup> FYP (see **Box 4.1** for the identified sectors).

A large portion of the **sectoral budget** has been allocated to economic and social sectors during FY 2016/17, given the government's commitment towards "*Self-reliance and Inclusive Green Socio-economic Development*". The economic and public services sector, with a budget share of 35 percent, still continues to rank as the priority sector in the budget allocation for 2016/17, followed by the social services sector (comprising of the health and education sub-sectors) with a 28 percent stake.

Within the economic sector, the RNR sub-sector will receive the highest budget share of 12 percent, followed by roads (11 percent), urban development, housing and public amenities (6 percent), communications & transport sub-sector (3 percent) and energy (1 percent). Similarly, within the social services sector, the education sub-sector will receive the highest share of 20 percent, while the health sub-sector is to receive 8 percent of the budget.

Considering economic growth and better tax compliance, **total revenue** including grants, is projected at Nu.41.6 billion. Of this amount, 71.9 percent (Nu.19.6 billion) is expected to be

collected through **taxes** mainly from corporate income tax, business income tax, personal income tax, sales tax and excise duties, while non-tax revenue is estimated at Nu.7.6 billion.

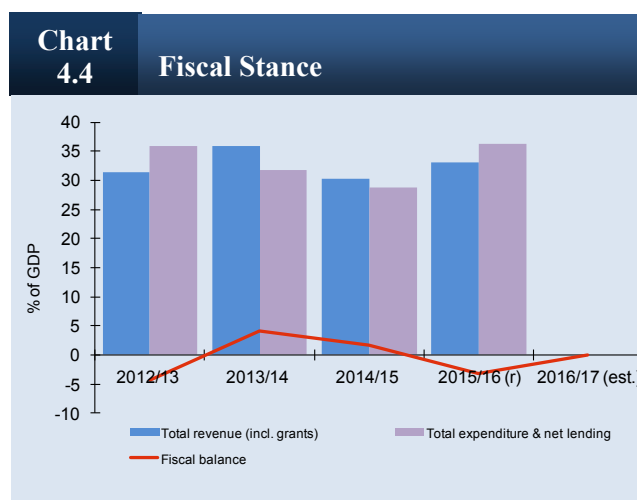
**Tax revenue** constitutes 72 percent of the total domestic revenue estimate for the year and is projected to increase by 6.6 percent in FY 2016/17 mainly on account of CIT from DGPC and DHPC.

Under **non-tax revenue** sources, dividends and interest from corporations are expected to contribute Nu.7.6 billion (a decrease by 3.2 percent) to the total revenue pool mostly on account of lower surplus transfer from the RMA and interest receipt of Nu. 415.1 million from Kurichhu and other loans to corporations.

**External grants** will continue to be an important source of resources, projected to constitute 34.5 percent of the total revenue in FY 2016/17 and cover 58.3 percent of the capital expenditure. The remaining capital budget during the FY will be financed through loans and RGoB funding.

The **overall fiscal deficit** is estimated at Nu.8.4 billion (5.3 percent of GDP), higher by Nu.4.2 billion from the 2015/16 revised budget. The government will continue to mobilize concessional loans from multilateral development banks to finance the fiscal deficit. The resource gap which is estimated at Nu.7.6 billion will be financed through domestic borrowings.

**External borrowings** of Nu.3.6 billion are estimated during the year, out of which Nu.0.9 billion is on account of project-tied borrowings and Nu.2.6 billion under program borrowings. The project-tied borrowings are mainly from ADB, World Bank and Japan International Cooperation Agency for developing urban infrastructures, rural electrification, strengthening regional cooperation for wildlife protection, commercial agriculture and resilient livelihood enhancement programme and remote rural community development. The World Bank (Nu.1.8 billion) and ADB (Nu.1.6 billion) still rank as the largest creditors of the government.



## Box 4.1 Major Objectives of the 2016/17 Budget

### A. Social sector

- To improve HR administration & management;
- Consolidate and expand health infrastructure and services;
- To improve access and sustainability of higher education; and
- To improve relevance and quality of education.

### B. Tourism sector

- To develop and implement sustainability standards;
- To develop and upgrade tourism infrastructure;
- Promote Bhutan as an exclusive travel destination; and
- Enhance effectiveness and efficiency of Public service delivery.

### C. Urban development, housing and public amenities

- To provide effective and efficient direction and operation services;
- To ensure access to potable water supply and sustainable sanitation facilities in all Thromdes & Dzongkhag Throms; and
- To facilitate preparation of human settlement plans and development of geo database.

### D. Energy

- Accelerate hydropower development and enhance energy security;
- Improved weather & climate monitoring services with good national coverage; and
- To improve access to clean and affordable energy.

### E. Agriculture

- Increase field crop production for enhancing cereal self sufficiency;
- To have improved and functional agriculture infrastructure;
- To enhance food and nutrition security, promote breed improvement and promote green livestock farming practices to adapt and mitigate climate change; and
- To enhance production efficiency and livestock service delivery.

### F. Trade, industrial and private sector development

- To enhance export;
- Seamless availability of quality POL products;
- To enhance economic expansion and diversification; and
- To develop cottage and small industries in Bhutan.

### G. Communication and Transport

- Enable effective and efficient public service delivery;
- To initiate and move towards paperless government;
- To improve access to reliable and affordable ICT services; and
- Increase safe, reliable and affordable air transport.

*Source: National Budget Report, 2016/17, Ministry of Finance.*



## 5. WORLD ECONOMY<sup>10</sup>

The global growth slowed down to 3.1 percent in 2015 from 3.4 percent in 2014. According to the *World Economic Outlook (WEO, April 2016)* of the IMF, the unexpected weakness in global growth in 2015 was mainly due to a renewed episode of financial market volatility, some loss of growth momentum in advanced economies, and continuing headwinds for emerging market economies and lower-income countries. In addition, several stresses of non-economic origin (*geopolitical tensions and political discord*) continued to threaten global economic activity.

In advanced economies, activity softened as the **United States** growth fell to 1.4 percent in 2015 due to weak exports and fall in final domestic demand owing to decline in non-residential investment. **In Japan**, growth continued to remain low at 0.5 percent in 2015, reflecting further sharp drop in private consumption. However, growth in **euro areas** rebounded modestly, supported by higher domestic demand and strong recovery in Spain. Other non-economic factors such as demographic trends, low productivity growth, legacies from the global financial crisis and political stains (*such as “Brexit” and large –scale refugee inflows in Europe*) continued to hamper growth in advanced economies. Emerging market and developing economies still account for more than 70 percent of the global growth in 2015 with China and India being the highest contributor. **In China**, growth slowed down at 6.9 percent (0.4 percentage points) in 2015 reflecting weakness in manufacturing activity as economy shifts to rebalance from investment to consumption and services.

The IMF forecast global **growth** rate at 3.2 percent in 2016, increasing only slightly from the modest growth of 3.1 percent in 2015. The projected growth pickup in 2016 hinges crucially on

Indicator	% change (year-on-year)			
	Actual		Projection	
	2014	2015	2016	2017
<b>World Output<sup>1</sup></b>				
<b>World Output</b>	<b>3.4</b>	<b>3.1</b>	<b>3.2</b>	<b>3.4</b>
Advanced Economies	1.8	1.9	1.9	2.0
Emerging Market and Developing Economies	4.6	4.0	4.1	4.6
<i>Memorandum Items</i>				
<b>Emerging and Developing Asia</b>	<b>6.8</b>	<b>6.6</b>	<b>6.4</b>	<b>6.3</b>
<i>Bhutan</i>	6.4	7.7	8.4	8.6
<i>India</i>	7.2	7.3	7.5	7.5
<b>Consumer Prices</b>				
Advanced Economies	1.4	0.3	0.7	1.5
Emerging Market and Developing Economies	4.7	4.7	4.5	4.2
<i>Memorandum Items</i>				
<b>Emerging and Developing Asia</b>	<b>3.5</b>	<b>2.7</b>	<b>2.9</b>	<b>3.2</b>
<i>Bhutan</i>	7.7	7.2	6.1	6.0
<i>India</i>	5.9	4.9	5.3	5.3

Source: World Economic Outlook, April 2016, International Monetary Fund.

1) Real GDP growth.

<sup>10</sup>) This section has been sourced from the IMF’s World Economic Outlook (April 2016)



rising growth in emerging market and developing economies (4.1 percent) - particularly a successful rebalancing of China's economy and pickup in commodity exporters. Growth in advanced economies is expected to remain modest (1.9 percent), in line of weakened potential growth.

Global **inflation** continue to decline amid persistently subdued economic activity, modest wage growth and lower commodity prices. In 2015, **headline inflation** in advanced economies fell to 0.3 percent, lowest since the global financial crisis, owing to reduced oil and commodity prices. Risks of deflation, however, still persist in advanced countries, mainly **Japan** and the **euro areas**. In many emerging markets, lower commodity prices have also contributed to lowering headline inflation, but sizable currency depreciations (*such as in Brazil, Colombia and Russia*) have offset to a large extent the effect of lower commodity prices, and hence inflation has risen. Looking forward, **global inflation** in advanced economies is projected to remain below central bank target in 2016 with decline in oil prices expected to persist. Inflation in emerging market and developing economies is projected to fall to 4.5 percent in 2016, from 4.7 percent in 2015, reflecting the decline in commodity prices and the dissipating effects of currency depreciation.

Given the weak global growth, lifting the actual and potential output in advanced economies continued to be highest priority policy. According to the IMF, sustainable growth in advanced economies requires a three-pronged approach consisting of mutually reinforcing (1) structural reforms, (2) continued monetary policy accommodation and, (3) fiscal support. In the wake of weakening growth and subdued inflationary pressure, the advanced economies continued to rely on accommodative monetary policy, including unconventional means - *such as assets purchases in the euro areas and Japan and near-zero (or negative ) policy rates*. There is, however, a growing understanding among policy makers that monetary easing is not sufficient for stimulating real economic activity. These measures require supportive macroeconomic policies of fiscal adjustments- *such as reducing labor tax wedge and increase public spending on the active labor market polices-* to stimulate investment and productivity growth, amid aging population and ballooning private debt. In the face of continued monetary policy accommodation, the macroeconomic prudential polices have become increasingly important as to minimize the risk of global financial crisis.

In emerging markets and developing economies, the main policy priorities remained on containing external vulnerabilities and building resilience. In order to reduce losses for oil export developing economies, these countries will need to make a sizeable fiscal adjustment on domestic spending from worsening the fiscal position and debt burden. On the monetary policy, pursue of flexible exchange rate targeting is important to cushion the impact of adverse terms-of-trade shocks. On the other hand, gains for oil importing emerging market and developing economies, due to decline in oil prices also provide an opportunity to structural reform and productive spending.

## 6. MACROECONOMIC INDICATORS FOR THE SAARC REGION<sup>11</sup>

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Lead by robust growth in India, South Asia shows resilience against the turbulent international markets and remains the fastest-growing region in the world, with economic growth forecasted to gradually accelerate from 7.1 percent in 2016 to 7.3 percent in 2017, according to the World Bank report. While sluggish Chinese demand has impacted the world market and commodity prices, South Asia has managed to remain unaffected rather because the region is not a big exporter to China. Due to stable and low current account deficit, stable exchange rate and solid reserves level, India has remained strong while most other large emerging markets are weakened. India and Pakistan – accounting jointly for about 90 percent of South Asia’s GDP – are both expected to further reduce their modest current account deficits further.

However, with the low oil price squeezing the economic activity in Gulf countries, a major destination for South Asian migrants, remittance flows to the region have slowed down. Nepal’s post-earthquake inflows in remittances have declined significantly, while India’s remittance flows have seen outright decline over three quarters and well into 2016. However, some signs of stabilization are becoming apparent in Bangladesh and Pakistan. Notably, India saw remittance growth return closer to positive territory in 2016 Q2, after two quarters of relatively strong contraction.

### Afghanistan

Afghanistan is undergoing a challenging political, security, and economic transition. Continued insecurity, political uncertainty, weak institutions and corruption are salient factors preventing robust and inclusive economic growth. GDP growth continued to decline in 2015, reaching 0.8 percent after 1.3 percent and 3.9 percent in 2014 and 2013, respectively. A further deterioration in security conditions, the continued impact of the troop withdrawal, delays in budget execution, and unfavorable weather lowering agricultural output were the major factors behind low growth.

### Bangladesh

Real GDP growth has remained above 6 percent, a notable performance in the current global context. The shares of manufacturing and services in GDP rose, mainly contributed by the emergence of the garment industry. Poverty has declined steadily, while inequality has remained broadly stable with eased headline inflation. The International reserves have risen further, and the public debt-to-GDP ratio has remained largely stable at a moderate level. However, tax revenue performance has been weak, with revenues increasing more slowly than GDP. In addition, Bangladesh has made significant achievement on social indicators, and compares favorably to other low-income countries.

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<sup>11</sup> Information in this section is sourced from World Bank’s South Asia Economic Focus reports and respective IMF country reports.

## India

GDP growth accelerated to 7.5 percent y/y in the four quarters ending June 2016 from average of 6.5 percent in the previous twelve quarters. This acceleration has been led by urban consumption and public infrastructure investments. Rural consumption has been constrained by two successive drought-years and subdued growth in rural wages. Sustained growth in manufacturing and modern services, as well as growth in personal credit has underpinned urban consumption. Investment momentum remained subdued despite concerted growth in public spending, largely due to global excess capacity and deleveraging of corporate and bank balance sheets.

## Maldives

The economic growth slowed sharply from 6.5 percent in 2014 to around 1.9 percent. Tourist arrivals slowed following collapse in arrivals from Russia, a slowing from China and a temporary downward blip as November's state of emergency led to some cancellations. While tourism is still the single largest sector, construction has overtaken tourism as the most important driver of growth, fueled by a surge in both public and private investments.

## Nepal

The economy lost income and productive capacity following large earthquakes in April and May 2015, delays in reconstruction, unrest in the Terai region bordering India that seriously disrupted trade and supply from September 2015 to February 2016, and an unfavorable monsoon for the second year running, following 5.4% growth achieved in FY2014.

## Pakistan

Pakistan maintained macroeconomic stability with government's better economic management under the recently concluded International Monetary Fund program. Economic growth, though gradual, continues to recover. Poverty has also shown a steady decline over the past 15 years with increasing inward remittances. A sustainable and inclusive growth and poverty reduction, however, will require greater private sector investment and the development of infrastructure, as well as a continued focus on fiscal consolidation and structural reforms, according to the World Bank.

## Sri Lanka

In June 2016, the International Monetary Fund approved a 36-month extended arrangement under the Extended Fund Facility to support the country's economic reform agenda. The main efforts are to boost the tax ratio, reduce the budget deficit, rebuild foreign exchange reserves, and improve public financial management, including of state-owned enterprises

**Table 6.1 Selected Macroeconomic Indicators for the SAARC region**

Indicator *	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
<b>I. Output and Prices</b>						
<b>Real GDP</b>	annual % change					
Afghanistan	8.4	6.1	14.4	3.9	1.3	0.5
Bangladesh	6.7	6.3	6.0	6.1	6.5	6.3
Bhutan	11.7	7.9	5.1	2.1	5.4	5.5
India	10.3	6.6	5.1	6.9	7.3	7.5
Maldives	7.2	10.8	2.5	4.7	6.5	1.9
Nepal	4.8	3.4	4.1	5.4	3.4	4.4
Pakistan	1.6	2.7	3.7	4.1	4.0	4.7
Sri Lanka	8.0	8.2	6.3	4.9	4.8	5.0
<b>Nominal GDP</b>	in USD billions					
Afghanistan	15.9	17.9	20.3	20.2	20.4	19.2
Bangladesh	108.1	116.0	129.9	153.0	174.9	194.8
Bhutan	1.6	1.7	1.8	1.7	1.9	2.0
India	1603.2	1880.1	1858.7	1876.8	2051.2	2137.4
Maldives	2.1	2.0	2.2	2.8	3.1	3.1
Nepal	18.3	20.1	19.3	19.8	21.4	22.9
Pakistan	202.8	213.6	224.4	244.4	271.0	284.2
Sri Lanka	49.6	59.2	59.4	66.7	74.9	82.9
<b>Consumer Prices</b>	annual % change; period average					
Afghanistan	7.7	10.2	6.4	7.7	4.6	-1.5
Bangladesh	8.8	10.7	6.8	7.0	6.2	6.7
Bhutan	8.6	10.1	8.6	9.6	6.6	3.3
India ( <i>Industrial workers</i> )	10.4	8.1	9.9	9.7	6.3	5.6
Maldives ( <i>National</i> )	6.6	12.8	10.9	4.0	2.5	1.4
Nepal	9.3	9.3	9.9	9.0	7.2	8.0
Pakistan	13.7	11.0	5.9	8.2	3.2	3.2
Sri Lanka <sup>(1)</sup>	6.2	4.9	9.2	6.9	2.1	2.8
<b>II. Public Finances</b>						
<b>Domestic Revenue and Grants</b>	in % of GDP					
Afghanistan	22.0	20.3	25.2	24.4	23.9	25.7
Bangladesh	12.2	12.9	11.2	10.9	9.9	10.5
Bhutan	38.9	38.4	31.5	35.9	30.4	33.1
India	9.0	8.9	9.1	9.2	9.1	8.8
Maldives	24.6	26.2	27.7	32.1	35.9	35.6
Nepal	18.5	18.7	19.3	20.6	20.8	21.9
Pakistan	14.0	12.4	13.5	15.2	14.5	15.6
Sri Lanka	14.9	14.5	13.2	12.4	11.5	13.0
<b>Expenditures</b>	in % of GDP					
Afghanistan	21.1	23.3	25.0	25.0	25.6	27.1
Bangladesh	15.9	18.2	14.6	14.0	13.8	14.9
Bhutan	41.2	39.7	35.8	31.8	32.8	37.7
India	15.6	15.0	14.2	13.8	12.6	13.0
Maldives	40.7	40.6	33.9	35.2	41.2	44.3
Nepal	18.7	19.3	17.2	19.1	19.9	24.2
Pakistan	19.6	22.0	21.9	19.8	19.1	18.9
Sri Lanka	22.9	21.4	19.7	18.3	17.8	19.9

Indicator *	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
<b>Overall Fiscal Balance</b>	in % of GDP					
Afghanistan	0.9	(0.4)	0.2	(0.6)	-1.7	(1.4)
Bangladesh	(3.7)	(4.7)	(3.4)	(3.1)	-3.9	(4.4)
Bhutan	(2.3)	(1.2)	(4.4)	4.1	-2.4	(3.2)
India ( <i>Central govt only</i> )	(5.1)	(6.1)	(5.1)	(4.6)	-4.2	(4.2)
Maldives	(12.7)	(10.2)	(7.7)	(7.4)	-3.4	(8.4)
Nepal	(1.8)	(1.3)	(2.2)	0.4	-0.2	(2.2)
Pakistan	(6.7)	(8.6)	(8.4)	(4.9)	-5.2	(4.3)
Sri Lanka	(8.0)	(6.9)	(6.4)	(5.8)	-2.1	(2.2)
<b>III. Monetary Sector</b>						
<b>Broad Money</b>	annual % change; end of period					
Afghanistan	26.9	21.3	8.8	9.4	8.3	3.3
Bangladesh	21.4	16.3	16.7	16.1	12.4	13.5
Bhutan	21.2	-1.0	18.6	6.6	7.8	15.8
India	16.1	13.5	13.6	13.4	10.9	10.1
Maldives	16.5	20.0	6.4	16.8	14.7	13.6
Nepal	12.3	22.7	16.4	19.1	19.9	12.8
Pakistan	15.9	14.1	15.9	12.5	13.2	13.7
Sri Lanka	15.8	19.1	17.6	16.7	13.4	17.8
<b>Reserve Money</b>	annual % change; end of period					
Afghanistan	21.3	21.9	3.9	12.4	13.3	3.1
Bangladesh	21.0	9.0	15.0	15.4	14.3	13.5
Bhutan	(4.1)	(15.1)	43.3	10.5	-1.5	5.9
India	19.1	3.6	6.2	14.4	11.3	13.1
Maldives	(1.3)	24.5	23.0	29.8	-17.8	11.4
Nepal	7.2	36.4	10.9	23.3	14.3	12.8
Pakistan	17.1	11.3	15.8	12.9	9.8	26.5
Sri Lanka	18.8	21.9	10.2	0.9	18.3	16.5
<b>Private Sector Credit</b>	annual % change					
Afghanistan	34.9	(51.9)	(0.2)	10.1	-6.6	5.9
Bangladesh	25.8	18.5	10.8	12.3	13.2	14.7
Bhutan	29.4	30.1	7.1	6.4	14.0	14.7
India (excl RBI)	21.3	17.8	13.5	13.7	9.2	11.1
Maldives	7.1	6.0	(9.8)	0.9	3.3	12.5
Nepal	13.1	11.3	20.2	18.3	19.4	16.5
Pakistan	4.0	7.5	(0.6)	12.5	5.9	11.1
Sri Lanka	24.9	34.5	17.6	7.5	8.8	25.1
<b>Broad Money Velocity</b>						
Afghanistan	2.8	2.7	3.1	3.0	2.9	2.9
Bangladesh	1.8	1.8	2.0	1.9	1.9	1.9
Bhutan	1.3	1.7	1.6	1.6	1.7	1.7
India (GDP/M3)	1.3	1.2	1.3	1.3	1.2	1.3
Maldives	1.5	1.4	1.9	1.8	1.7	1.6
Nepal	1.5	1.4	2.0	1.2	1.1	1.1
Pakistan	2.7	2.7	3.0	3.3	2.7	2.5
Sri Lanka	2.7	2.6	2.6	2.5	2.7	2.4
<b>Broad Money Multiplier</b>						
Afghanistan	1.8	1.8	1.8	1.9	1.8	1.8
Bangladesh	4.9	4.6	5.4	5.4	5.3	5.3
Bhutan	2.6	3.0	2.5	2.4	2.6	2.6
India (M3/M0)	4.8	4.7	5.2	5.5	5.5	5.7
Maldives	2.6	2.8	2.4	2.5	2.2	3.0
Nepal	3.9	3.5	3.7	3.6	3.8	3.8
Pakistan	3.4	3.5	3.4	3.5	3.6	3.4
Sri Lanka (M2b/M0)	5.8	5.7	6.0	7.0	6.7	6.8

Indicator *	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
<b>IV. External Sector</b>						
<b>Export of Goods</b>	annual % change; USD values					
Afghanistan	12.3	2.5	2.7	18.0	9.0	(14.5)
Bangladesh	41.7	15.0	10.7	12.1	3.3	6.0
Bhutan	26.8	(7.3)	(11.5)	(2.0)	8.2	-9.1
India	40.4	20.9	(1.0)	3.9	-0.6	-15.9
Maldives	16.8	56.3	(7.6)	6.1	-7.9	-7.9
Nepal	11.7	5.7	-3.1	5.4	-4.0	2.0
Pakistan	28.9	-2.6	0.4	1.1	-3.9	(8.6)
Sri Lanka	21.8	22.4	(7.4)	6.4	14.2	-0.47
<b>Import of Goods</b>	annual % change; USD values					
Afghanistan	4.5	0.4	11.2	(9.3)	-5.0	(7.4)
Bangladesh	52.1	2.4	0.8	8.9	11.2	6.3
Bhutan	41.7	(10.0)	(8.8)	0.5	7.5	9.4
India	27.6	8.8	1.6	(7.2)	-1.0	(14.1)
Maldives	13.3	18.9	(7.5)	9.4	18.8	24.0
Nepal	8.9	4.7	10.9	14.3	7.7	23.5
Pakistan	14.9	12.8	(0.6)	3.8	-0.9	(2.0)
Sri Lanka	31.8	50.7	(5.3)	(6.2)	20.6	-2.87
<b>Current Account Balance</b>	in % of GDP					
Afghanistan	3.9	3.1	3.9	7.9	7.8	4.5
Bangladesh	3.7	(1.5)	1.6	0.8	-0.8	(1.3)
Bhutan	(32.3)	(23.1)	(26.4)	(28.2)	-30.2	(30.4)
India	(2.6)	(4.2)	(4.7)	(1.7)	-1.3	(1.1)
Maldives	(8.9)	(16.0)	(7.4)	(4.3)	-4.1	(8.0)
Nepal	(2.3)	(0.9)	3.3	4.6	5.0	(2.5)
Pakistan	0.1	(2.1)	(1.1)	(1.3)	-1.0	(0.9)
Sri Lanka	(2.2)	(7.8)	(6.7)	(3.9)	-2.5	(2.5)
<b>Foreign direct investment, net</b>	in USD millions					
Afghanistan	95.0	72.7	70.2	108.0	123.0	169.0
Bangladesh	779.0	1194.9	1730.6	1550.0	1749.0	3100.4
Bhutan	65.8	93.3	143.8	149.2	196.7	172.1
India	11834	39231	46711	26386	73456	31891
Maldives	216.5	423.5	228.0	361.0	372.0	333.0
Nepal	90.3	112.5	102.0	33.0	44.0	59.0
Pakistan	1979.2	707.8	1580.6	1667.6	851.2	1281.1
Sri Lanka	477.6	955.9	941.1	932.6	827.0	628.0
<b>External debt</b>	in % of GDP					
Afghanistan ( <i>after debt relief</i> )	8.2	6.9	6.3	6.9	6.4	7.6
Bangladesh	20.3	22.1	22.1	22.4	24.4	23.5
Bhutan	79.5	87.4	98.4	100.3	98.9	112.6
India	17.3	19.7	22.3	23.8	23.1	24.0
Maldives	41.2	43.5	35.2	31.8	33.4	31.3
Nepal	19.0	20.2	20.0	17.9	16.5	19.8
Pakistan	21.8	21.8	19.6	19.2	17.7	18.9
Sri Lanka	50.1	55.4	62.5	53.8	55.1	55.8
<b>External debt service</b>	in percent of exports					
Afghanistan	0.8	1.0	1.8	1.9	1.7	1.8
Bangladesh	2.9	2.5	1.3	2.5	1.4	2.8
Bhutan	51.7	127.1	229.2	27.1	19.8	14.0
India	4.4	79.8	90.5	94.9	100.0	114.1
Maldives	2.5	2.8	3.4	2.9	2.6	7.5
Nepal ( <i>in % of current receipts</i> )	11.5	11.1	2.4	2.2	1.6	1.7
Pakistan	13.4	16.2	21.6	23.5	21.9	22.5
Sri Lanka	16.7	12.8	21.3	25.7	24.0	27.7

Indicator *	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
<b>Gross international/offical reserves</b>	in USD millions					
Afghanistan	5321.0	6209.0	6867.0	6886.0	7248.0	6786.0
Bangladesh	9608.0	10070.0	15136.0	20417.0	24043.0	26274.0
Bhutan	796.2	674.3	916.9	997.9	958.5	1118.8
India(In USD billion)	300.5	294.4	292.0	304.2	341.6	364.3
Maldives	349.9	334.9	304.6	368.3	604.0	564.0
Nepal	3835.8	4960.0	4972.0	6172.0	7162.0	7320.0
Pakistan	14784.0	10799.0	6008.0	9096.0	13534.0	17131.0
Srilanka	7196.0	5758.0	6878.0	7495.0	8380.0	7304.0
<b>Import Cover of Reserves</b>	gross reserves in months of merchandise imports					
Afghanistan	6.4	7.3	7.3	7.8	9.4	8.5
Bangladesh	3.0	3.1	4.1	5.3	5.8	5.8
Bhutan	7.2	7.5	10.9	10.5	10.0	13.2
India	9.5	6.1	6.4	6.7	7.9	8.0
Maldives	3.8	2.7	1.7	1.8	2.6	2.5
Nepal	7.4	9.4	7.3	8.3	7.9	7.6
Pakistan	3.6	2.7	1.5	2.2	3.4	4.0
Sri Lanka (Central Bank + Government)	6.4	4.3	4.0	3.5	4.3	3.8
<b>Exchange Rate per U.S. dollar</b>	period average					
Afghanistan	46.5	47.8	50.9	55.4	57.4	61.1
Bangladesh	71.2	70.7	79.1	77.6	77.7	78.4
Bhutan	45.3	50.3	54.9	61.5	62.1	66.3
India	45.6	50.3	54.4	61.0	62.6	66.8
Maldives	12.8	15.4	15.4	15.4	15.4	17.0
Nepal	71.9	81.0	88.0	98.2	99.5	98.0
Pakistan	85.6	89.3	96.9	102.9	101.1	104.5
Sri Lanka	113.1	110.6	127.6	129.1	130.6	146.5

\* For calendar year data, 2014/15 corresponds to 2014 and so on. (1) Sri Lanka: Rebased CPI (2006/07 =100) has replaced old CPI (2002=100) from June 2011

Sources : Respective Annual Reports,16th SAARCFINANCE E-Newsletter, IMF Country Reports, ADB and WB annual report.





SECTION II

GOVERNANCE &  
ORGANIZATIONAL  
DEVELOPMENT



## 1. FUNCTIONS OF THE ROYAL MONETARY AUTHORITY OF BHUTAN

In accordance with the **Royal Monetary Authority Act of Bhutan 2010**<sup>12</sup>, the functions of the RMA can be summarized as follows:

a) **Formulate and Implement Monetary Policy**

*The primary objective of the RMA is to formulate and implement monetary policy with a view to achieving and maintaining price stability.* In view of the close economic and financial ties between Bhutan and India, an *exchange rate target* was chosen, i.e., the one-to-one peg between the Ngultrum and the Indian Rupee. Monetary policy, which is aimed at achieving price stability, is confined to the support of the peg, which involves the provision of at least 100 percent reserve backing for all Ngultrum issued, the avoidance of a large Ngultrum liquidity build-up, together with additional confidence-building measures for the Ngultrum.

b) **Supervision and Regulation of the Financial Sector**

A secondary objective is to formulate and apply financial regulations and prudential guidelines to promote good governance and to ensure stability and integrity of the financial system against potential systemic risks. This involves ensuring that deposit money banks and other financial institutions conduct their businesses on a sound prudential basis and according to the various laws and regulations in force. Additionally, this includes the licensing of financial institutions to carry out Financial Services.

c) **Promotion of Financial Sector Stability and Development**

This refers to the establishment and promotion of an effective financial system, comparable to international best practices, ensuring that financial transactions necessary for the smooth functioning of the economy can be carried out with a minimum amount of cost and time involved. In this connection, the RMA has to be a facilitator of advanced clearing and transfer systems, promoting, supervising and if necessary, operating national and international payments and settlement systems including the electronic transfer of funds by financial institutions, other entities and individuals. Of importance are also the establishment of a deposit insurance system, the availability of certain specialized institutions, which could be represented, for example, by an industrial development bank, an agricultural development bank, and micro-finance institutions, and the facilitation of a money market, primary and secondary markets for securities, a foreign exchange market, and a capital market. All of this shall in turn be carried out to promote macro-economic stability and economic growth in Bhutan.

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<sup>12</sup>The RMA Act of Bhutan 2010 supersedes the RMA Act, 1982.

d) **The Bank of Issue**<sup>13</sup>

The RMA has the sole right to issue notes and coins in the country for the purpose of directly influencing the amount of currency in circulation outside banks, thereby providing the economy with sufficient, if possible, non-inflationary liquidity.

e) **The Bankers' Bank**

This function includes the acceptance of deposits as prudential reserves for banks (e.g., minimum reserves), the willingness to discount commercial and government papers, and the commitment to act as the “lender of last resort” to banks in the case of short-term liquidity shortages. It also involves the provision of central clearance facilities for inter-bank transactions.

f) **The Government's Bank**

The RMA is the banker and the fiscal agent for the government, and may be the depository of the government. The central bank may also make temporary advances to the government.

g) **The Advisor to the Government**

The RMA may advise the government on any matter relating to its functions, powers, and duties. The RMA may also be requested to advise the government on any matter related to its functions, powers, and duties, the credit conditions in the country, or any proposal, measures, and transactions relating thereto.

h) **The Guardian of the Country's External Reserves**

The RMA is the depository of the official external assets of the country, including gold and foreign currency reserves. Guarding international reserves usually also implies the responsibility for the exchange rate policy (as per the RMA Act, 2010, the external value of the Ngultrum will be declared by the government on recommendation of the RMA) and reserve management, with a view to the prudential management of the funds, with due regard to *safety, liquidity and returns*, in that order. In Bhutan, as in various other developing countries (e.g., in India), reserve management also includes the formulation, implementation, monitoring and enforcement of Foreign Exchange Regulations.

All functions are carried out under the general supervision of the Board of Directors by the RMA's executive management team with the close support of its departments. The Internal Audit Department and Governor's Office along with the Executive Committee report directly to the Governor while the other departments report to their respective Deputy Governors. The

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<sup>13</sup> Bhutan's currency notes are printed by the UK-based firm De La Rue Currency and the German firm Giesecke & Devrient. Since 2002, minting of the 1 Ngultrum coin has been replaced by the reintroduction of the Nu.1 denomination currency note, although some coins remain in circulation.

*Executive Committee* was formed in accordance with Chapter IV, Sections 29, 31 and 56 of the RMA Act, 2010 and comprises the Governor, two Deputy Governors and four Directors of the RMA. The Executive Committee assists the Governor in the implementation of the Board's policy decisions as well as any other matters pertaining to the RMA. For a comprehensive outline of the organization structure, please see the *RMA organization chart* in the first section of the report.

The key responsibilities of the *nine departments*, the *Financial Intelligence Unit* and the *Governor's Office* can be summarized as follows:

- \* *The Governor's Office* extends administrative and policy-related assistance to the Governor. It interfaces between the Governor's Office and other Departments within the RMA, as well as with other government and non-government domestic and international organizations.
- \* *The Internal Audit Department* examines the risks that the RMA faces; reviewing the adequacy of the controls in place to protect it from those risks, and verifies that the controls are working as intended.
- \* *The Banking Department* maintains the main accounts of the Government, the financial institutions' accounts, the foreign exchange accounts and the central accounts.
- \* *The Foreign Exchange and Reserve Management Department* drafts, implements, monitors, and enforces the foreign exchange regulations with the objective of facilitating external trade and promoting orderly foreign exchange payments. The Department also manages Bhutan's foreign reserves with regard to safety, liquidity and returns, in that order and provides information on exchange rates as well.
- \* *The Information Technology Department* is responsible for developing and maintaining the RMA's IT system and providing IT support services within the organization, e.g., IT planning and monitoring, hardware management and support, and applications systems and database development, management and support.
- \* *The Research and Statistics Department* is the primary compiler of Bhutan's monetary and financial statistics and the balance of payments and international investment position statistics. The Department is responsible for the production of the RMA's major publications – the Annual Report, Monthly Statistical Bulletin and the RMA's Annual Monetary Policy Statement. The Department also engages in policy-oriented research on emerging macroeconomic issues for the RMA management and policy makers.
- \* *The Administration and Finance Department* is responsible for administrative and budgetary matters, including work related to inventory and stores, maintenance of personnel records, leave management, maintenance of the administrative accounts and preparation and review of the RMA's annual budget. The Department is also responsible for the RMA's human resource management and development, bridging present and

future human resource gaps by matching RMA officials with training opportunities in-country and abroad.

- \* *The Currency Management Department* is responsible for the printing of notes and minting of coins, the supply of notes and coins, and the exchange or destruction of currency notes and coins that are not fit for circulation in order to ensure the provision of adequate and quality supplies of currency notes and coins to the public.
- \* *The Financial Regulation and Supervision Department* issues and monitors regulations to ensure the efficient functioning of the country's banking and financial system and licenses new financial institutions. The Department regularly supervises all financial institutions by means of on-site and off-site inspections on the basis of internationally accepted financial sector practices.
- \* *The Financial Intelligence Unit (FIU)* was formally established with the enactment of the Financial Services Act (FSA), 2011. While the FIU initially operated as part of the FRSD since October 2010, it was officially instituted as a separate unit from the FRSD on May 16, 2013. Section 141 to 149 of the FSA provides the basis for the operation of the FIU as well as the detailed regulations to be issued to deal with specific elements of the Anti-Money Laundering (AML) and the Combating the Financing of Terrorism (CFT) regulation.
- \* *The Payment and Settlement Systems Department* is responsible for the development, regulation, oversight and efficiency of the payment and settlement systems in the country which currently includes the Cheque Truncation System, National Electronic Clearing System Credit, National Electronic Clearing System Debit, National Electronic Funds Transfer and the Bhutan Financial Switch. The Department is also responsible for monitoring the operations under SWIFT as well as coordinating SAARC and Asian Clearing Union payments.



## 2. OVERVIEW OF ORGANIZATIONAL DEVELOPMENTS

### GOVERNANCE

Nine meetings of the Board of Directors of the RMA were held during the FY 2015/16. Some of the key issues discussed include the introduction and implementation of minimum lending rate, reserve position/management related issues, renewal of INR swap facility, initiation of foreign currency accounts for non-resident Bhutanese, implementation of the IMPS system, and licensing of microloan institutions in the country.

The meetings were focused on reviewing, amending and implementing several policy regulations and guidelines, namely, the *Anti Money Laundering and Combating the Financing of Terrorism Regulations 2015*, *Prudential Regulation 2016*, *Agent Banking Rules and Regulations 2016* and *Inward Remittance Rules and Regulations 2016*. Other operational and administrative matters including those pertaining to the *Staff Regulations* were also deliberated during the meetings.

#### Appointment of RMA's new Deputy Governor



During the 116<sup>th</sup> Meeting of the RMA Board of Directors, held on 19<sup>th</sup> August, 2016, the Board endorsed the appointment of **RMA's new Deputy Governor, Mrs. Yangchen Tshogyel**. In line with the selection procedures and norms outlined by the Board, Ms. Yangchen was selected through a competitive process and was appointed as Deputy Governor on September 01, 2016.

DG Yangchen Tshogyel joined the RMA in the year 2001, as a Trainee Officer in the Research and Statistics Department and was appointed as the Director of the Department in July 2016. DG Yangchen has a Master's in Public Policy, with a specialization in Economic Policy from the Australian National University, Canberra, Australia. DG Yangchen has vast experience in the fields of macroeconomic issues and policies. She also assists the IMF, in the capacity of balance of payments expert in short term capacity development mission and training programs for other IMF member countries.

## RECENT ACTIVITIES AND DEVELOPMENTS

### • Financial Sector Regulation and Reform

As empowered by the **Financial Services Act of Bhutan 2011**, the Financial Regulation and Supervision Department continued to draft and finalize regulations and guidelines, pertaining to the Banking and Financial system of the country.

- i. The Prudential Regulations 2002 was revised and the **Prudential Regulation 2016** was implemented with effect from 1<sup>st</sup> September 2016, superseding the former regulations. The Regulation is intended to facilitate the implementation of prudent practices and effective risk management techniques among the financial institutions. The regulation is also aimed at promoting transparency, accountability and fair competition for all market players.
- ii. On October 2016, the RMA Board of Directors approved the **Agent Banking Rules and Regulations 2016**. With the Regulation in place, it is intended to increase the outreach of financial services and to promote financial inclusion among the secluded population, without undermining the safety and soundness of the banking system; and to encourage banks to use the assistance of agents in providing banking services so as to reduce the cost of financial services.
- iii. The recommendations relevant to the RMA under the **Financial Sector Development Action Plan (FSDAP)** were approved by the RMA Board on June 2016. The main objective of the Plan is to address and find solutions to some of the existing weaknesses in the financial system in Bhutan. Some of the key components of the FSDAP include increasing financial inclusion and literacy, strengthening the banking system, strengthening the NBFIs, strengthening the financial market, strengthening the RMA and strengthening the financial sector infrastructure.

**Copies of all regulations and guidelines are available in the RMA website.**

Given the importance of educating the public on financial literacy, through the implementation of the **Financial Literacy Program**, the RMA in collaboration with the ADB released and distributed various outreach materials to mark the Global Money Week. The materials were designed emphasizing messages on savings, insurance, budgeting, economy, banking and financial decisions. Financial literacy initiatives and awareness was also created through the social media.

On May 21, 2016, the RMA in line with the regulation for the establishment of Microloan Institutions, registered the **Rural Enterprise Development Corporation Ltd (REDCL) and RENEW as microloan institutions.**

- **Developments in Foreign Exchange Management**

During the 117<sup>th</sup> Board meeting held on September 16, 2016, the **Inward Remittance Rules and Regulations 2016** was approved, for the purpose of enabling authorized banks and money transfer agents to carry out inward remittances for nonresident Bhutanese. The regulation is intended to facilitate the remittance of savings/earnings, promote foreign currency inflows into the banking channels and to provide a reliable and secure transaction platform for inward remittances.

With the initiative to address the INR demand and to reinforce the national policy of maintaining one to one parity between the INR and Ngultrum, the RMA in January 2016 opened its **Indian Rupee exchange counters** at its offices in Thimphu and Phuntsholing. The facility was initially offered to Bhutanese travelling to India for pilgrimage purposes only and later the facility of Rs. 50,000 per month was provided to all Bhutanese travelling to India and to Indian merchants trading at the border towns. The facility was initiated to improve and supplement the exchange services that were already being delivered by the commercial banks in the country.

The RMA and RBI, on March 17, 2016, signed the **bilateral currency swap arrangement** for INR/Nu. equivalent of USD 100 million. The currency swap facility was initiated to assist member countries of the SAARC to meet short term rupee shortages. Under the arrangement, the RMA is allowed to make withdrawals of INR in multiple tranches up to USD 100 million from the RBI. This facility provides RMA a backstop line of financing to meet balance of payment constraints and liquidity mismatches in the short to medium period.

The RBI has allowed RMA to participate in the **Government of India securities market** as a non competitive bidder in the primary market. This will allow for the effective management of INR reserve balances in secured government papers at higher interest rates. The RMA has already started its investment in the 91 days Treasury Bills of the Government of India.

The 111<sup>th</sup> meeting of the RMA Board approved RMA to join the **RAMP**. Under this engagement, the RMA will have access to professional foreign asset management advisory expertise that will contribute towards the efficient management of foreign currency reserves and other investment portfolios.

The RMA in collaboration with the Commercial banks are working towards developing a **database for overall foreign exchange receipts and payments**. The system has been operational on a trial basis since September 2016 and is expected to improve the reliability and comprehensiveness of the database of foreign currency flows.

- **Development in Information and Communication Technology**

On September 21, 2016, the **RemitBhutan** system ([www.remitbhutan.bt](http://www.remitbhutan.bt)) was launched, giving the non-resident Bhutanese a facility to open Foreign Currency Accounts. The RemitBhutan is a web based IT system that allows non-resident Bhutanese to expediently apply for non-face-to-face foreign currency accounts with authorized Banks in the country for the purpose of remitting their savings either to their relatives or their own foreign currency accounts. Upon opening a foreign currency account, the actual fund transfer is carried out by the remitter either through a secure banking channel and/or an authorized money transfer operator. The four commercial banks licensed to engage in foreign exchange business namely the Bank of Bhutan, Bhutan National Bank, Druk Punjab National Bank and Tashi Bank can open foreign currency accounts. The system was initiated considering the significant role of inward foreign currency remittances on Foreign Exchange Reserves and Savings.

The RMA in collaboration with the Department of Information Technology, MOIC and Bhutan Telecom Ltd is in the process of implementing the **Payment Gateway and Immediate Payment System (PG/IMPS)**, aimed at introducing a secure and reliable Payment system in the country, thus minimizing cash-based transactions. The objective of this system is to facilitate citizen to government online payments such as taxes and fees and to enable a safe and reliable platform for interbank fund transfer and payment. The channels that will facilitate IMPS are mobiles, internet banking and ATMs.

The **Online Convertible Currency (CC) and Indian Rupee (INR) regulatory data reporting system** was also launched. This web based application system captures all CC and INR transactions of the commercial banks.

- **Development in Currency Management**

During the FY 2015/16, 10.42 million fresh banknotes in denomination of Nu. 1000 were printed. The new series of fresh bank notes were printed by the Giesecke & Devrient, a German security printing company based in Germany.

Commemorating the birth of His Highness The Gyalsey, Jigme Namgyel Wangchuck, the RMA printed Commemorative Banknotes of Nu. 1,000 denomination. Out of the total Nu. 1,000 denomination fresh notes printed, 3.42 million pieces of Commemorative banknotes were printed. The Commemorative banknotes are exchangeable for equivalent value at the RMA Exchange Counters, until stocks last. The note is also a legal tender and hence are in circulation and available through the banks.

- **Developments in the Financial Intelligence Unit (FIU)**

The **Anti Money Laundering and Combating the Financing of Terrorism Regulations 2015** was implemented with effect from November 2015. The new regulation supersedes the Anti Money Laundering and Combating the Financing of Terrorism Regulations 2012. The main purpose of the Regulation is to ensure the effective control of AMLCFT, so as to

mitigate the adverse effects of criminal economic activities and to promote financial integrity in the country.

Bhutan, being a member of the **Asia Pacific Group of Money Laundering (APG)**, the FIU was involved in a **Mutual Evaluation** exercise to ensure that Bhutan is in line with international best practices set out by the **Financial Action Task Force (FATF)**. As part of the ME process, an assessment team comprising of seven members visited Bhutan from 16<sup>th</sup> to 27<sup>th</sup> November 2015. An on-site evaluation of the AML/CFT measures of the country was conducted, mainly focusing on the level of compliance by Bhutan's AML/CFT system with the 40 Recommendations and 11 Immediate Outcomes of the FATF. The Final report on the Mutual Evaluation was adopted at the 19<sup>th</sup> APG plenary held in San Deigo, USA from 5<sup>th</sup> to 9<sup>th</sup> September, 2016.

The FIU-RMA with the technical assistance from the IMF is working towards coming up with a proper legal framework on the AML/CFT, National Risk Assessment on AML/CFT and Capacity Building for supervisors to monitor the compliance to the requirements of AML/CFT. During the year, the RMA also received TA from the Office of Anticorruption and Integrity, Asian Development Bank on **Developing Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) approaches, methodologies and controls for banks and nonbanking financial institutions**. A total of 31 participants from the banks, non-banks and the RMA were trained. Likewise, the OAI: ADB will be providing similar TA to Bhutan in the year 2017.

Upon completion of the Mutual Evaluation and the National Risk Assessment, the FIU would be required to ensure that the actions recommended in the NRA and Mutual Evaluation Report are implemented, so as to achieve a compliance status on AML/CFT for the country.

## KNOWLEDGE MANAGEMENT

During the FY 2015/16, in order to further enhance the knowledge and skills of the staffs of the various departments in RMA, officials continued to attend various courses, seminars, workshops, trainings and meetings, related to the following fields:

- *Anti-Money Laundering and Combating the Financing of Terrorism*
- *Asset and Reserve Management*
- *AFI – Joint Learning Program*
- *APG workshop*
- *Capacity Building, Talent development and Human Resource Management*
- *Central Banking and Financial Sector Legal Frameworks*
- *Corporate Governance*
- *Compilation of Monetary and Financial Statistics and course on Cross Border Position Statistics*
- *Financial Inclusion, Financial Regulatory Framework, Financial Sector Stability, and Financial Management*
- *Fiscal Analysis and Forecasting*

- *Information Technology*
- *Internal Audit and Management*
- *JSA Project on the Improvement of External Sector*
- *Macroeconomic Policy and Management*
- *Macro-Financial Linkages and Diagnostic*
- *Macro-stress Testing*
- *Monetary Policy, Exchange Rates & Capital Flows*
- *Regional Capacity Building for Insurance supervisors*
- *Regional Economic and Financial Monitoring*
- *Regulation and Supervision of Investment Banks*
- *Regional Economic and Financial Monitoring*
- *Regulations and Supervision of Investment Funds*
- *Remittance Management*
- *Payment and Settlement System*
- *SAARCFINANCE Database*
- *Sovereign Liability and Risk Management Principles and Practices*
- *Workshop on Time Series and Forecasting*

Additionally, officials of the RMA also attended several meetings, forums and conferences, namely:

- *ACU Standing Technical Committee Meeting*
- *Annual IMF-World Bank and Sideline Meeting*
- *Asia-Pacific Forum*
- *Executive Forum for Policy Makers and Senior Officials*
- *High Security Printing Conference*
- *South Asia User's Group Conference*
- *SWIFT User Group Chairpersons Meeting & the SIBOS 2015*
- *1st and 2<sup>nd</sup> Meeting of Researchers under SAARCFINANCE Collaborative Arrangements*
- *1st SEACEN Foundation Course on Payment and Settlement Systems*
- *3rd SPC Seminar*
- *3rd South Asian Insurance Regulators Meet & International Conference 2016*
- *4th Global Standards & Proportionality Working Group Meeting*
- *6th Regional Forum on Investment Management*
- *6th SME Finance Working Group Meeting*
- *8th Meeting of the Financial Inclusion Strategy Peer Learning Group (FISPLG)*
- *13th Digital Financial Services Working Group (DFSWG) Meeting*
- *17th SPC Meeting*
- *18th APG Annual Meeting*
- *22<sup>nd</sup> and 23<sup>rd</sup> SAARCFINANCE Coordinators' Meeting*
- *2015 Global Policy Forum*
- *32nd SAARCFINANCE Group Meeting and SAARCFINANCE Governors' Symposium*
- *45th ACU Board of Directors Meeting & ACU Standing Technical Committee Meeting*



In-country, the RMA continued to be actively involved in national consultations, trainings, seminars and workshops organized by various agencies in the country, namely:

- *Anticorruption Seminar*
- *Audit Awareness & Stakeholders Consultative Workshop*
- *Basic/Advance Running Maintenance Course*
- *Bhutan Trade Information Portal Workshop*
- *CSMI Action Plan(2015-18)*
- *Consultation workshop on the Draft Income Tax Act*
- *Debt Management*
- *Dissemination and Training workshop on Macroeconomic Surveillance Framework*
- *Final Consultative meeting on Draft Trade Development Act of Kingdom of Bhutan*
- *Inception and Training workshop on Macroeconomic Surveillance Framework*
- *Meeting on 3rd Quarter Macro-economic Framework (MEF) for FY 2015-16*
- *National Conference on HRM in the Civil Service and Mining Sectors*
- *National Single Window Workshop*
- *National Workshop on Capacity Building for WTO Accession and Trade Integration*
- *NTTFC Member meeting on Coordinated Border Management & Single Window*
- *Stakeholder consultation on Draft Guideline for Treaty Making 2015*
- *Training on Information System Auditing*
- *Training on Legal Compliance and Prevention of Legal/Credit Risk*
- *Training on MS-Excel 2007*
- *Workshop on CIRT (Computer Response Team) operations and computer incident handling*
- *Workshop on e-Commerce Framework Assessment*
- *Workshop on NTTFC Working Group*
- *2nd Stakeholder Meeting*
- *2nd Quarter on Macro-economic Framework (MEF)*
- *14th batch Computer Based Training Program for the Financial Institutions*

## **STATUS OF STAFF**

As of September 2016, the RMA's staff strength totaled 191, consisting of 3 Executives, 93 Officers (48.7 percent of total) and 98 general support staff (51.3 percent of total). Of the total, 181 employees were stationed at the Head Office in Thimphu and 10 employees in the Regional Clearing Houses located at Phuentsholing, Gelephu and Mongar Dzongkhags. Out of the total number of employees, 97 are male (50.8 percent of total) and 94 female (49.2 percent of total).



## The RMA SOCIAL CLUB

The RMA Social Club, an initiative of the Governor of the RMA, was formed on March 25, 2016, with the objective of taking responsibilities beyond its regular professional functions and to promote social integration. Currently, the club consists of 30 members. Some of the activities undertaken by the Social Club after its inception include the following:

- On April 19, 2016, the club represented the RMA during the holy occasion of Zhabdrung Kuchoe, coinciding with the 400th Anniversary of the arrival of the Zhabdrung to Bhutan and the naming ceremony of the Gyalsey at the Punakha Dzong.
- The club members along with other volunteers from the RMA participated during the Social Forestry Day on June 02, 2016, by planting more than 2000 tree saplings on the slopes above Samarzingkha, Thimphu.
- On August 27, 2016, the club members and the new recruits of RMA initiated a cleanup campaign around the RMA premises, with the initiative to keep the environment clean.
- The club members and other staff of the RMA joined the nation in offering prayers and butter lamps at the Memorial Chorten on October 19, 2016, in the memory of His Majesty the Late King Bhumibol Adulyadejat.



### 3. RMA ANNUAL AUDITED ACCOUNTS, FY 2015/16

In accordance with Section 164 of the Royal Monetary Authority Act of Bhutan 2010, the annual audit of the Authority's accounts for the period ending June 30, 2016 was carried out by M/S S.K. Mallick & Co., a chartered accountancy firm from Kolkata, India, from 18<sup>th</sup> to 29<sup>th</sup> July, 2016.

In this overview of the RMA's Annual Audited Accounts, FY 2014/15 is referred to as 2015 and FY 2015/16 as 2016. Factors that influenced the RMA's annual accounts for the year 2016 are summarized below.

#### BALANCE SHEET

The total assets and liabilities of the RMA for the year 2016 was 80.1 billion, which was an increase of 23.8 percent from Nu.64.7 billion in 2015.

#### LIABILITIES

Total Liabilities of the RMA are made up of three major components, namely the **Capital and Reserves, Foreign Liabilities and Domestic Liabilities**.

**Capital and Reserves** increased by 19.1 percent, from 17.1 billion in 2015 to 20.4 billion in 2016. This increase was driven by an increase in the **Revaluation Reserve** from Nu.13.5 billion to Nu.16.7 billion. The increase was also contributed by the **Special Reserves** of Nu. 5.3 million, which is the accumulated earnings on the deposit placed by the Kuwait Central Bank with the RMA. **Other Reserves**, which comprises of the Capital Reserves Grant and Clearing House Reserves, remained unchanged at Nu.0.2 million.

**Foreign Liabilities**<sup>14</sup> increased by 53.5 percent from Nu.13.2 billion in 2015 to Nu.20.2 billion in 2016. The increase was largely on account of the significant increase in amount due to International Institutions from 3.8 billion to 10.8 billion, as a result of the RBI swap facility amounting to INR 6.7 billion that was availed in June 2016. There was also an increase in amount due to IMF quota and interest accrued by 104.9 percent and 296.5 percent respectively.

**Domestic Liabilities**<sup>15</sup> increased by 14.7 percent mainly on account of increase in the sweeping accounts of the government owned companies and amount due to banks, which is composed of current account balances of commercial banks and Cash Reserve Ratio deposits maintained with the RMA.

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<sup>14</sup> Consists of dues to the IMF, government and government agencies' foreign currency accounts, deposits of other foreign financial institutions such as the World Bank, ADB, and Kuwait Central Bank, GOI Stand-by credit facility.

<sup>15</sup> Consists of notes and coins in circulation, due to banks, due to government (MoF Refundable deposit & MoF revaluation reserve), sweeping accounts and other miscellaneous liabilities.

## ASSETS

The total assets of the RMA comprises of **foreign assets, domestic assets, and non- financial assets.**

**Foreign Assets**, the first component of total assets, increased by 27 percent from Nu.62.3 billion in 2015 to Nu.79.4 billion in 2016, mainly on account of the significant increase in balances in term deposits with banks in India and abroad.

**Domestic Assets**, the second component of total assets experienced a significant decline from Nu.1.7 billion in 2015 to Nu. 300 million, mainly on account of the 84.3 percent decline in balances with banks and 92.9 percent decline in accrued interest.

**Non-Financial Assets**, including gross fixed assets, inventories and other assets, declined by 18 percent from Nu.447 million in 2015 to Nu. 366 million in 2016. The decline was contributed by decline in fixed assets, inventories and other assets.

## INCOME AND EXPENDITURE

The total **operating income** of the RMA in 2016 was Nu.1.56 billion, which was a decrease of 2.7 percent from Nu.1.6 billion in 2015. This slight decline was mainly on account of decline in earnings on the ways and means advances to the government, commission and fees received and other income by 71.6 percent, 30.3 percent and 84.3 percent respectively. There was also a slight decline in interest income from both Rupee and foreign investments. On the other hand, components such as royalty from commemorative coins and income from other sources experienced substantial increase of 205.1 percent and 405.2 percent, respectively, from the previous years.

The total **operating expenses** grew by 3.6 percent from Nu. 320 million in 2015 to Nu. 332 million in 2016. This increase was largely contributed by the increase in staff superannuation fund and miscellaneous expenses by 123 and 152.6 percent, respectively.

RMA generated a **surplus** of Nu. 1,227 million for the year 2016 as compared to Nu. 1,282 million for the year 2015. Out of the total surplus, the RMA paid Nu. 349.8 million as the cost of monetary policy and after adjusting the operating expenses, generated a net surplus of Nu.874 million, which was transferred to the Government.



SECTION III

STATISTICAL  
TABLES



**TABLE 1. GROSS DOMESTIC PRODUCT AT CURRENT PRICES**

**Ngultrum in Million**

Sector	Year										Share of GDP in 2015 (%)
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	
1. Agriculture, livestock and forestry	8,707.2	9,234.1	10,078.3	11,158.7	12,177.8	13,868.4	15,558.3	16,969.7	20,050.4	22,007.6	16.8
1.1 Crops	3,925.7	4,377.0	5,060.6	5,668.2	6,530.1	7,665.4	8,635.2	9,404.7	12,029.0	13,340.0	10.1
1.2 Livestock	2,466.5	2,530.9	2,624.5	2,894.9	3,109.7	3,473.2	3,996.8	4,537.2	4,869.3	5,236.9	4.1
1.3 Forestry and logging	2,315.0	2,326.2	2,393.2	2,595.5	2,538.0	2,729.8	2,926.3	3,027.8	3,152.1	3,430.7	2.6
2. Mining and quarrying *	877.8	890.5	1,252.0	1,392.0	1,616.9	1,941.7	1,962.0	2,793.7	3,376.4	4,484.3	2.8
3. Manufacturing	3,098.0	4,033.2	4,593.4	5,017.2	6,324.2	7,044.8	8,623.1	8,778.7	9,705.1	10,543.5	8.1
4. Electricity and water	5,339.9	10,082.0	11,552.2	11,813.4	12,763.6	11,911.6	12,303.1	15,230.3	16,917.8	18,933.1	14.2
5. Construction	6,019.7	6,781.0	6,251.0	7,469.7	10,308.9	13,916.6	17,669.8	17,826.1	18,479.7	20,613.0	15.5
6. Wholesale and retail trade	2,317.2	2,497.1	2,694.6	2,935.3	3,752.6	4,641.8	5,917.6	6,823.3	8,471.7	10,233.3	7.1
7. Hotels and restaurants	301.0	368.1	569.2	537.6	608.0	948.7	1,298.8	1,616.4	2,045.9	2,485.7	1.7
8. Transport, storage and communication	4,095.1	4,468.8	5,365.8	5,989.9	6,943.3	8,526.1	9,256.0	9,806.8	11,508.7	11,883.7	9.6
9. Financing, insurance and real estate	3,472.6	4,105.4	4,576.5	4,962.1	5,545.9	7,007.7	7,412.1	8,064.8	9,048.9	9,827.6	7.6
9.1 Finance	2,293.9	2,801.5	3,174.3	3,466.2	3,987.7	5,136.8	5,385.0	5,781.1	6,461.2	6,901.3	5.4
9.2 Real estate	1,178.7	1,297.4	1,374.0	1,460.3	1,507.7	1,815.3	1,947.3	2,198.0	2,489.8	2,738.7	2.1
9.3 Business services		6.5	28.2	35.6	50.5	55.6	79.9	85.7	97.9	187.5	0.1
10. Community, social and personal services	4,895.0	5,311.8	5,930.4	7,963.3	9,262.5	10,882.2	11,249.0	11,536.5	12,953.7	14,776.5	10.8
10.1 Public Administration	3,220.8	3,370.2	3,762.7	4,728.4	5,517.3	6,478.0	6,775.7	6,981.5	8,079.1	9,103.7	6.8
10.2 Education and health	1,674.1	1,941.6	2,167.7	3,235.0	3,745.2	4,404.2	4,473.2	4,555.0	4,874.6	5,672.7	4.1
11. Private social, personal and recreational services	212.6	241.9	267.7	276.4	298.0	338.0	390.1	436.9	471.8	503.7	0.4
12. Plus indirect taxes less subsidies	1,337.6	1,442.5	1,613.1	1,704.9	2,895.1	3,922.4	5,813.0	5,495.3	6,515.6	5,729.3	5.5
<b>Gross Domestic Product</b>	<b>40,673.5</b>	<b>49,456.6</b>	<b>54,744.3</b>	<b>61,220.6</b>	<b>72,496.6</b>	<b>84,950.0</b>	<b>97,453.0</b>	<b>105,378.3</b>	<b>119,545.7</b>	<b>132,021.3</b>	<b>100.0</b>
<b>Nominal GDP Growth Rate (%)</b>	<b>12.6</b>	<b>21.6</b>	<b>10.7</b>	<b>11.8</b>	<b>18.4</b>	<b>17.2</b>	<b>14.7</b>	<b>8.1</b>	<b>13.4</b>	<b>10.4</b>	

Source: National Accounts Statistics, 2016, National Statistics Bureau. Discrepancies in the figures are due to rounding.

TABLE 2. GROSS DOMESTIC PRODUCT IN 2000 PRICES

Ngultrum in Million

Sector	Year										Growth: 2014 to 2015 (%)
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	
1. Agriculture, livestock and forestry	6,196.1	6,246.5	6,290.7	6,458.0	6,513.0	6,670.2	6,820.4	6,984.1	7,149.4	7,475.5	2.4
1.1 Crops	2,898.1	2,942.3	2,997.0	3,064.3	3,100.2	3,191.4	3,266.4	3,376.8	3,511.3	3,712.9	4.0
1.2 Livestock	1,765.3	1,811.7	1,821.4	1,864.2	1,919.0	1,941.2	1,965.8	2,006.0	2,052.4	2,121.3	2.3
1.3 Forestry and logging	1,532.7	1,492.5	1,472.3	1,529.4	1,493.8	1,537.6	1,588.1	1,601.2	1,585.7	1,641.4	(1.0)
2. Mining and quarrying*	531.4	649.7	780.2	726.3	788.1	978.7	956.8	1,303.2	1,524.8	1,728.9	17.0
3. Manufacturing	2,468.7	3,086.8	3,349.4	3,579.9	4,302.4	4,616.4	4,929.7	4,670.7	5,098.8	5,323.9	9.2
4. Electricity and water	4,316.3	8,071.4	9,146.3	8,904.1	9,389.4	8,872.3	8,821.8	9,771.4	9,495.0	10,200.2	(2.8)
5. Construction	4,247.5	4,465.9	4,009.6	4,672.2	5,635.1	6,464.0	7,639.3	7,474.6	7,963.3	8,786.3	6.5
6. Wholesale and retail trade	1,901.2	1,975.7	1,992.6	2,116.3	2,540.0	3,027.9	3,556.2	3,798.5	4,317.0	4,866.1	13.7
7. Hotels and restaurants	246.1	264.4	384.5	334.9	347.8	491.0	576.6	665.0	780.7	906.7	17.4
8. Transport, storage and communication	2,856.5	3,083.2	3,247.1	3,546.8	3,941.0	4,488.9	4,749.0	4,976.8	5,425.1	5,902.5	9.0
9. Financing, insurance and real estate	3,004.7	3,281.8	3,447.2	3,661.0	3,973.1	4,841.0	4,492.6	4,576.4	4,751.3	5,014.1	3.8
9.1 Finance	2,285.1	2,505.1	2,644.5	2,823.6	3,109.3	3,912.0	3,573.9	3,627.2	3,765.6	3,996.0	3.8
9.2 Real estate	719.6	771.8	782.9	813.5	832.1	894.0	877.2	908.3	942.4	973.9	3.8
9.3 Business services		4.9	19.8	23.9	31.7	35.0	41.6	41.0	43.3	44.3	5.6
10. Community, social and personal services	3,912.2	4,037.2	4,160.8	5,350.2	6,047.3	6,254.2	5,852.0	5,519.4	5,885.0	6,243.1	6.6
10.1 Public administration	2,574.2	2,561.5	2,640.0	3,178.8	3,602.2	3,723.0	3,524.9	3,339.3	3,574.5	3,846.3	7.0
10.2 Education and health	1,338.0	1,475.7	1,520.9	2,171.4	2,445.2	2,531.2	2,327.1	2,180.1	2,310.5	2,396.7	6.0
11. Private social, personal and recreational services	166.5	178.0	187.3	191.0	194.8	200.2	205.5	211.2	214.8	221.1	1.7
12. Plus indirect taxes less subsidies	1,014.2	1,059.2	1,128.4	1,121.0	1,760.0	2,112.7	2,903.2	2,655.2	3,023.7	2,571.7	13.9
<b>Gross Domestic Product</b>	<b>30,861.4</b>	<b>36,399.7</b>	<b>38,124.0</b>	<b>40,661.7</b>	<b>45,432.0</b>	<b>49,017.4</b>	<b>51,503.1</b>	<b>52,606.5</b>	<b>55,628.9</b>	<b>59,240.0</b>	<b>5.7</b>
<b>Real GDP Growth Rate (%)</b>	<b>6.9</b>	<b>17.9</b>	<b>4.7</b>	<b>6.7</b>	<b>11.7</b>	<b>7.9</b>	<b>5.1</b>	<b>2.1</b>	<b>5.7</b>	<b>6.5</b>	

Source: National Accounts Statistics, 2016, National Statistics Bureau. Discrepancies in the figures are due to rounding.

**TABLE 3. SALES OF MAJOR INDUSTRIES**

Ngultrum in Million

Industry	Period											
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	
											QI	QII
(1) Army Welfare Project	279.4	315.1	302.1	327.8	573.8	712.4	805.8	798.3	857.9	939.8	296.4	238.7
Exports to India	25.8	37.9	18.3	10.6	26.4	11.6	7.1	23.2	43.5	35.8	11.6	10.0
Exports to Countries other than India	-	-	-	-	-	-	-	-	-	-	-	-
Sales within Bhutan	253.6	277.2	283.7	317.2	547.4	700.7	798.7	775.2	814.4	904.0	284.8	228.7
(2) Bhutan Board Products Limited	381.7	400.0	397.8	413.7	298.9	320.4	296.4	310.2	330.5	743.0	69.2	482.3
Exports to India	297.3	328.8	301.1	305.2	123.3	258.3	236.8	239.1	262.8	494.6	43.6	73.2
Exports to Countries other than India	-	-	-	-	-	-	-	-	-	-	-	-
Sales within Bhutan	84.4	71.1	96.6	108.5	175.6	62.1	59.5	71.1	67.7	248.5	25.6	409.1
(3) Bhutan Carbide & Chemicals Ltd.	765.3	1,366.2	1,877.3	1,083.8	1,404.1	1,632.5	1,270.4	1,539.7	1,679.2	1,299.9	398.0	338.7
Exports to India	759.5	1,392.5	1,652.9	1,023.1	1,338.4	1,557.2	1,235.5	1,539.7	1,678.9	1,299.9	398.0	338.7
Exports to Countries other than India	-	-	-	-	-	-	-	-	-	-	-	-
Sales within Bhutan	5.8	(3.4)	224.4	60.7	65.7	75.4	34.9	-	0.3	-	-	-
(4) Bhutan Fruit Products Limited	134.7	148.5	560.8	201.2	169.8	192.7	231.3	166.5	153.6	168.9	45.3	54.2
Exports to India	108.3	120.6	426.3	169.0	137.1	160.2	192.1	131.5	104.3	124.4	32.2	36.3
Exports to Countries other than India	4.0	3.2	2.0	5.0	3.5	4.0	3.1	6.2	4.2	3.7	0.9	0.9
Sales within Bhutan	22.3	24.7	132.6	27.2	29.2	28.6	36.1	28.8	45.2	40.9	12.2	17.0
(5) Bhutan Polythene Company Ltd.	66.7	79.9	39.2	72.7	95.2	120.5	134.4	75.2	115.7	140.1	59.0	48.2
Exports to India	9.9	3.7	1.4	4.3	5.0	3.3	3.3	-	-	-	-	-
Exports to Countries other than India(*)	-	-	-	-	-	-	-	-	-	-	-	-
Sales within Bhutan	56.8	76.2	37.8	68.4	90.2	117.2	131.1	75.2	115.7	140.1	59.0	48.2
(6) Penden Cement Authority Ltd.	1,359.1	1,663.6	1,327.5	1,784.6	1,936.6	1,840.6	1,982.9	1,821.6	2,191.6	2,645.8	532.7	493.2
Exports to India	781.6	840.4	912.6	1,106.9	856.3	567.8	783.5	939.5	1,025.9	1,041.0	365.6	300.5
Exports to Countries other than India	-	237.2	1.9	18.7	-	-	-	-	-	-	-	-
Sales within Bhutan	577.5	586.0	413.0	659.0	1,080.3	1,272.8	1,199.4	882.1	1,165.7	1,604.7	167.1	192.8



**TABLE 3. SALES OF MAJOR INDUSTRIES, CONTINUED**

Ngultrum in Million

Industry	Period											
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	
											QI	QII
(7) Bhutan Ferro Alloys Limited	678.3	1,886.4	1,898.8	1,711.8	1,920.0	1,815.5	2,084.0	2,058.6	1,989.9	2,030.0	565.8	352.4
Exports to India	658.3	1,825.4	1,813.2	1,707.9	1,780.5	1,668.4	1,972.6	1,997.7	1,988.2	1,962.9	558.2	349.1
Exports to Countries other than India	15.0	57.7	83.2	3.2	126.9	126.4	103.8	55.8	-	65.9	-	-
Sales within Bhutan	5.0	3.4	2.4	0.7	12.5	20.7	7.7	5.1	1.7	1.2	7.6	3.3
(8) Bhutan Agro Industries Limited	45.2	50.5	57.6	71.4	77.9	83.0	100.9	122.1	144.3	163.7	36.5	54.5
Exports to India	10.9	8.4	8.9	6.8	10.3	6.6	10.4	8.2	7.5	5.3	1.5	3.2
Exports to Countries other than India	0.2	0.5	0.3	0.8	0.1	-	-	-	0.2	-	-	-
Sales within Bhutan	34.0	41.6	48.4	63.8	67.5	76.5	90.5	113.9	136.6	158.4	35.0	51.3
(9) S.D. Eastern Bhutan Coal Company Ltd.	203.0	222.5	337.7	197.3	243.6	441.8	473.3	578.7	882.2	547.6	66.7	243.4
Exports to India	76.0	105.0	167.3	47.9	198.8	237.1	132.8	-	81.7	17.2	-	-
Exports to Countries other than India	39.8	33.7	18.7	39.1	6.7	25.3	50.2	21.9	72.9	15.9	-	-
Sales within Bhutan	87.2	83.7	151.7	110.3	165.5	179.5	290.4	556.8	727.6	514.6	66.7	243.4
(10) Druk Satair Corporation Limited	258.4	242.6	338.5	468.8	473.6	527.5	494.6	600.5	728.8	697.0	210.9	145.5
Exports to India	223.9	194.6	285.7	399.6	407.8	437.3	415.0	493.9	540.3	521.1	113.0	75.5
Exports to Countries other than India	6.1	12.1	11.3	23.6	23.4	48.1	41.2	53.0	114.5	57.3	52.5	43.6
Sales within Bhutan	28.4	35.9	41.5	45.6	42.3	42.1	38.5	53.5	74.0	118.6	45.4	26.3
(11) Druk Plaster & Chemicals Limited	49.2	44.5	42.4	51.9	64.4	58.3	50.1	29.8	24.1	20.2	8.7	5.4
Exports to India	49.0	43.5	40.9	51.7	63.8	57.6	18.0	9.5	-	6.5	7.9	5.3
Exports to Countries other than India	-	0.5	1.0	-	-	-	-	-	-	0.8	0.7	-
Sales within Bhutan	0.2	0.5	0.5	0.2	0.6	0.7	32.0	20.3	24.1	12.9	0.1	0.1
(12) SKW-Tashi Metals & Alloys (P) Limited									444.6	509.1		
Exports to India									392.1	438.5		
Exports to Countries other than India									51.9	70.1		
Sales within Bhutan									0.7	0.5		

**TABLE 3. SALES OF MAJOR INDUSTRIES, CONTINUED**

Ngultrum in Million

Industry	Period											
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	
											QI	QII
(13) Bhutan Concast (P) Limited									962.7	1,633.6	425.4	300.1
Exports to India									962.7	1,633.6	425.4	300.1
Exports to Countries other than India									-	-	-	-
Sales within Bhutan									-	-	-	-
(14) Druk Wang Alloys Limited									440.4	905.8	191.5	345.4
Exports to India									175.7	582.3	165.0	247.6
Exports to Countries other than India									264.8	220.7	20.4	34.2
Sales within Bhutan									-	102.8	6.1	63.6
(15) Pelden Enterprise Limited									536.8	857.0	190.7	200.1
Exports to India									346.8	641.0	178.1	186.9
Exports to Countries other than India									188.9	215.0	11.7	12.7
Sales within Bhutan									1.2	1.0	0.9	0.6
(16) Saint Gobain Ceramic Materials Bhutan (P) Ltd.									326.1	655.3	187.1	174.7
Exports to India									326.1	655.3	187.1	174.7
Exports to Countries other than India									-	-	-	-
Sales within Bhutan									-	-	-	-
(17) Lhaki Steels & Rolling (P) Ltd.									1,037.2	2,379.5	744.1	722.5
Exports to India									542.1	1,152.0	238.5	150.6
Exports to Countries other than India									-	-	-	-
Sales within Bhutan									495.1	1,227.5	505.6	571.9
(18) Bhutan Brewery (P) Ltd.									338.5	1,120.7	403.1	398.9
Exports to India									15.5	33.2	4.4	14.9
Exports to Countries other than India									-	-	-	-
Sales within Bhutan									323.0	1,087.5	398.7	384.0

**TABLE 3. SALES OF MAJOR INDUSTRIES, CONTINUED****Ngultrum in Million**

Industry	Period											
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	
											QI	QII
(19) Druk Cement (P) Ltd.									32.9	85.6	21.8	16.4
Exports to India									5.7	26.5	10.8	4.8
Exports to Countries other than India									-	-	-	-
Sales within Bhutan									27.3	59.1	11.0	11.6
(20) Druk Ferro Alloys Limited									484.2	715.6	193.2	188.2
Exports to India									402.0	689.6	193.2	188.0
Exports to Countries other than India									70.2	17.1	-	-
Sales within Bhutan									12.0	9.0	-	0.2
(21) Tashi Beverages Limited									183.0	558.5	107.2	146.9
Exports to India									-	-	-	-
Exports to Countries other than India									-	-	-	7.0
Sales within Bhutan									183.0	558.5	107.2	139.9
(22) Bhutan Silicon Metal (P) Limited									180.9	795.3	187.1	11.9
Exports to India									162.0	217.2	29.3	9.7
Exports to Countries other than India									18.9	578.1	157.8	2.2
Sales within Bhutan									-	-	-	-
TOTAL	4,220.8	6,442.4	7,179.8	6,384.9	7,385.0	7,745.2	7,924.1	8,101.2	14,065.3	19,611.9	4,940.1	4,961.6
Exports to India	3,000.7	4,900.7	5,628.7	4,832.9	4,947.7	4,965.3	5,007.1	5,382.3	9,063.7	11,577.9	2,963.2	2,468.9
Exports to Countries other than India	65.1	344.8	118.4	90.4	160.6	203.8	198.1	136.9	786.4	1,244.4	243.9	100.6
Sales within Bhutan	1,155.1	1,196.8	1,432.7	1,461.5	2,276.7	2,576.1	2,718.8	2,582.0	4,215.1	6,789.6	1,733.0	2,392.1

Source : Respective manufacturing industries. Data available for industries Sl.no 12 to 22 from Q3, 2014 onwards. (Note: An entry of "0.0" indicates a marginal value compared to "-" which indicates no value for that particular item).

**TABLE 4. SALES OF HYDROPOWER PLANTS**

Ngultrum in Million

Period	Total Sales						Exports <sup>(1)</sup>					Domestic Sales <sup>(2)</sup>				
	Total	Basochhu	Dagachhu	Chhukha	Kurichhu	Tala	Total	Chhukha	Dagachhu	Kurichhu	Tala	Total	Basochhu	Chhukha	Kurichhu	Tala
<b>2004</b>	3,077.4	192.2		2,361.8	523.5	-	2,711.7	2,203.3		508.4	-	365.7	192.2	158.4	15.1	-
<b>2005</b>	3,780.5	325.4		2,908.2	546.9	-	3,194.0	2,665.0		529.0	-	586.5	325.4	243.1	18.0	-
<b>2006</b>	5,581.8	388.7		3,592.9	537.5	1,062.6	4,978.8	3,459.5		518.0	1,001.3	603.0	388.7	133.4	19.6	61.3
<b>2007</b>	10,994.4	372.9		3,807.9	523.3	6,290.4	10,034.3	3,749.1		392.1	5,893.1	960.0	372.9	58.7	131.1	397.3
<b>2008</b>	11,885.5	398.2		3,795.9	526.7	7,164.8	11,032.6	3,724.5		349.0	6,959.2	852.9	398.2	71.4	177.7	205.6
<b>2009</b>	10,991.7	381.6		3,748.4	476.7	6,385.0	10,072.5	3,666.6		307.9	6,098.0	919.2	381.6	81.8	168.8	287.0
<b>2010</b>	11,321.0	390.7		3,761.4	517.5	6,651.4	10,411.5	3,687.4		327.4	6,396.7	909.6	390.7	74.1	190.1	254.7
<b>2011</b>	10,584.8	382.1		3,466.7	452.9	6,283.1	9,825.0	3,419.2		267.9	6,137.9	759.8	382.1	47.5	185.0	145.2
<b>2012</b>	10,477.8	356.5		3,269.5	471.0	6,380.8	9,714.5	3,215.3		274.3	6,224.9	763.3	356.5	54.3	196.7	155.9
<b>2013</b>	13,999.8	761.6		3,992.7	875.9	8,369.6	11,011.4	3,597.9		301.4	7,112.1	2,988.4	761.6	394.8	574.5	1,257.4
<b>2014</b>	12,415.0	406.5		3,947.0	592.4	7,469.2	10,420.5	3,682.0		201.6	6,537.0	1,994.5	406.5	264.9	390.8	932.2
<b>2015</b>	<b>13,727.8</b>	<b>429.9</b>	<b>969.7</b>	<b>4,263.8</b>	<b>595.5</b>	<b>7,468.9</b>	<b>11,758.7</b>	<b>3,973.2</b>	<b>969.7</b>	<b>238.7</b>	<b>6,577.1</b>	<b>1,969.1</b>	<b>429.9</b>	<b>290.6</b>	<b>356.8</b>	<b>891.8</b>
Jul	2,226.5	60.8	144.7	624.1	55.7	1,341.2	2,147.2	624.1	144.7	37.2	1,341.2	79.3	60.8	-	18.5	-
Aug	2,290.0	66.0	176.1	616.2	64.5	1,367.3	2,197.0	616.2	176.1	37.4	1,367.3	93.0	66.0	-	27.1	-
Sep	2,217.6	59.0	180.1	628.2	44.6	1,305.7	2,136.1	616.7	180.1	33.6	1,305.7	81.5	59.0	11.5	11.0	-
Oct	1,449.1	56.2	146.4	497.9	33.1	715.6	1,289.4	472.7	146.4	19.6	650.8	159.6	56.2	25.1	13.5	64.9
Nov	749.1	34.4	81.2	263.3	28.5	341.7	545.4	222.7	81.2	-	241.5	203.7	34.4	40.6	28.5	100.2
Dec	506.8	25.2	44.6	171.2	42.9	223.0	261.3	123.5	44.6	-	93.2	245.5	25.2	47.7	42.9	129.8
<b>2016</b>																
Jan	329.7	18.7	-	131.2	48.9	130.9	93.4	84.0	-	-	9.4	236.3	18.7	47.2	48.9	121.5
Feb	267.9	15.9	-	85.3	43.7	123.0	42.0	42.0	-	-	-	225.9	15.9	43.3	43.7	123.0
Mar	319.8	15.1	10.7	114.3	48.1	131.7	97.9	72.9	10.7	-	14.4	221.8	15.1	41.4	48.1	117.3
Apr	514.4	13.1	37.8	255.1	18.8	189.6	343.3	216.4	37.8	-	89.2	171.1	13.1	38.7	18.8	100.5
May	723.4	16.7	39.1	274.6	18.8	374.2	547.5	234.6	39.1	-	273.8	175.9	16.7	40.0	18.8	100.4
Jun	993.3	39.0	92.1	467.0	26.5	368.7	883.2	435.6	92.1	26.5	328.9	110.2	39.0	31.4	-	39.7

Source: Respective hydropower plants. (1) Power tariff for export to India: Nu.2.25 per unit for CHP with retrospective effect from January 1, 2013 (revised from Nu.2 per unit in Feb. 2014); Nu.1.8 per unit for KHP (revised from Nu.1.75 per unit from Jan. 2008) & THP (2) Power tariff for domestic sales: Nu.0.13 per unit for royalty energy (15% of total to government; revised from Nu.0.3 per unit from August 2010) and Nu.1.20 for the rest (industrial use mainly from KHP). BHP sales are to CHP at Nu.1.39 per unit (revised from Nu.1.2 from October 2013). Domestic sales are exclusive of demand/wheeling charges. Export sales reflected here are net of any payments for the import of power from India in each month.

TABLE 5. TOURIST ARRIVALS AND REVENUES

Number of Tourists <sup>(\*)</sup> and Revenues in Millions of US Dollars

Period	2010		2011		2012		2013		2014		2015		2016	
	Number	Revenue	Number	Revenue	Number	Revenue	Number	Revenue	Number	Revenue	Number	Revenue	Number	Revenue
<b>Q1</b>	<b>5719</b>	<b>7.2</b>	<b>6259</b>	<b>7.4</b>	<b>7653</b>	<b>10.0</b>	<b>8956</b>	<b>11.8</b>	<b>8071</b>	<b>10.2</b>	<b>8219</b>	<b>15.4</b>	<b>10258</b>	<b>14.0</b>
Jan	552	0.5	786	0.7	1496	1.3	1042	0.9	1316	1.3	1781	1.7	1349	1.5
Feb	1358	1.4	1602	1.7	1810	2.0	2649	2.8	2515	2.5	2515	4.3	3075	3.5
Mar	3809	5.3	3871	5.0	4347	6.7	5265	8.1	4240	6.5	3923	9.4	5834	9.1
<b>Q2</b>	<b>5559</b>	<b>7.2</b>	<b>7780</b>	<b>9.6</b>	<b>10903</b>	<b>15.1</b>	<b>10203</b>	<b>14.3</b>	<b>13993</b>	<b>18.7</b>	<b>11867</b>	<b>16.8</b>	<b>12531</b>	<b>16.4</b>
Apr	3059	4.4	4104	5.5	5871	9.2	5268	8.4	7030	11.5	6746	10.3	5349	8.2
May	1747	2.1	2399	2.9	2697	3.6	2647	3.5	3243	4.6	2988	4.3	3403	4.7
Jun	753	0.7	1277	1.2	2335	2.3	2288	2.3	3720	2.6	2133	2.3	3779	3.5
<b>Q3</b>	<b>5288</b>	<b>5.7</b>	<b>7836</b>	<b>9.2</b>	<b>9229</b>	<b>12.4</b>	<b>8589</b>	<b>12.3</b>	<b>16244</b>	<b>14.6</b>	<b>8735</b>	<b>12.8</b>		
Jul	862	0.8	1601	1.6	1583	1.5	1325	1.5	3790	2.4	1553	1.7		
Aug	1300	1.4	2443	2.4	2670	2.5	2673	2.5	7465	4.0	2302	2.4		
Sep	3126	3.5	3792	5.2	4976	8.3	4591	8.3	4989	8.2	4880	8.6		
<b>Q4</b>	<b>10372</b>	<b>14.9</b>	<b>15614</b>	<b>21.5</b>	<b>16144</b>	<b>25.3</b>	<b>16533</b>	<b>26.1</b>	<b>19714</b>	<b>29.7</b>	<b>16428</b>	<b>26.2</b>		
Oct	5888	8.9	8163	11.9	8359	14.5	8642	15.1	9382	15.7	8035	14.5		
Nov	3265	4.6	5059	7.1	5013	7.9	5230	8.2	5952	9.7	5185	8.3		
Dec	1219	1.4	2392	2.5	2772	2.8	2661	2.8	4380	4.3	3208	3.4		
<b>Total</b>	<b>26938</b>	<b>35.0</b>	<b>37489</b>	<b>47.7</b>	<b>43929</b>	<b>62.7</b>	<b>44281</b>	<b>64.5</b>	<b>58022</b>	<b>73.2</b>	<b>45249</b>	<b>71.2</b>	<b>22789</b>	<b>30.4</b>

Source : Tourism Council of Bhutan. (\*) Convertible currency paying tourists only. Gross revenues are inclusive of tour operators' revenue and tax.

**TABLE 6. SUMMARY OF THE CONSUMER PRICE INDEX**

Second Quarter of 2013 = 100

Item	Weight in % <sup>1)</sup>	Period													
		2013				2014				2015				2016	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
		Index													
Food	39.9	102.0	104.8	109.4	114.5	115.5	117.7	120.3	121.3	121.1	121.1	122.9	124.6	124.8	125.6
Non-food	60.1	103.2	105.2	108.4	109.3	110.5	111.7	116.4	117.1	118.5	119.1	120.9	121.9	122.2	122.9
<b>Total</b>	<b>100.0</b>	<b>102.7</b>	<b>105.0</b>	<b>108.8</b>	<b>111.3</b>	<b>112.5</b>	<b>114.0</b>	<b>117.9</b>	<b>118.8</b>	<b>119.5</b>	<b>119.9</b>	<b>121.7</b>	<b>122.9</b>	<b>123.2</b>	<b>124.0</b>
		Percentage change on the previous year													
Food	39.9	7.9	2.8	9.4	14.5	13.3	12.3	10.0	5.9	4.8	2.9	2.2	2.8	2.9	3.5
Non-food	60.1	8.7	7.1	8.9	9.3	7.0	6.1	7.3	7.2	7.3	6.7	3.9	4.1	3.1	3.2
<b>Total</b>	<b>100.0</b>	<b>8.4</b>	<b>5.5</b>	<b>9.1</b>	<b>11.3</b>	<b>9.5</b>	<b>8.6</b>	<b>8.4</b>	<b>6.7</b>	<b>6.3</b>	<b>5.2</b>	<b>3.2</b>	<b>3.5</b>	<b>3.0</b>	<b>3.3</b>
PPN	1.0	0.5	1.0	0.9	0.9	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.81

Source: National Statistics Bureau. -1) 2003 Household Income and Expenditure Survey; includes rent. 2. Base year used for PPN Q2, 2013 is of December 2012 and the figures represented is month-on-month. 3. The CPI reflected in this table is for the last quarter of each fiscal year. As of the Q2, 2013 the NSB has increased the weight of food in the CPI from 31.67% to 39.92%, and correspondingly decreased the weight for non-food from 68.33% to 60.08%.

**TABLE 6.1: YEAR-ON-YEAR INDEX AND PERCENTAGE CHANGE: DOMESTIC**

December 2012 = 100

Item	Weight in percent %	Index						Percent change (%)					
		2016						2016					
		Jan	Feb	Mar	Apr	May	Jun	Jan	Feb	Mar	Apr	May	Jun
Food	17.8	126.6	126.4	126.9	127.3	127.7	130.2	3.9	3.5	4.1	4.0	4.8	6.7
Non-food	30.2	123.2	123.8	123.8	124.0	124.3	124.3	4.5	4.4	4.3	4.3	4.5	4.5
<b>Total</b>	<b>48.0</b>	<b>124.4</b>	<b>124.7</b>	<b>124.9</b>	<b>125.2</b>	<b>125.6</b>	<b>126.5</b>	<b>4.3</b>	<b>4.0</b>	<b>4.2</b>	<b>4.2</b>	<b>4.6</b>	<b>5.3</b>

Source : National Statistics Bureau, Bhutan

TABLE 6.2: YEAR-ON-YEAR INDEX PERCENTAGE CHANGE: IMPORTED

December 2012 = 100

Item	Weight in percent %	Index						Percent change (%)					
		2016						2016					
		Jan	Feb	Mar	Apr	May	Jun	Jan	Feb	Mar	Apr	May	Jun
Food	22.2	123.7	123.2	122.8	122.8	123.1	123.9	2.5	2.1	1.7	1.9	2.3	2.5
Non-food	29.8	120.7	120.8	121.1	121.3	121.4	121.8	1.8	1.9	1.8	2.1	1.9	1.6
Total	52.0	122.0	121.8	121.8	121.9	122.2	122.7	2.1	2.0	1.8	2.0	2.1	2.0

Source: National Statistics Bureau, Bhutan

TABLE 6.3: ANNUAL AND MONTHLY PPI AND INFLATION BY INDUSTRY

Sectors	Weights (%)	Index level (September 2011=00)						Monthly Inflation (%)			Annual Inflation (%)			
		Apr-15	May-15	Jun-15	Mar-16	Apr-16	May-16	Jun-16	Apr-16	May-16	Jun-16	Apr-16	May-16	Jun-16
<b>All Industry</b>	100.0	109.8	109.6	109.5	112.7	113.6	113.0	112.7	0.8	-0.5	-0.2	3.4	3.1	3.0
Logging	0.7	112.4	112.4	112.4	131.5	131.5	131.5	131.5	0.0	0.0	0.0	17.0	17.0	17.0
Mining and quarrying	5.8	117.0	117.3	117.6	124.0	124.1	124.1	123.5	0.1	0.0	-0.4	6.1	5.7	5.1
Manufacturing	47.7	107.4	106.8	106.6	112.6	114.4	113.2	112.7	1.6	-1.1	-0.5	6.6	6.0	5.7
Electricity, gas, steam and air conditioning supply	35.4	113.0	113.0	113.0	113.0	113.0	113.0	113.0	0.0	0.0	0.0	0.0	0.0	0.0
Water supply; sewerage, waste management and remediation activities	0.1	109.4	109.4	109.4	109.4	109.4	109.4	109.4	0.0	0.0	0.0	0.0	0.0	0.0
Transport	5.9	120.8	121.4	121.4	118.8	118.5	118.7	118.9	-0.2	0.2	0.2	-1.9	-2.2	-2.1
Information and communication	4.5	89.8	89.8	89.8	89.8	89.8	89.8	89.8	0.0	0.0	0.0	0.0	0.0	0.0

Source: National Statistics Bureau. (Note: An entry of "0.0" indicates a marginal value compared to "-" which indicates no value for that particular item)

TABLE 6.4: ANNUAL AND MONTHLY INFLATION BY PRODUCT

Description	Share (%)	Index level (September 2011=00)						Monthly Inflation (%)			Annual Inflation (%)			
		Apr-15	May-15	Jun-15	Mar-16	Apr-16	May-16	Jun-16	Apr-16	May-16	Jun-16	Apr-16	May-16	Jun-16
<b>All Products</b>	100.0	109.8	109.6	109.5	112.8	113.6	113.0	112.7	0.7	-0.5	-0.2	3.4	3.1	3.0
Logging	0.7	112.4	112.4	112.4	131.5	131.5	131.5	131.5	0.0	0.0	0.0	17.0	17.0	17.0
Ores and minerals; electricity, gas and water	5.8	117.0	117.3	117.6	124.9	124.1	124.1	123.5	-0.7	0.0	-0.4	6.1	5.7	5.1
Food products, beverages and tobacco; textiles, apparel and leather products	3.6	110.5	110.4	110.4	110.2	110.7	110.8	110.8	0.5	0.0	0.1	0.3	0.3	0.4
Other transportable goods, except metal products, machinery and equipment	15.4	116.3	116.3	116.1	122.0	121.6	121.7	121.1	-0.3	0.1	-0.5	4.6	4.7	4.4
Metal products, machinery and equipment	28.8	102.5	101.6	101.4	108.2	111.2	109.2	108.7	2.8	-1.8	-0.5	8.5	7.5	7.1
Distributive trade services; accommodation, food and beverage serving services; transport services; and electricity, gas and water distribution services	41.3	114.1	114.2	114.2	113.8	113.8	113.8	113.8	0.0	0.0	0.0	-0.3	-0.3	-0.3
Business and production services	4.5	89.8	89.8	89.8	89.8	89.8	89.8	89.8	0.0	0.0	0.0	0.0	0.0	0.0

Source: National Statistics Bureau. (Note: An entry of "0.0" indicates a marginal value compared to "-" which indicates no value for that particular item)

**TABLE 7. INDIAN WHOLESALE PRICE INDEX OF ALL COMMODITIES**

**2004-05 =100**

Period	Year										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
	Index										
Jan	105.2	112.3	117.3	124.2	134.8	147.4	158.2	170.3	179.1	177.3	175.7
Feb	105.4	112.4	118.8	122.9	134.8	146.0	159.3	170.2	178.9	175.8	174.1
Mar	105.5	112.7	121.4	123.2	135.8	148.0	161.0	170.6	179.8	176.1	174.6
Apr	107.6	114.4	123.5	124.6	138.3	152.1	163.5	171.3	180.2	176.4	177.0
May	108.5	114.6	124.0	125.5	138.8	152.4	163.9	171.6	181.7	177.7	179.4
Jun	109.7	114.8	127.3	126.4	139.4	153.1	164.2	172.7	182.6	178.6	182.0
Jul	110.6	115.6	128.6	127.8	140.6	154.2	165.8	175.5	185.0	177.6	
Aug	111.3	115.9	128.9	129.3	140.7	154.9	166.6	177.5	185.7	176.5	
Sep	112.0	116.0	128.5	129.9	141.5	156.2	168.4	179.7	185.0	176.6	
Oct	112.5	116.3	128.6	130.5	142.4	157.0	168.7	180.7	183.7	176.9	
Nov	112.4	116.7	126.7	132.4	143.1	157.4	168.8	181.5	181.5	177.6	
Dec	112.1	116.6	124.3	132.9	145.4	156.9	168.6	179.2	179.8	177.4	
	Percentage change on the previous year										
Jan	4.2	6.7	4.5	5.9	8.5	9.3	7.3	7.6	5.2	(1.0)	(0.9)
Feb	4.3	6.6	5.7	3.5	9.7	8.3	9.1	6.8	5.1	(1.7)	(1.0)
Mar	3.9	6.8	7.7	1.5	10.2	9.0	8.8	6.0	5.4	(2.1)	(0.9)
Apr	4.7	6.3	8.0	0.9	11.0	10.0	7.5	4.8	5.2	(2.1)	0.3
May	5.9	5.6	8.2	1.2	10.6	9.8	7.5	4.7	5.9	(2.2)	1.0
Jun	6.6	4.6	10.9	(0.7)	10.3	9.8	7.3	5.2	5.7	(2.2)	1.9
Jul	6.3	4.5	11.2	(0.6)	10.0	9.7	7.5	5.9	5.4	(4.0)	
Aug	6.9	4.1	11.2	0.3	8.8	10.1	7.6	6.5	4.6	(5.0)	
Sep	6.9	3.6	10.8	1.1	8.9	10.4	7.8	6.7	2.9	(4.5)	
Oct	6.9	3.4	10.6	1.5	9.1	10.3	7.5	7.1	1.7	(3.7)	
Nov	6.6	3.8	8.6	4.5	8.1	10.0	7.2	7.5	-	(2.1)	
Dec	7.1	4.0	6.6	6.9	9.4	7.9	7.5	6.3	0.3	(1.3)	

Source: Reserve Bank of India. Effective August 2010, the RBI has revised the base year from 1993-04 to 2004-05, creating a break in the continuity and comparison of data. The newly-calculated WPI commences from the month of April 2004 onwards.



**TABLE 8. MONETARY SURVEY**

Ngultrum in Million

End of Period <sup>#</sup>	Assets							
	Total	Foreign Assets (Net)			Domestic Credit			
		Total	Rupee	Convertible Foreign Currency	Total	Public Sector		
					Claims on Govt. (net)	Other Public Sector*	Private Sector**	
2004	22,386.3	16,456.8	3,314.3	13,142.5	5,929.5	441.7	963.8	4,524.0
2005	24,912.3	16,397.2	3,595.0	12,802.2	8,515.1	1,847.5	888.5	5,779.1
2006	31,156.9	22,505.0	3,155.5	19,349.5	8,651.9	(71.4)	871.9	7,851.5
2007	34,944.6	24,881.3	794.7	24,086.6	10,063.3	(1,432.6)	943.4	10,552.5
2008	39,463.4	26,101.2	(890.8)	26,992.0	13,362.1	(1,687.5)	719.6	14,330.0
2009	48,453.6	32,720.6	(3,258.5)	35,979.1	15,732.9	(3,677.3)	939.1	18,471.1
2010	58,400.3	35,263.7	(3,070.8)	38,334.5	23,136.5	(2,993.2)	135.8	25,994.0
2011	66,237.7	35,532.0	(7,113.4)	42,645.4	30,705.7	(3,955.3)	1,035.9	33,625.2
2012	81,998.2	35,532.1	(9,550.8)	45,082.9	46,466.1	1,245.8	1,485.7	43,734.6
2013	100,998.6	48,566.4	1,492.9	47,073.5	52,432.3	3,323.1	2,284.6	46,824.6
2014								
Jan	101,986.4	51,362.8	(4,113.7)	55,476.6	50,623.5	(779.8)	2,575.3	48,828.1
Feb	102,832.0	53,117.6	(4,088.5)	57,206.1	49,714.4	(1,859.5)	2,619.3	48,954.5
Mar	103,040.4	51,837.5	(4,423.3)	56,260.9	51,202.9	(480.6)	2,866.1	48,817.4
Apr	100,929.1	49,405.6	(5,023.9)	54,429.5	51,523.4	98.4	2,915.1	48,509.9
May	106,022.5	56,775.0	4,459.9	52,315.1	49,247.5	(2,960.1)	2,800.2	49,407.4
Jun	106,185.5	53,886.5	265.2	53,621.2	52,299.0	(1,978.0)	4,438.4	49,838.7
Jul	106,222.8	52,812.0	(2,544.0)	55,356.0	53,410.8	(1,217.1)	4,228.1	50,399.8
Aug	107,947.2	53,723.9	(2,217.9)	55,941.8	54,223.3	479.9	3,012.4	50,731.0
Sep	112,832.8	61,829.6	3,873.6	57,956.0	51,003.2	(3,554.3)	2,959.7	51,597.8
Oct	115,694.1	62,519.8	5,805.5	56,714.2	53,174.3	(2,477.9)	3,257.6	52,394.6
Nov	118,977.4	68,021.6	10,345.6	57,676.0	50,955.8	(5,062.0)	3,387.5	52,630.2
Dec	120,531.2	69,081.6	11,034.1	58,047.4	51,449.6	(5,013.4)	3,112.9	53,350.1
2015								
Jan	121,611.7	67,049.1	11,336.1	55,713.0	54,562.6	(2,071.6)	3,081.5	53,552.8
Feb	117,488.6	64,199.6	7,028.4	57,171.3	53,289.0	(3,996.3)	3,120.3	54,165.0
Mar	115,416.9	60,410.6	4,219.3	56,191.3	55,006.3	(3,668.4)	3,257.7	55,417.0
Apr	114,588.4	57,137.9	3,321.4	53,816.5	57,450.6	(2,017.6)	3,887.5	55,580.7
May	118,595.6	56,297.1	2,957.4	53,339.7	62,298.5	(551.7)	6,614.6	56,235.6
Jun	114,503.9	58,248.7	4,034.4	54,214.4	56,255.1	(7,739.7)	7,174.3	56,820.5
Jul	115,469.1	56,816.7	2,887.4	53,929.4	58,652.4	(4,581.5)	6,181.4	57,052.6
Aug	119,106.0	64,841.0	8,039.9	56,801.1	54,265.1	(8,798.0)	5,432.4	57,630.7
Sep	124,839.5	72,455.3	13,552.7	58,902.6	52,384.2	(11,075.7)	5,091.8	58,368.1
Oct	123,453.1	69,871.2	12,030.2	57,841.0	53,581.9	(10,809.6)	5,175.5	59,216.0
Nov	125,642.0	68,871.2	9,406.0	59,465.1	56,770.8	(8,573.2)	5,431.6	59,912.4
Dec	125,501.6	66,305.1	7,324.0	58,981.1	59,196.5	(6,123.1)	5,340.6	59,979.0
2016								
Jan	126,053.0	65,658.2	7,758.0	57,900.2	60,394.7	(6,222.1)	5,392.6	61,224.3
Feb	129,729.4	68,914.9	9,471.7	59,443.2	60,814.5	(5,898.7)	5,372.8	61,340.5
Mar	139,542.2	75,568.3	16,053.1	59,515.2	63,973.9	(4,554.4)	5,284.6	63,243.8
Apr	124,630.7	70,224.0	11,210.9	59,013.0	54,406.8	(15,035.7)	5,284.9	64,157.6
May	129,412.1	67,297.9	6,766.3	60,531.6	62,114.2	(8,040.0)	5,197.7	64,956.5
Jun	133,508.3	67,815.6	7,316.8	60,498.8	65,692.7	(5,570.5)	6,106.0	65,157.2

\* Other Public Sector includes claims on Govt. Corporations and Other Public Corporations.

\*\* Private Sector includes Claims on NBFIs.

Note: The monetary survey data is not directly comparable with the past data as there has been reclassification in the Government Deposits with banks and foreign borrowing of the BDBL:

(i) Due to the problem of mis-classification of government accounts held by the commercial banks, adjustments have been made to make the public sector accounts more realistic.

(ii) Due to changes in the classification of foreign liabilities (others), the external borrowing of the BDBL has been reclassified as the domestic borrowing as this borrowing was lent by the Government to the BDBL.

**TABLE 8.CONTINUED**  
**Monetary Survey**

Ngultrum in Million

End of Period #	Liabilities							
	Total	Broad Money (M2)						Other Items Net *
		Total	Money (M1, Narrow Money)				Other Deposits**	
			Total	Currency Outside Banks	Transferable Deposits**	NBFI Deposits		
<b>2004</b>	<b>22,386.3</b>	16,592.7	8,524.7	2,015.2	6,509.4	-	8,068.0	5,793.6
<b>2005</b>	<b>24,912.3</b>	18,376.9	9,331.9	2,303.4	7,028.5	-	9,045.1	6,535.4
<b>2006</b>	<b>31,156.9</b>	23,208.7	10,678.1	2,614.9	8,063.1	-	12,530.6	7,948.2
<b>2007</b>	<b>34,944.6</b>	25,208.5	13,542.1	3,165.8	10,376.3	-	11,666.4	9,736.1
<b>2008</b>	<b>39,463.4</b>	25,784.0	14,395.7	3,641.6	10,754.1	-	11,388.3	13,679.4
<b>2009</b>	<b>48,453.6</b>	32,114.8	18,375.0	4,541.8	13,833.2	-	13,739.8	16,338.7
<b>2010</b>	<b>58,400.3</b>	41,778.7	22,537.7	5,386.5	17,151.2	-	19,241.0	16,621.6
<b>2011</b>	<b>66,237.7</b>	50,639.8	30,270.3	6,893.7	23,376.6	-	20,369.5	15,597.9
<b>2012</b>	<b>81,998.2</b>	50,122.9	31,960.2	6,390.7	25,569.5	-	18,162.7	31,875.3
<b>2013</b>	<b>100,998.6</b>	59,451.2	37,794.1	5,681.2	32,112.9	-	21,657.1	41,547.4
<b>2014</b>								
Jan	<b>101,986.4</b>	60,572.2	36,531.7	5,675.6	30,856.1	-	24,040.5	41,414.2
Feb	<b>102,832.0</b>	61,239.6	35,306.4	5,324.4	29,982.0	-	25,933.3	41,592.3
Mar	<b>103,040.4</b>	58,876.3	34,175.2	5,246.6	28,928.5	-	24,701.1	44,164.1
Apr	<b>100,929.1</b>	58,900.1	34,089.3	4,802.2	29,287.2	-	24,810.8	42,029.0
May	<b>106,022.5</b>	62,784.2	38,721.1	5,249.3	33,471.8	-	24,063.1	43,238.4
Jun	<b>106,185.5</b>	63,387.8	39,701.8	5,704.6	33,997.3	-	23,686.0	42,797.7
Jul	<b>106,222.8</b>	64,309.1	40,351.7	5,063.1	35,288.6	-	23,957.4	41,913.8
Aug	<b>107,947.2</b>	65,713.1	40,015.2	5,187.0	34,828.2	-	25,697.9	42,234.1
Sep	<b>112,832.8</b>	68,172.7	42,024.1	5,663.2	36,360.9	-	26,148.7	44,660.1
Oct	<b>115,694.1</b>	70,364.4	43,030.8	5,566.5	37,464.3	-	27,333.6	45,329.7
Nov	<b>118,977.4</b>	73,234.3	45,499.9	5,561.3	39,938.6	-	27,734.4	45,743.1
Dec	<b>120,531.2</b>	73,366.1	43,296.2	5,671.6	37,624.6	-	30,069.9	47,165.1
<b>2015</b>								
Jan	<b>121,611.7</b>	75,626.2	46,300.1	5,715.3	40,584.9	-	29,326.1	45,985.5
Feb	<b>117,488.6</b>	71,582.9	42,747.0	5,576.1	37,170.9	-	28,836.0	45,905.7
Mar	<b>115,416.9</b>	67,636.3	40,068.5	5,767.2	34,301.4	-	27,567.7	47,780.6
Apr	<b>114,588.4</b>	68,804.1	41,077.0	5,334.4	35,742.6	-	27,727.1	45,784.4
May	<b>118,595.6</b>	71,188.8	42,633.4	5,676.9	36,956.5	-	28,555.4	47,406.8
Jun	<b>114,503.9</b>	68,344.3	41,675.5	5,946.1	35,729.4	-	26,668.8	46,159.6
Jul	<b>115,469.1</b>	67,943.4	40,031.2	5,939.9	34,091.3	-	27,912.2	47,525.7
Aug	<b>119,106.0</b>	68,616.2	40,570.9	5,570.9	35,000.0	-	28,045.3	50,489.8
Sep	<b>124,839.5</b>	69,742.1	40,835.3	5,626.5	35,208.8	-	28,906.8	55,097.3
Oct	<b>123,453.1</b>	75,716.2	44,364.5	6,038.8	38,325.7	-	31,351.7	47,736.9
Nov	<b>125,642.0</b>	76,991.4	45,166.3	5,936.0	39,230.3	-	31,825.0	48,650.6
Dec	<b>125,501.6</b>	76,148.6	44,428.8	6,587.2	37,841.6	-	31,719.8	49,353.0
<b>2016</b>								
Jan	<b>126,053.0</b>	76,507.5	44,253.5	6,647.7	37,605.8	-	32,254.1	49,545.4
Feb	<b>129,729.4</b>	77,571.1	45,114.4	6,610.2	38,504.2	-	32,456.7	52,158.3
Mar	<b>139,542.2</b>	87,269.9	55,933.5	5,935.3	49,998.2	-	31,336.4	52,272.3
Apr	<b>124,630.7</b>	79,637.4	47,803.0	6,272.3	41,530.7	-	31,834.3	44,993.4
May	<b>129,412.1</b>	79,271.4	44,097.6	5,753.2	38,344.4	-	35,173.8	50,140.7
Jun	<b>133,508.3</b>	79,162.7	44,933.6	6,101.7	38,831.9	-	34,229.1	54,345.5

\*) Other Items Net includes Money Market Instruments (RGoB T-Bills).

\*\*) The terms Demand Deposits and Quasi Money are replaced by Transferable Deposits and Other Deposits.

#Annual data are for end-of-June in each year (and are therefore, not comparable to past publications which featured data as of end-December).

**TABLE 9. ROYAL MONETARY AUTHORITY OF BHUTAN - MONETARY AND FINANCIAL STATISTICS.**

Ngultrum in Million

End of Period <sup>#</sup>	Assets								
	Total	Foreign Assets			Claims on DMBs	Claims on Govt.	Claims on Private Sector	Claims on NBFIs	Govt. Securities
		Total	Rupee	Convertible Foreign Currency					
<b>2004</b>	<b>13,486.2</b>	13,199.7	1,822.4	11,377.3	248.7	37.0	0.8	-	-
<b>2005</b>	<b>14,317.9</b>	13,507.7	2,069.7	11,438.0	709.5	100.0	0.6	-	-
<b>2006</b>	<b>19,296.8</b>	18,702.4	1,507.4	17,195.0	591.2	-	3.1	-	-
<b>2007</b>	<b>22,178.5</b>	20,987.9	136.3	20,851.6	21.6	-	11.6	-	1,157.5
<b>2008</b>	<b>26,267.8</b>	26,106.7	135.1	25,971.6	146.6	-	14.5	-	-
<b>2009</b>	<b>34,942.8</b>	34,881.4	118.4	34,763.0	44.2	-	17.2	-	-
<b>2010</b>	<b>37,610.6</b>	36,959.3	137.3	36,822.1	633.0	-	18.3	-	-
<b>2011</b>	<b>40,681.9</b>	40,550.2	91.2	40,459.1	112.7	-	19.0	-	-
<b>2012</b>	<b>45,053.9</b>	43,896.3	229.9	43,666.4	182.2	956.5	18.8	-	-
<b>2013</b>	<b>59,822.6</b>	55,665.5	10,706.4	44,959.0	2,243.6	1,900.0	13.5	-	-
<b>2014</b>									
Jan	<b>59,209.0</b>	56,949.3	4,890.5	52,058.8	1,434.6	812.2	12.9	-	-
Feb	<b>59,037.2</b>	57,491.6	5,026.8	52,464.8	1,533.1	-	12.5	-	-
Mar	<b>58,597.8</b>	57,296.2	5,076.9	52,219.3	1,049.9	239.5	12.2	-	-
Apr	<b>55,622.8</b>	54,457.3	4,262.5	50,194.8	1,152.9	-	12.6	-	-
May	<b>63,044.9</b>	62,528.8	13,436.9	49,091.9	360.5	143.1	12.6	-	-
Jun	<b>60,870.5</b>	60,575.3	9,493.1	51,082.2	281.6	-	13.6	-	-
Jul	<b>61,808.7</b>	58,556.6	6,646.3	51,910.2	1,697.5	1,540.8	13.9	-	-
Aug	<b>63,460.7</b>	60,274.7	7,051.7	53,223.0	3,172.5	-	13.5	-	-
Sep	<b>67,899.1</b>	67,601.4	12,839.6	54,761.8	284.6	-	13.2	-	-
Oct	<b>68,973.1</b>	68,642.8	15,038.1	53,604.7	316.1	-	14.3	-	-
Nov	<b>74,825.1</b>	74,551.3	19,106.1	55,445.2	257.3	-	16.5	-	-
Dec	<b>75,684.2</b>	75,502.1	19,731.0	55,771.1	166.1	-	16.1	-	-
<b>2015</b>									
Jan	<b>75,361.0</b>	73,656.7	20,241.6	53,415.1	1,687.5	-	16.8	-	-
Feb	<b>70,953.6</b>	69,923.0	15,949.0	53,974.1	909.3	104.9	16.3	-	-
Mar	<b>62,924.3</b>	62,315.4	9,693.1	52,622.4	592.3	-	16.6	-	-
Apr	<b>61,646.3</b>	60,996.0	9,290.1	51,705.9	629.6	-	20.6	-	-
May	<b>60,852.7</b>	60,397.9	8,934.6	51,463.4	429.3	-	25.4	-	-
Jun	<b>63,837.7</b>	62,112.5	9,826.5	52,286.0	1,696.9	-	28.3	-	-
Jul	<b>62,544.8</b>	61,121.2	9,132.7	51,988.5	1,394.0	-	29.6	-	-
Aug	<b>69,649.9</b>	68,858.2	14,045.5	54,812.6	763.3	-	28.4	-	-
Sep	<b>75,158.9</b>	74,192.8	18,205.6	55,987.2	939.3	-	26.7	-	-
Oct	<b>74,095.2</b>	72,145.7	17,568.5	54,577.2	1,921.7	-	27.8	-	-
Nov	<b>74,037.6</b>	71,555.6	15,038.5	56,517.1	2,454.9	-	27.2	-	-
Dec	<b>69,582.7</b>	68,810.3	12,210.0	56,600.3	744.5	-	27.9	-	-
<b>2016</b>									
Jan	<b>70,090.4</b>	68,490.7	12,501.1	55,989.5	1,569.6	-	30.1	-	-
Feb	<b>74,519.6</b>	72,555.8	14,798.9	57,756.8	1,418.3	515.2	30.4	-	-
Mar	<b>77,220.7</b>	76,741.3	19,921.2	56,820.1	447.5	-	31.9	-	-
Apr	<b>79,170.6</b>	74,133.0	16,734.8	57,398.2	5,004.1	-	33.6	-	-
May	<b>73,910.8</b>	71,403.4	12,899.7	58,503.7	1,188.1	1,285.0	34.3	-	-
Jun	<b>78,276.8</b>	77,976.8	19,017.7	58,959.1	266.6	-	33.3	-	-

Note: An entry of "0.0" indicates a marginal value compared to "-" which indicates no value for that particular item.

**TABLE 9. CONTINUED**  
**Royal Monetary Authority of Bhutan**

Ngultrum in Million

End of Period <sup>#</sup>	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				
<b>2004</b>	<b>13,486.2</b>	9,370.3	2,015.2	-	-	-	414.9	200.0	144.9	3,356.1
<b>2005</b>	<b>14,317.9</b>	9,340.1	2,303.4	-	-	-	779.0	200.0	879.0	3,119.9
<b>2006</b>	<b>19,296.8</b>	13,474.7	2,614.9	-	-	-	648.4	200.0	1,004.3	3,969.4
<b>2007</b>	<b>22,178.8</b>	13,319.6	3,166.0	-	-	-	2,009.6	200.0	1,023.4	5,626.2
<b>2008</b>	<b>26,267.8</b>	12,871.8	3,641.6	1,800.0	1,800.0	-	2,264.5	2,019.9	1,430.0	5,881.5
<b>2009</b>	<b>34,942.8</b>	14,697.9	4,541.8	3,917.3	3,917.3	-	4,204.3	2,000.0	1,133.5	8,989.8
<b>2010</b>	<b>37,610.6</b>	20,574.7	5,386.5	4,500.3	4,500.3	-	4,047.2	21.4	1,097.7	7,369.3
<b>2011</b>	<b>40,681.9</b>	19,727.6	6,893.7	7,914.8	7,914.8	-	5,074.4	20.7	3,256.0	4,688.4
<b>2012</b>	<b>45,053.9</b>	16,743.1	6,390.7	11,173.3	11,173.3	-	783.7	26.0	3,014.2	13,313.5
<b>2013</b>	<b>59,822.6</b>	23,997.4	5,681.2	10,032.0	10,032.0	-	736.9	-	2,726.4	22,330.0
<b>2014</b>										
Jan	<b>59,209.0</b>	23,044.8	5,675.6	10,099.8	10,099.8	-	4,284.4	-	2,868.5	18,911.4
Feb	<b>59,037.2</b>	22,703.0	5,324.4	10,143.2	10,143.2	-	4,551.9	-	2,875.6	18,763.6
Mar	<b>58,597.8</b>	24,727.9	5,246.6	10,143.2	10,143.2	-	3,516.6	-	3,007.1	17,203.0
Apr	<b>55,622.8</b>	22,040.4	4,802.2	10,059.1	10,059.1	-	2,738.1	-	3,004.7	17,780.5
May	<b>63,044.9</b>	27,861.6	5,249.3	10,106.2	10,106.2	-	6,135.7	-	3,047.8	15,893.7
Jun	<b>60,870.5</b>	26,638.2	5,704.6	10,000.0	10,000.0	-	3,854.8	-	3,013.6	17,363.8
Jul	<b>61,808.7</b>	28,380.1	5,063.1	10,074.4	10,074.4	-	3,248.8	-	2,818.2	17,287.3
Aug	<b>63,460.7</b>	29,068.6	5,187.0	10,122.1	10,122.1	-	4,004.8	-	2,852.3	17,412.8
Sep	<b>67,899.1</b>	30,275.8	5,663.2	10,041.9	10,041.9	-	6,539.7	-	2,945.6	18,096.1
Oct	<b>68,973.1</b>	31,181.4	5,566.5	10,041.7	10,041.7	-	6,807.3	-	3,033.3	17,909.5
Nov	<b>74,825.1</b>	34,770.5	5,561.3	10,083.3	10,083.3	-	8,509.9	-	3,155.0	18,306.4
Dec	<b>75,684.2</b>	34,746.4	5,671.6	10,000.0	10,000.0	-	8,050.0	-	3,261.2	19,626.6
<b>2015</b>										
Jan	<b>75,361.0</b>	39,097.3	5,715.3	10,043.1	10,043.1	-	5,409.8	-	3,380.2	17,430.6
Feb	<b>70,953.6</b>	31,849.4	5,576.1	10,081.9	10,081.9	-	7,439.4	-	3,477.8	18,105.0
Mar	<b>62,924.3</b>	26,311.7	5,767.2	7,000.0	7,000.0	-	8,006.8	-	3,678.2	17,927.7
Apr	<b>61,646.3</b>	25,643.0	5,334.4	7,029.2	7,029.2	-	6,556.5	-	3,596.0	18,821.6
May	<b>60,852.7</b>	27,536.3	5,676.9	7,059.3	7,059.3	-	3,590.7	-	3,679.2	18,987.3
Jun	<b>63,837.7</b>	26,248.8	5,946.1	7,000.0	7,000.0	-	7,779.7	-	3,597.1	19,212.1
Jul	<b>62,544.8</b>	25,153.7	5,939.9	7,030.1	7,030.1	-	7,620.5	-	3,660.4	19,080.1
Aug	<b>69,649.9</b>	25,883.0	5,570.9	7,060.3	7,060.3	-	11,837.0	-	3,729.4	21,140.1
Sep	<b>75,158.9</b>	28,958.5	5,626.5	7,000.0	7,000.0	-	14,114.7	-	3,907.2	21,178.6
Oct	<b>74,095.2</b>	29,211.0	6,038.8	7,030.1	7,030.1	-	13,827.1	-	3,897.6	20,129.4
Nov	<b>74,037.6</b>	27,463.8	5,936.0	7,059.3	7,059.3	-	14,083.2	-	3,986.3	21,444.9
Dec	<b>69,582.7</b>	25,801.1	6,587.2	7,000.0	7,000.0	-	11,628.3	-	4,057.7	21,095.6
<b>2016</b>										
Jan	<b>70,090.4</b>	26,074.8	6,647.7	7,030.1	7,030.1	-	11,345.2	-	3,352.4	22,287.8
Feb	<b>74,519.6</b>	28,909.1	6,610.2	7,058.3	7,058.3	-	11,951.0	-	3,433.4	23,167.8
Mar	<b>77,220.7</b>	34,951.1	5,935.3	7,000.0	7,000.0	-	10,081.3	-	3,520.7	21,667.6
Apr	<b>79,170.6</b>	29,028.6	6,272.3	7,028.8	7,028.8	-	18,067.7	-	3,612.4	21,433.2
May	<b>73,910.8</b>	28,901.1	5,753.2	7,058.5	7,058.5	-	12,357.0	-	3,725.4	21,868.8
Jun	<b>78,276.8</b>	27,802.9	6,101.7	13,804.1	13,804.1	-	10,200.1	-	3,686.8	22,782.9

<sup>#</sup>Annual data are for end-of-June in each year (and are therefore, not comparable to past publications which featured data as of end-December).

**TABLE 10. DEPOSIT MONEY BANKS – MONETARY AND FINANCIAL STATISTICS**

Ngultrum in Million

End of Period <sup>#</sup>	Assets									
	Total	Reserves	Foreign Assets			Claims on Govt.	Claims on Govt. Corps.	Claims on Public Sector *	Claims on Private Sector	Claims on NBFIs
			Total	Rupee	Others					
<b>2004</b>	<b>17,698.1</b>	7,072.8	4,318.8	2,553.6	1,765.2	320.0	1,202.5	210.8	4,258.9	314.3
<b>2005</b>	<b>18,738.5</b>	6,655.5	2,889.5	1,525.3	1,364.1	1,949.5	1,276.0	139.5	5,505.3	323.2
<b>2006</b>	<b>23,888.7</b>	10,788.8	3,802.6	1,648.1	2,154.5	-	1,278.4	120.5	7,338.9	559.4
<b>2007</b>	<b>26,508.0</b>	10,553.2	3,893.4	658.4	3,235.0	-	1,242.9	227.5	9,872.7	718.3
<b>2008</b>	<b>27,279.9</b>	9,873.2	1,794.5	774.1	1,020.4	577.0	641.3	78.3	13,797.6	517.9
<b>2009</b>	<b>33,365.6</b>	11,689.1	1,756.5	540.4	1,216.1	527.0	584.0	355.2	17,843.6	610.3
<b>2010</b>	<b>45,442.3</b>	15,472.1	2,804.7	1,292.3	1,512.4	1,054.0	85.3	50.5	25,177.3	798.4
<b>2011</b>	<b>54,058.6</b>	15,401.0	2,896.5	710.2	2,186.3	1,119.1	555.3	480.5	33,215.7	390.5
<b>2012</b>	<b>59,623.5</b>	10,540.0	2,809.1	1,392.6	1,416.5	1,073.0	717.8	767.9	43,158.5	557.3
<b>2013</b>	<b>71,596.5</b>	17,408.1	2,932.9	818.4	2,114.5	2,159.9	2,080.5	204.1	46,117.8	693.3
<b>2014</b>										
Jan	<b>75,798.1</b>	17,201.8	4,513.3	1,095.6	3,417.8	2,692.4	1,404.9	1,170.4	47,906.9	908.4
Feb	<b>76,914.1</b>	16,891.2	5,769.2	1,027.8	4,741.4	2,692.4	1,407.8	1,211.5	48,055.7	886.2
Mar	<b>74,783.7</b>	15,631.5	4,684.5	643.0	4,041.5	2,796.5	1,484.5	1,381.6	48,062.0	743.2
Apr	<b>75,580.0</b>	16,323.7	5,007.4	772.7	4,234.7	2,836.5	1,472.6	1,442.6	47,724.6	772.7
May	<b>79,124.8</b>	19,544.8	4,352.5	1,129.3	3,223.2	3,032.4	1,578.0	1,222.2	48,741.1	653.8
Jun	<b>80,539.4</b>	21,088.0	3,311.2	772.1	2,539.0	1,876.8	3,123.3	1,315.0	48,902.0	923.0
Jul	<b>82,088.8</b>	22,654.0	4,329.8	884.1	3,445.8	490.9	2,911.7	1,316.4	49,512.3	873.7
Aug	<b>82,677.5</b>	20,891.6	3,571.3	852.5	2,718.9	4,484.8	1,734.3	1,278.1	49,875.4	842.1
Sep	<b>86,662.7</b>	24,862.8	4,270.1	1,075.9	3,194.3	2,985.4	1,675.0	1,284.7	50,774.1	810.6
Oct	<b>88,271.4</b>	24,385.4	3,918.7	809.1	3,109.6	4,329.5	2,013.9	1,243.7	51,622.2	758.1
Nov	<b>91,177.7</b>	28,174.8	3,553.6	1,322.8	2,230.8	3,447.9	2,132.8	1,254.8	51,888.1	725.7
Dec	<b>91,003.4</b>	27,940.4	3,579.5	1,303.1	2,276.4	3,036.6	1,867.6	1,245.3	52,222.4	1,111.6
<b>2015</b>										
Jan	<b>90,010.0</b>	26,618.9	3,435.5	1,137.5	2,297.9	3,338.2	1,861.0	1,220.4	52,473.9	1,062.0
Feb	<b>90,153.5</b>	25,187.8	4,358.6	1,161.4	3,197.2	3,338.2	1,877.7	1,242.6	53,119.2	1,029.4
Mar	<b>86,342.4</b>	18,250.8	5,095.1	1,526.2	3,568.9	4,338.4	2,082.3	1,175.4	54,432.9	967.5
Apr	<b>86,607.9</b>	19,450.4	3,171.1	1,060.4	2,110.6	4,538.8	2,103.6	1,783.9	54,643.0	917.1
May	<b>88,961.2</b>	20,139.0	2,958.5	1,082.1	1,876.3	3,039.0	4,857.3	1,757.3	55,326.4	883.8
Jun	<b>86,692.0</b>	19,549.3	3,136.2	1,207.8	1,928.4	40.0	5,600.3	1,574.0	55,659.2	1,133.0
Jul	<b>84,467.5</b>	15,498.4	2,725.7	784.8	1,940.9	3,039.0	4,922.0	1,259.3	56,174.3	848.7
Aug	<b>86,940.3</b>	17,823.4	3,043.1	1,054.6	1,988.5	3,039.0	3,759.4	1,673.0	56,759.2	843.1
Sep	<b>87,997.8</b>	16,263.2	5,262.4	2,347.0	2,915.4	3,039.0	3,515.9	1,575.8	57,517.9	823.4
Oct	<b>92,870.5</b>	20,733.7	4,755.7	1,491.8	3,263.9	3,017.5	3,713.7	1,461.7	58,227.1	961.1
Nov	<b>95,179.5</b>	19,977.8	4,374.9	1,426.9	2,948.0	5,510.0	3,961.8	1,469.7	58,930.7	954.6
Dec	<b>93,590.4</b>	18,298.7	4,494.8	2,114.0	2,380.8	5,505.2	3,852.5	1,488.1	58,922.2	1,028.9
<b>2016</b>										
Jan	<b>94,468.2</b>	18,560.6	4,197.7	2,287.1	1,910.7	5,123.1	3,771.1	1,621.5	60,028.0	1,166.1
Feb	<b>97,324.7</b>	21,687.3	3,417.5	1,731.1	1,686.4	5,537.1	3,820.7	1,552.1	60,067.4	1,242.7
Mar	<b>106,748.3</b>	26,897.9	5,827.0	3,131.9	2,695.1	5,526.9	3,743.1	1,541.5	62,153.5	1,058.4
Apr	<b>98,282.1</b>	22,721.5	3,119.7	1,504.9	1,614.8	3,032.0	3,705.8	1,579.1	62,232.8	1,891.3
May	<b>97,963.5</b>	21,858.5	2,953.0	925.1	2,027.9	3,032.0	3,661.2	1,536.5	63,527.2	1,395.0
Jun	<b>97,355.1</b>	17,852.9	3,642.8	2,103.2	1,539.6	4,629.6	4,754.4	1,351.6	63,668.9	1,454.9

\* With effect from 1st January 2011, claims on joint corporations were reclassified as claims on public sector as per new reporting format by the Financial Regulation and Supervision Department of the RMA.



**TABLE 10. CONTINUED**  
**Deposit Money Banks**

Ngultrum in Million

End of Period <sup>#</sup>	Liabilities										
	Total	Demand Deposits (1)	Time Deposits	Foreign Currency Deposits	Foreign Liabilities			Govt. Deposits	Domestic Borrowings	Capital Accounts	Other Items (Net)
					Total	Rupee*	Others				
<b>2004</b>	<b>17,698.1</b>	5,721.7	6,490.9	604.4	1,061.6	1,061.6	-	1,760.4	-	1,763.0	296.1
<b>2005</b>	<b>18,738.5</b>	7,028.5	8,559.9	485.2	-	-	-	-	-	1,942.2	722.7
<b>2006</b>	<b>23,888.7</b>	8,063.1	11,853.8	676.8	-	-	-	-	-	2,148.9	1,146.0
<b>2007</b>	<b>26,508.0</b>	10,376.3	10,193.9	1,472.5	-	-	-	-	-	2,344.7	2,120.5
<b>2008</b>	<b>27,279.9</b>	10,754.1	10,422.1	966.2	-	-	-	-	-	2,672.0	2,465.6
<b>2009</b>	<b>33,365.6</b>	13,833.2	12,628.8	1,110.9	-	-	-	-	-	3,214.0	2,578.6
<b>2010</b>	<b>45,442.3</b>	17,151.2	17,939.0	1,301.9	-	-	-	-	1,495.2	5,707.0	1,847.8
<b>2011</b>	<b>54,058.6</b>	23,376.6	17,410.9	2,958.6	-	-	-	-	1,547.9	6,382.3	2,382.3
<b>2012</b>	<b>59,623.5</b>	25,569.5	16,641.8	1,520.9	-	-	-	-	1,263.6	10,263.0	4,364.7
<b>2013</b>	<b>71,596.5</b>	32,112.9	20,373.6	1,283.5	-	-	-	-	1,374.6	13,011.1	3,440.8
<b>2014</b>											
Jan	<b>75,798.1</b>	30,856.1	22,546.9	1,493.7	-	-	-	-	1,307.6	13,157.4	6,436.4
Feb	<b>76,914.1</b>	29,982.0	23,409.6	2,523.7	-	-	-	-	1,301.6	13,465.1	6,232.2
Mar	<b>74,783.7</b>	28,928.5	22,104.6	2,596.5	-	-	-	-	1,193.5	13,335.0	6,625.6
Apr	<b>75,580.0</b>	29,287.2	22,701.7	2,109.1	-	-	-	-	1,623.5	14,704.5	5,154.1
May	<b>79,124.8</b>	33,471.8	22,045.1	2,018.0	-	-	-	-	1,622.8	14,630.7	5,336.4
Jun	<b>80,539.4</b>	33,997.3	21,952.3	1,733.6	-	-	-	-	1,136.9	15,117.2	6,602.1
Jul	<b>82,088.8</b>	35,288.6	22,188.4	1,769.0	-	-	-	-	1,136.9	15,176.8	6,529.2
Aug	<b>82,677.5</b>	34,828.2	24,457.3	1,240.6	-	-	-	-	1,130.9	15,450.3	5,570.1
Sep	<b>86,662.7</b>	36,360.9	24,551.2	1,597.5	-	-	-	-	1,122.8	15,598.1	7,432.2
Oct	<b>88,271.4</b>	37,464.3	26,484.6	848.9	-	-	-	-	1,122.8	15,913.7	6,436.9
Nov	<b>91,177.7</b>	39,938.6	26,916.7	817.7	-	-	-	-	1,122.1	16,253.4	6,129.1
Dec	<b>91,003.4</b>	37,624.6	28,845.3	1,224.6	-	-	-	-	1,067.1	16,133.6	6,108.2
<b>2015</b>											
Jan	<b>90,010.0</b>	40,584.9	28,125.3	1,200.8	-	-	-	-	1,067.1	16,719.1	2,312.8
Feb	<b>90,153.5</b>	37,170.9	27,684.7	1,151.3	-	-	-	-	1,061.2	16,604.5	6,480.9
Mar	<b>86,342.4</b>	34,301.4	26,351.4	1,216.4	-	-	-	-	948.2	16,076.8	7,448.3
Apr	<b>86,607.9</b>	35,742.6	26,563.7	1,163.4	-	-	-	-	948.2	16,013.6	6,176.4
May	<b>88,961.2</b>	36,956.5	27,333.4	1,222.0	-	-	-	-	947.5	16,175.4	6,326.3
Jun	<b>86,692.0</b>	35,729.4	25,446.5	1,222.3	-	-	-	-	896.4	16,713.7	6,683.6
Jul	<b>84,467.5</b>	34,091.3	26,721.4	1,190.8	-	-	-	-	895.5	16,631.2	4,937.3
Aug	<b>86,940.3</b>	35,000.0	26,620.1	1,425.1	-	-	-	-	889.5	16,864.8	6,140.7
Sep	<b>87,997.8</b>	35,208.8	27,347.3	1,559.5	-	-	-	-	880.5	16,947.9	6,053.8
Oct	<b>92,870.5</b>	38,325.7	30,100.4	1,251.2	-	-	-	-	880.5	17,135.8	5,176.8
Nov	<b>95,179.5</b>	39,230.3	30,497.4	1,327.6	-	-	-	-	879.8	17,330.5	5,913.8
Dec	<b>93,590.4</b>	37,841.6	30,456.4	1,263.4	-	-	-	-	824.8	17,986.5	5,217.6
<b>2016</b>											
Jan	<b>94,468.2</b>	37,605.8	30,879.2	1,374.9	-	-	-	-	817.9	17,984.7	5,805.7
Feb	<b>97,324.7</b>	38,504.2	31,844.9	611.9	-	-	-	-	823.9	17,816.1	7,723.9
Mar	<b>106,748.3</b>	49,998.2	30,053.3	1,283.1	-	-	-	-	809.8	17,521.6	7,082.2
Apr	<b>98,282.1</b>	41,530.7	30,594.2	1,240.1	-	-	-	-	708.9	17,720.8	6,487.3
May	<b>97,963.5</b>	38,344.4	33,586.3	1,587.4	-	-	-	-	708.2	17,602.2	6,134.9
Jun	<b>97,355.1</b>	38,831.9	32,640.5	1,588.6	-	-	-	-	703.2	18,029.3	5,561.7

(1) Demand Deposits includes Savings Deposits. (\*) Between 1994-2000, Rupee Liabilities were consolidated under Other Liabilities. From January 2001 onwards, Rupee Liabilities are shown separately.

Note: An entry of "0.0" indicates a marginal value compared to "-" which indicates no value for that particular item.

<sup>#</sup>Annual data are for end-of-June in each year (and are therefore, not comparable to past publications which featured data as of end-December).

**TABLE 11. BANK OF BHUTAN LIMITED – MONETARY AND FINANCIAL STATISTICS**

Ngultrum in Million

End of Period <sup>#</sup>	Assets									
	Total	Reserves	Foreign Assets			Claims on Govt.	Claims on Govt. Corps.	Claims on Public Sector *	Claims on Private Sector	Claims on NBFIs
			Total	Rupee	Others					
<b>2004</b>	<b>11,498.0</b>	5,070.5	3,430.0	2,001.4	1,428.6	200.0	675.9	193.1	1,718.6	210.0
<b>2005</b>	<b>11,901.7</b>	5,562.7	2,008.9	1,087.3	921.6	1,082.6	692.6	131.9	2,189.8	233.1
<b>2006</b>	<b>15,666.8</b>	9,046.3	2,328.9	955.0	1,373.8	-	631.3	112.9	2,991.8	555.7
<b>2007</b>	<b>16,870.9</b>	9,030.4	2,344.8	407.9	1,936.9	-	617.0	219.9	3,944.2	714.5
<b>2008</b>	<b>15,337.5</b>	7,625.1	966.0	476.8	489.2	-	571.1	70.7	5,540.4	564.2
<b>2009</b>	<b>17,906.7</b>	7,780.5	777.7	396.4	381.3	-	527.0	347.6	7,867.4	606.5
<b>2010</b>	<b>21,730.3</b>	9,938.3	1,699.6	958.9	740.7	527.0	75.6	42.1	8,853.6	594.1
<b>2011</b>	<b>23,108.4</b>	9,283.7	1,947.0	341.7	1,605.3	592.1	405.0	(29.7)	10,608.9	301.4
<b>2012</b>	<b>25,904.1</b>	7,210.0	1,437.9	909.4	528.5	546.0	711.1	130.4	15,567.2	301.6
<b>2013</b>	<b>33,291.7</b>	12,793.0	1,614.7	299.9	1,314.8	1,632.9	795.2	54.8	15,947.3	453.8
<b>2014</b>										
Jan	<b>33,184.4</b>	12,163.0	2,938.3	609.1	2,329.2	105.4	917.8	344.2	16,118.0	597.7
Feb	<b>32,809.0</b>	10,576.9	3,902.0	712.2	3,189.9	105.4	923.3	379.9	16,345.8	575.7
Mar	<b>30,300.5</b>	9,005.1	3,039.0	434.6	2,604.4	105.4	1,002.3	353.0	16,246.5	549.2
Apr	<b>31,724.7</b>	10,291.0	3,031.2	453.0	2,578.2	105.4	997.5	414.6	16,362.7	522.4
May	<b>35,223.1</b>	13,735.6	2,932.7	731.7	2,201.0	105.4	1,105.9	393.1	16,455.0	495.4
Jun	<b>37,423.3</b>	14,382.3	1,898.8	484.4	1,414.5	1,463.4	2,009.3	417.4	16,489.1	763.1
Jul	<b>37,488.4</b>	15,427.4	2,300.5	446.6	1,853.9	77.5	1,810.2	422.2	16,718.8	731.8
Aug	<b>35,896.0</b>	14,926.1	1,887.1	434.8	1,452.4	77.5	1,088.4	401.4	16,814.9	700.6
Sep	<b>41,084.7</b>	19,385.9	2,334.1	824.8	1,509.2	77.5	1,074.5	396.3	17,147.8	668.6
Oct	<b>39,430.3</b>	17,112.8	2,072.4	433.7	1,638.8	498.2	1,418.9	380.5	17,310.9	636.6
Nov	<b>42,546.7</b>	20,902.8	1,953.5	720.1	1,233.4	-	1,424.3	385.9	17,276.1	604.2
Dec	<b>39,496.1</b>	17,658.5	2,098.7	488.1	1,610.7	-	1,167.3	375.6	17,624.7	571.3
<b>2015</b>										
Jan	<b>37,542.3</b>	15,864.6	1,902.8	488.7	1,414.1	-	1,167.1	380.2	17,689.1	538.5
Feb	<b>36,667.8</b>	14,483.7	2,317.2	486.2	1,831.0	-	1,185.9	395.4	17,780.3	505.2
Mar	<b>35,169.0</b>	12,624.1	2,641.1	535.9	2,105.2	-	1,198.9	327.0	17,934.0	444.0
Apr	<b>36,171.3</b>	14,281.8	1,900.4	430.4	1,470.0	-	1,239.6	396.9	17,942.2	410.4
May	<b>36,720.4</b>	12,329.8	1,834.4	464.9	1,369.5	-	3,727.0	381.9	18,070.2	377.2
Jun	<b>37,761.8</b>	11,833.9	1,981.9	649.1	1,332.8	-	4,212.6	744.7	18,362.4	626.3
Jul	<b>34,939.2</b>	11,016.5	1,594.1	332.2	1,261.9	-	3,541.2	447.1	18,000.8	339.5
Aug	<b>35,298.7</b>	12,222.5	1,574.3	320.6	1,253.7	-	2,655.5	574.9	17,973.7	297.8
Sep	<b>35,752.1</b>	11,401.3	2,703.2	1,268.7	1,434.6	-	2,632.7	602.7	18,134.3	277.9
Oct	<b>38,492.1</b>	14,738.5	1,875.4	711.7	1,163.7	-	2,638.2	609.8	18,198.4	431.9
Nov	<b>40,030.9</b>	15,969.0	1,895.4	657.1	1,238.2	4.9	2,893.1	611.1	18,232.7	424.9
Dec	<b>37,760.4</b>	13,283.3	2,291.0	933.9	1,357.0	-	2,867.5	569.4	18,349.9	399.3
<b>2016</b>										
Jan	<b>39,350.8</b>	14,162.9	2,804.0	1,650.4	1,153.6	-	2,874.5	764.2	18,356.7	388.5
Feb	<b>41,705.1</b>	17,352.4	1,987.2	932.3	1,054.9	-	2,877.6	704.5	18,405.9	377.5
Mar	<b>38,896.1</b>	14,341.7	1,582.9	370.7	1,212.2	-	2,854.8	671.0	19,220.6	225.0
Apr	<b>42,057.3</b>	17,036.9	1,919.9	826.9	1,093.0	-	2,860.6	735.1	18,734.6	770.2
May	<b>38,105.8</b>	13,760.8	1,320.7	355.2	965.5	-	2,865.1	686.9	19,432.3	40.1
Jun	<b>40,057.7</b>	9,731.1	1,782.4	832.1	950.3	4,589.6	3,943.5	522.5	19,448.6	40.1

\* With effect from 1st January, 2011 claims on Joint Corporations has been reclassified as claims on Public Sector as per new (FIRMA) reporting format by the Financial Regulation and Supervision Department of the RMA.



**Table 11. CONTINUED**  
**Bank of Bhutan Limited**

Ngultrum in Million

End of Period <sup>#</sup>	Liabilities										
	Total	Demand Deposits	Time Deposits	Foreign Currency Deposits	Foreign Liabilities			Govt. Deposits	Domestic Borrowings	Capital Accounts	Other Items (Net)
					Total	Rupee*	Others				
<b>2004</b>	<b>11,498.0</b>	5,058.6	3,626.0	560.7	1,061.6	1,061.6	-	-	-	1,010.5	180.6
<b>2005</b>	<b>11,901.7</b>	5,568.2	4,768.6	336.6	-	-	-	-	-	1,150.6	77.7
<b>2006</b>	<b>15,666.8</b>	6,427.1	6,593.9	457.5	-	-	-	-	-	1,224.5	963.8
<b>2007</b>	<b>16,870.9</b>	8,452.0	4,179.4	1,008.9	-	-	-	-	-	1,407.1	1,823.5
<b>2008</b>	<b>15,337.5</b>	8,308.1	4,081.0	467.4	-	-	-	-	-	1,573.9	907.1
<b>2009</b>	<b>17,906.7</b>	10,438.3	3,408.3	655.9	-	-	-	-	-	1,941.4	1,462.8
<b>2010</b>	<b>21,730.3</b>	11,966.9	4,670.4	918.2	-	-	-	-	-	2,516.8	1,657.9
<b>2011</b>	<b>23,108.4</b>	16,519.7	3,166.8	2,509.0	-	-	-	-	-	2,803.2	(1,890.2)
<b>2012</b>	<b>25,904.1</b>	16,973.8	3,233.7	594.0	-	-	-	-	-	3,406.0	1,696.8
<b>2013</b>	<b>33,291.7</b>	22,129.8	3,894.9	789.4	-	-	-	-	-	3,783.6	2,694.0
<b>2014</b>											
Jan	<b>33,184.4</b>	19,398.2	6,583.7	736.1	-	-	-	-	-	3,521.1	2,945.3
Feb	<b>32,809.0</b>	17,346.2	6,715.4	1,421.2	-	-	-	-	-	3,903.6	3,422.5
Mar	<b>30,300.5</b>	16,873.7	5,395.7	1,228.8	-	-	-	-	-	3,792.9	3,009.4
Apr	<b>31,724.7</b>	17,115.8	5,788.0	1,256.1	-	-	-	-	-	4,470.1	3,094.7
May	<b>35,223.1</b>	20,744.3	5,821.6	1,164.2	-	-	-	-	-	4,333.1	3,160.0
Jun	<b>37,423.3</b>	20,681.1	5,958.6	1,135.7	-	-	-	-	-	4,332.8	5,315.2
Jul	<b>37,488.4</b>	21,058.5	7,177.8	1,183.1	-	-	-	-	-	4,502.7	3,566.4
Aug	<b>35,896.0</b>	20,748.1	7,847.7	625.3	-	-	-	-	-	4,576.7	2,098.2
Sep	<b>41,084.7</b>	23,152.1	7,303.9	616.7	-	-	-	-	-	4,562.0	5,450.0
Oct	<b>39,430.3</b>	23,254.8	7,726.4	-	-	-	-	-	-	4,653.9	3,795.1
Nov	<b>42,546.7</b>	25,415.2	7,690.8	-	-	-	-	-	-	4,800.0	4,640.8
Dec	<b>39,496.1</b>	23,364.3	7,778.6	676.3	-	-	-	-	-	4,614.2	3,062.6
<b>2015</b>											
Jan	<b>37,542.3</b>	25,449.1	7,813.8	692.5	-	-	-	-	-	4,927.0	(1,340.0)
Feb	<b>36,667.8</b>	21,154.7	7,734.4	668.4	-	-	-	-	-	4,973.5	2,136.8
Mar	<b>35,169.0</b>	19,259.5	7,823.2	813.8	-	-	-	-	-	4,495.8	2,776.7
Apr	<b>36,171.3</b>	20,747.7	7,977.0	762.5	-	-	-	-	-	4,559.9	2,124.3
May	<b>36,720.4</b>	21,123.2	7,930.2	798.1	-	-	-	-	-	4,660.6	2,208.3
Jun	<b>37,761.8</b>	21,462.6	8,236.2	794.5	-	-	-	-	-	4,818.6	2,449.8
Jul	<b>34,939.2</b>	20,254.5	7,673.1	722.4	-	-	-	-	-	4,881.9	1,407.2
Aug	<b>35,298.7</b>	20,348.3	7,692.7	768.3	-	-	-	-	-	4,976.2	1,513.2
Sep	<b>35,752.1</b>	20,624.6	7,807.9	792.1	-	-	-	-	-	4,994.4	1,533.0
Oct	<b>38,492.1</b>	22,998.4	8,389.6	789.3	-	-	-	-	-	5,020.2	1,294.5
Nov	<b>40,030.9</b>	24,103.5	8,425.2	829.9	-	-	-	-	-	5,106.5	1,565.8
Dec	<b>37,760.4</b>	22,189.2	8,307.8	832.6	-	-	-	-	-	5,285.7	1,145.1
<b>2016</b>											
Jan	<b>39,350.8</b>	23,460.9	8,310.5	866.8	-	-	-	-	-	5,308.1	1,404.4
Feb	<b>41,705.1</b>	23,616.4	9,043.4	-	-	-	-	-	-	5,314.2	3,731.1
Mar	<b>38,896.1</b>	22,496.2	9,074.9	570.4	-	-	-	-	-	5,255.6	1,499.0
Apr	<b>42,057.3</b>	26,101.6	8,762.4	536.9	-	-	-	-	-	5,561.2	1,095.2
May	<b>38,105.8</b>	21,997.4	9,426.7	654.6	-	-	-	-	-	5,330.1	696.9
Jun	<b>40,057.7</b>	22,962.6	9,730.5	764.1	-	-	-	-	-	5,331.4	1,269.2

(\*) Between 1994-2000, Rupee Liabilities were consolidated under Other Liabilities. From January 2001 onwards, Rupee Liabilities are shown separately.

<sup>#</sup>Annual data are for end-of-June in each year (and are therefore, not comparable to past publications which featured data as of end-December).

**TABLE 12. BHUTAN NATIONAL BANK LIMITED – MONETARY AND FINANCIAL STATISTICS**

Ngultrum in Million

End of Period <sup>#</sup>	Assets									
	Total	Reserves	Foreign Assets			Claims on Govt.	Claims on Govt. Corps.	Claims on Public Sector *	Claims on Private Sector	Claims on NBFIs
			Total	Rupee	Others					
<b>2004</b>	<b>6,200.1</b>	2,002.3	888.8	552.2	336.6	569.5	77.1	17.7	2,540.4	104.3
<b>2005</b>	<b>6,836.8</b>	1,092.8	880.6	438.1	442.5	1,393.9	56.3	7.6	3,315.5	90.1
<b>2006</b>	<b>8,221.8</b>	1,742.6	1,473.8	693.1	780.7	527.0	120.1	7.6	4,347.2	3.7
<b>2007</b>	<b>9,637.1</b>	1,522.7	1,548.6	250.5	1,298.1	527.0	99.0	7.6	5,928.5	3.7
<b>2008</b>	<b>11,942.4</b>	2,248.1	828.6	297.4	531.2	527.0	70.2	7.6	8,257.2	3.7
<b>2009</b>	<b>15,458.9</b>	3,908.6	978.8	144.0	834.8	527.0	57.0	7.6	9,976.2	3.7
<b>2010</b>	<b>18,351.8</b>	4,911.9	969.5	207.7	761.8	527.0	9.6	7.6	11,922.4	3.7
<b>2011</b>	<b>20,190.2</b>	4,142.7	587.4	108.8	478.6	527.0	145.4	508.9	14,275.1	3.7
<b>2012</b>	<b>21,102.7</b>	2,114.3	1,053.8	222.8	831.1	527.0	0.4	604.9	16,783.0	19.2
<b>2013</b>	<b>21,768.1</b>	2,209.4	801.0	144.5	656.5	527.0	1,285.3	114.0	16,812.1	19.2
<b>2014</b>										
Jan	<b>24,277.1</b>	4,857.2	1,071.1	257.5	813.6	105.4	-	796.9	17,422.5	23.9
Feb	<b>24,898.9</b>	5,292.6	1,255.0	149.9	1,105.2	105.4	-	802.0	17,420.0	24.0
Mar	<b>25,197.3</b>	5,939.3	873.3	146.8	726.6	105.4	-	807.6	17,447.7	24.0
Apr	<b>24,881.7</b>	5,311.4	1,623.3	181.9	1,441.4	105.4	-	790.5	16,970.6	80.5
May	<b>23,537.9</b>	4,249.7	958.5	150.3	808.2	105.4	-	784.7	17,415.9	23.7
Jun	<b>21,684.2</b>	2,112.8	1,057.4	143.1	914.3	77.5	64.2	801.6	17,546.6	24.1
Jul	<b>23,083.2</b>	2,923.9	1,578.6	233.7	1,344.9	77.5	64.6	794.2	17,620.2	24.1
Aug	<b>23,288.2</b>	3,484.1	1,274.2	220.9	1,053.4	77.5	36.2	779.6	17,612.9	23.8
Sep	<b>23,454.2</b>	3,378.6	1,215.6	113.8	1,101.8	77.5	-	785.0	17,973.2	24.2
Oct	<b>25,045.9</b>	3,865.6	1,049.9	100.3	949.6	997.8	-	756.8	18,355.3	20.6
Nov	<b>24,016.1</b>	2,997.7	736.9	194.3	542.6	997.8	115.3	762.1	18,385.7	20.6
Dec	<b>26,818.8</b>	6,004.2	820.9	482.1	338.8	997.8	115.3	767.6	18,092.4	20.6
<b>2015</b>										
Jan	<b>28,122.4</b>	8,168.0	1,104.2	443.5	660.7	-	115.3	739.8	17,974.5	20.6
Feb	<b>28,154.1</b>	7,472.2	1,597.3	435.7	1,161.6	-	115.3	744.6	18,204.0	20.6
Mar	<b>24,994.8</b>	3,495.7	1,747.6	488.4	1,259.3	-	115.3	717.2	18,898.4	20.6
Apr	<b>23,953.2</b>	3,202.2	824.0	323.1	501.0	-	115.3	1,260.7	18,530.3	20.6
May	<b>23,783.3</b>	2,946.5	697.9	328.0	369.9	-	115.9	1,249.0	18,753.4	20.6
Jun	<b>23,281.9</b>	3,075.1	753.7	295.1	458.6	-	115.9	702.9	18,613.6	20.6
Jul	<b>23,379.0</b>	2,756.9	633.5	129.1	504.4	-	115.9	705.2	19,127.6	39.9
Aug	<b>24,851.3</b>	3,633.1	696.6	282.3	414.3	-	115.9	960.8	19,368.9	76.0
Sep	<b>25,271.0</b>	2,860.5	1,690.8	475.8	1,215.0	-	115.3	818.5	19,709.8	76.2
Oct	<b>27,938.5</b>	4,890.3	2,208.5	316.0	1,892.5	-	115.3	702.6	19,945.0	76.7
Nov	<b>28,631.4</b>	5,411.7	1,980.0	355.7	1,624.3	-	115.3	708.6	20,338.8	77.0
Dec	<b>28,786.3</b>	6,183.7	1,270.0	384.6	885.3	-	115.3	766.4	20,274.0	176.9
<b>2016</b>										
Jan	<b>28,661.0</b>	5,890.4	1,007.9	343.1	664.8	-	115.3	701.4	20,604.2	341.7
Feb	<b>29,248.0</b>	5,936.0	1,118.1	558.5	559.6	-	115.3	706.6	20,935.0	437.0
Mar	<b>27,781.8</b>	3,716.5	1,685.9	305.1	1,380.8	-	155.3	712.0	21,114.4	397.7
Apr	<b>27,742.1</b>	4,214.2	743.8	320.0	423.8	-	155.3	686.3	21,240.1	702.4
May	<b>29,661.5</b>	4,960.1	1,123.1	312.7	810.3	-	115.3	691.0	21,835.8	936.1
Jun	<b>28,012.6</b>	3,837.3	818.0	392.9	425.1	-	115.3	672.7	21,823.2	746.0

\* With effect from 1st January 2011, claims on Joint Corporations were reclassified as claims on Public Sector as per new (FIRMA) reporting format by the Financial Regulation and Supervision Department of the RMA.

**TABLE 12. CONTINUED**  
**Bhutan National Bank Limited**  
**Ngultrum in Million**

End of Period <sup>#</sup>	Liabilities										
	Total	Demand Deposits (1)	Time Deposits	Foreign Currency Deposits	Foreign Liabilities			Govt. Deposits	Domesti Borrowings	Capital Accounts	Other Items (Net)
					Total	Rupee	Others				
<b>2004</b>	<b>6,200.1</b>	1,450.8	3,842.6	43.7	-	-	-	-	-	752.5	110.5
<b>2005</b>	<b>6,836.8</b>	1,460.5	3,791.3	148.6	-	-	-	-	-	791.7	644.8
<b>2006</b>	<b>8,221.8</b>	1,639.5	5,259.9	219.3	-	-	-	-	-	924.4	178.7
<b>2007</b>	<b>9,637.1</b>	1,925.2	6,014.5	463.5	-	-	-	-	-	937.6	296.2
<b>2008</b>	<b>11,942.4</b>	2,445.0	6,341.0	498.8	-	-	-	-	-	1,098.1	1,559.5
<b>2009</b>	<b>15,458.9</b>	3,393.0	9,220.6	455.0	-	-	-	-	-	1,272.5	1,117.7
<b>2010</b>	<b>18,351.8</b>	4,106.0	12,128.5	383.1	-	-	-	-	-	1,722.3	11.9
<b>2011</b>	<b>20,190.2</b>	4,495.7	11,862.6	413.5	-	-	-	-	-	1,694.7	1,723.7
<b>2012</b>	<b>21,102.7</b>	5,463.3	8,866.0	897.4	-	-	-	-	-	4,345.9	1,530.1
<b>2013</b>	<b>21,768.1</b>	5,849.1	9,691.3	494.1	-	-	-	-	-	6,097.7	(364.1)
<b>2014</b>											
Jan	<b>24,277.1</b>	6,601.3	9,159.4	511.5	-	-	-	-	-	6,304.8	1,700.1
Feb	<b>24,898.9</b>	6,808.0	9,954.1	655.5	-	-	-	-	-	6,285.6	1,195.6
Mar	<b>25,197.3</b>	7,262.3	9,724.0	637.6	-	-	-	-	-	6,265.5	1,308.0
Apr	<b>24,881.7</b>	7,426.5	9,877.5	674.1	-	-	-	-	-	6,743.9	159.7
May	<b>23,537.9</b>	7,593.8	8,861.7	694.0	-	-	-	-	-	6,748.7	(360.3)
Jun	<b>21,684.2</b>	7,207.2	7,996.2	438.1	-	-	-	-	-	6,747.4	(704.5)
Jul	<b>23,083.2</b>	7,728.8	6,520.1	416.8	-	-	-	-	-	6,748.5	1,669.0
Aug	<b>23,288.2</b>	6,985.1	7,400.3	447.4	-	-	-	-	-	6,981.2	1,474.2
Sep	<b>23,454.2</b>	7,234.3	7,672.6	470.9	-	-	-	-	-	7,097.5	978.9
Oct	<b>25,045.9</b>	8,211.6	7,859.1	358.4	-	-	-	-	-	7,194.4	1,422.5
Nov	<b>24,016.1</b>	8,207.2	8,381.2	341.8	-	-	-	-	-	7,350.8	(264.9)
Dec	<b>26,818.8</b>	7,861.4	10,327.6	307.7	-	-	-	-	-	7,129.6	1,192.4
<b>2015</b>											
Jan	<b>28,122.4</b>	8,809.7	9,332.4	338.7	-	-	-	-	-	7,336.5	2,305.0
Feb	<b>28,154.1</b>	9,407.6	8,875.1	379.5	-	-	-	-	-	7,318.9	2,173.0
Mar	<b>24,994.8</b>	8,624.2	6,905.7	308.4	-	-	-	-	-	7,317.8	1,838.8
Apr	<b>23,953.2</b>	8,304.3	6,919.1	338.0	-	-	-	-	-	7,342.2	1,049.7
May	<b>23,783.3</b>	7,306.1	7,324.2	376.6	-	-	-	-	-	7,384.4	1,391.9
Jun	<b>23,281.9</b>	7,336.0	6,885.7	361.4	-	-	-	-	-	7,342.9	1,355.9
Jul	<b>23,379.0</b>	7,225.9	7,629.2	376.5	-	-	-	-	-	7,364.1	783.3
Aug	<b>24,851.3</b>	7,621.1	7,773.4	392.9	-	-	-	-	-	7,503.8	1,560.0
Sep	<b>25,271.0</b>	7,467.6	8,051.3	525.2	-	-	-	-	-	7,461.8	1,765.2
Oct	<b>27,938.5</b>	7,873.9	10,402.7	431.4	-	-	-	-	-	7,580.1	1,650.4
Nov	<b>28,631.4</b>	8,015.5	10,677.0	426.6	-	-	-	-	-	7,612.9	1,899.3
Dec	<b>28,786.3</b>	8,033.8	10,811.0	403.0	-	-	-	-	-	7,655.6	1,883.0
<b>2016</b>											
Jan	<b>28,661.0</b>	7,558.5	11,137.4	446.8	-	-	-	-	-	7,731.9	1,786.5
Feb	<b>29,248.0</b>	7,663.4	11,355.5	546.9	-	-	-	-	-	7,527.3	2,154.9
Mar	<b>27,781.8</b>	8,163.6	9,371.0	661.9	-	-	-	-	-	7,516.5	2,068.8
Apr	<b>27,742.1</b>	8,067.8	9,614.6	693.7	-	-	-	-	-	7,566.4	1,799.7
May	<b>29,661.5</b>	7,843.3	11,514.8	713.1	-	-	-	-	-	7,551.4	2,038.8
Jun	<b>28,012.6</b>	7,810.2	9,792.8	684.7	-	-	-	-	-	7,853.5	1,871.4

(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).

<sup>#</sup>Annual data are for end-of-June in each year (and are therefore, not comparable to past publications which featured data as of end-December).

**TABLE 13. BHUTAN DEVELOPMENT BANK LIMITED (\*) – MONETARY AND FINANCIAL STATISTICS**

Ngultrum in Million

End of Period <sup>#</sup>	Assets									
	Total	Reserves	Foreign Assets			Claims on Govt.	Claims on Govt. Corps.	Claims on Public Sector **	Claims on Private Sector	Claims on NBFIs
			Total	Rupee	Others					
<b>2010</b>	<b>3,352.0</b>	73.4	-	-	-	-	-	0.9	3,277.8	-
<b>2011</b>	<b>4,715.9</b>	426.5	-	-	-	-	5.0	1.4	4,283.0	-
<b>2012</b>	<b>5,784.2</b>	428.7	-	-	-	-	6.3	4.4	5,344.7	-
<b>2013</b>	<b>8,284.3</b>	621.1	11.0	11.0	-	-	-	7.4	7,644.7	-
<b>2014</b>										
Jan	9,490.3	773.1	9.7	9.7	-	-	487.1	7.4	8,113.0	100.0
Feb	9,714.0	739.4	8.5	8.5	-	-	484.5	7.4	8,374.3	100.0
Mar	10,223.0	946.9	7.0	7.0	-	100.0	482.2	7.4	8,679.5	-
Apr	10,539.6	1,012.2	4.2	4.2	-	100.0	475.0	7.4	8,940.8	-
May	11,535.4	1,542.4	13.2	13.2	-	295.9	472.2	7.4	9,204.3	-
Jun	12,718.0	2,168.3	10.2	10.2	-	295.9	906.4	7.4	9,329.8	-
Jul	12,892.5	2,074.8	8.3	8.3	-	295.9	899.2	7.8	9,606.6	-
Aug	13,308.1	2,724.6	5.5	5.5	-	295.9	470.9	7.8	9,803.5	-
Sep	12,624.1	1,874.5	6.2	6.2	-	295.9	467.5	12.8	9,967.2	-
Oct	14,377.9	934.0	3.5	3.5	-	2,793.5	460.9	17.8	10,168.2	-
Nov	14,932.9	3,682.7	12.2	12.2	-	411.3	458.0	17.8	10,351.0	-
Dec	15,188.3	3,802.3	14.8	14.8	-	-	455.5	18.8	10,485.6	411.3
<b>2015</b>										
Jan	15,012.9	3,392.0	12.0	12.0	-	-	448.1	18.8	10,730.8	411.3
Feb	15,578.2	3,604.3	8.8	8.8	-	-	445.0	18.8	11,090.1	411.3
Mar	16,552.4	3,918.9	25.8	25.8	-	-	642.3	18.8	11,535.5	411.3
Apr	16,841.2	3,758.2	22.5	22.5	-	-	621.7	18.8	12,008.7	411.3
May	17,727.6	4,095.9	18.7	18.7	-	-	886.4	18.8	12,296.5	411.3
Jun	15,949.0	2,259.3	15.3	15.3	-	-	899.4	18.8	12,344.9	411.3
Jul	16,835.4	2,802.8	35.1	35.1	-	-	891.6	18.7	12,675.8	411.3
Aug	16,839.5	2,821.0	22.2	22.2	-	-	614.7	19.1	12,951.2	411.3
Sep	16,419.2	2,350.6	12.7	12.7	-	-	399.1	38.4	13,207.1	411.3
Oct	16,837.3	2,254.1	40.0	40.0	-	-	590.4	38.4	13,503.0	411.3
Nov	16,899.7	2,054.4	32.9	32.9	-	-	582.7	38.4	13,780.0	411.3
Dec	16,834.7	2,189.6	23.7	23.7	-	-	504.5	38.4	13,667.2	411.3
<b>2016</b>										
Jan	17,400.3	2,047.5	49.4	49.4	-	-	415.0	38.4	14,438.6	411.3
Feb	16,903.0	1,987.0	53.7	53.7	-	-	461.5	38.4	13,951.1	411.3
Mar	17,933.0	2,151.3	44.4	44.4	-	-	371.2	38.4	14,916.4	411.3
Apr	18,625.7	2,528.3	38.8	38.8	-	-	327.1	38.4	15,281.8	411.3
May	19,020.7	2,681.8	31.5	31.5	-	-	317.0	38.4	15,540.6	411.3
Jun	19,013.3	2,584.9	52.7	52.7	-	-	335.6	38.4	15,590.4	411.3

(\*) BDBL received its licence to operate as a specialized deposit-taking commercial bank on March 1, 2010.

\*\* With effect from 1st January 2011, claims on Joint Corporations were reclassified as claims on Public Sector as per new (FIRMA) reporting format by the Financial Regulation and Supervision Department of the RMA.

**TABLE 13. CONTINUED**  
**Bhutan Development Bank Limited**  
 Ngultrum in Million

End of Period*	Liabilities										
	Total	Demand Deposits	Time Deposits	Foreign Currency Deposits	Foreign Liabilities			Govt. Deposits	Domestic Borrowings	Capital Accounts	Other Items (Net)
					Total	Rupee	Others*				
2010	3,352.0	246.9	459.3	-	-	-	-	-	1,495.2	1,134.4	16.2
2011	4,715.9	463.3	264.1	-	-	-	-	-	1,547.9	1,323.9	1,116.7
2012	5,784.2	771.0	1,875.7	-	-	-	-	-	1,263.6	1,544.9	328.9
2013	8,284.3	1,196.8	2,946.6	-	-	-	-	-	1,374.6	1,930.3	836.0
<b>2014</b>											
Jan	9,490.3	1,630.1	3,446.6	-	-	-	-	-	1,307.6	2,184.5	921.5
Feb	9,714.0	1,625.1	3,428.5	-	-	-	-	-	1,301.6	2,080.7	1,278.1
Mar	10,223.0	1,426.2	3,546.1	-	-	-	-	-	1,193.5	2,070.8	1,986.5
Apr	10,539.6	1,500.7	3,723.2	-	-	-	-	-	1,623.5	1,990.8	1,701.4
May	11,535.4	1,531.9	3,997.1	-	-	-	-	-	1,622.8	1,999.0	2,384.6
Jun	12,718.0	2,622.9	4,621.1	-	-	-	-	-	1,136.9	2,489.0	1,848.2
Jul	12,892.5	2,895.1	5,297.3	-	-	-	-	-	1,136.9	2,367.5	1,195.7
Aug	13,308.1	2,056.9	6,256.2	-	-	-	-	-	1,130.9	2,362.6	1,501.5
Sep	12,624.1	2,127.1	6,525.6	-	-	-	-	-	1,122.8	2,408.4	440.2
Oct	14,377.9	2,175.3	7,912.2	-	-	-	-	-	1,122.8	2,519.7	647.9
Nov	14,932.9	2,250.3	7,691.8	-	-	-	-	-	1,122.1	2,538.5	1,330.1
Dec	15,188.3	2,288.2	7,630.4	-	-	-	-	-	1,067.1	2,846.2	1,356.2
<b>2015</b>											
Jan	15,012.9	2,230.4	7,735.3	-	-	-	-	-	1,067.1	2,829.9	1,150.2
Feb	15,578.2	2,215.3	7,814.3	-	-	-	-	-	1,061.2	2,777.0	1,710.3
Mar	16,552.4	2,300.2	8,551.9	-	-	-	-	-	948.2	2,687.8	2,064.3
Apr	16,841.2	2,455.4	8,593.0	-	-	-	-	-	948.2	2,560.1	2,284.6
May	17,727.6	2,201.9	8,876.3	-	-	-	-	-	947.5	2,545.0	3,157.0
Jun	15,949.0	2,312.4	7,160.7	-	-	-	-	-	896.4	2,927.1	2,652.4
Jul	16,835.4	2,344.2	7,989.0	-	-	-	-	-	895.5	2,808.4	2,798.3
Aug	16,839.5	2,517.0	7,880.4	-	-	-	-	-	889.5	2,792.9	2,759.7
Sep	16,419.2	2,471.3	8,006.6	-	-	-	-	-	880.5	2,842.3	2,218.4
Oct	16,837.3	2,690.3	8,011.1	-	-	-	-	-	880.5	2,884.1	2,371.3
Nov	16,899.7	2,532.5	8,277.1	-	-	-	-	-	879.8	2,950.8	2,259.5
Dec	16,834.7	2,591.3	8,214.1	-	-	-	-	-	824.8	3,378.3	1,826.3
<b>2016</b>											
Jan	17,400.3	2,428.6	8,288.5	-	-	-	-	-	817.9	3,274.7	2,590.5
Feb	16,903.0	2,452.1	8,383.1	-	-	-	-	-	823.9	3,305.4	1,938.6
Mar	17,933.0	2,566.4	8,570.6	-	-	-	-	-	809.8	3,148.1	2,838.0
Apr	18,625.7	2,705.7	8,997.9	-	-	-	-	-	708.9	2,973.6	3,239.7
May	19,020.7	2,677.6	9,392.4	-	-	-	-	-	708.2	3,006.3	3,236.2
Jun	19,013.3	2,880.5	9,594.9	-	-	-	-	-	703.2	3,087.8	2,746.8

\*) Due to changes in the classification of foreign liabilities (others), the external borrowing of the BDBL has been reclassified as the domestic borrowing as this borrowing was lent by the Government to the BDBL.

\*Annual data are for end-of-June in each year (and are therefore, not comparable to past publications which featured data as of end-December).



**TABLE 14. DRUK PNB BANK LIMITED - MONETARY AND FINANCIAL STATISTICS (\*)**

Ngultrum in Million

End of Period <sup>#</sup>	Assets									
	Total	Reserves	Foreign Assets			Claims on Govt.	Claims on Govt. Corps.	Claims on Public Sector **	Claims on Private Sector	Claims on NBFIs
			Total	Rupee	Others					
<b>2010</b>	<b>1,290.1</b>	384.7	82.1	73.1	9.0	-	-	-	622.7	200.5
<b>2011</b>	<b>3,496.7</b>	1,007.9	306.9	217.8	89.1	-	-	-	2,096.6	85.3
<b>2012</b>	<b>4,175.7</b>	557.3	250.8	204.1	46.7	-	-	-	3,131.1	236.5
<b>2013</b>	<b>5,479.0</b>	1,406.5	379.6	245.9	133.7	-	-	-	3,472.6	220.3
<b>2014</b>										
Jan	<b>5,926.3</b>	1,629.5	420.1	151.7	268.4	-	-	-	3,690.0	186.7
Feb	<b>6,916.4</b>	2,523.6	511.4	74.5	436.9	-	-	-	3,694.9	186.5
Mar	<b>6,529.9</b>	1,461.6	724.7	23.8	700.9	498.1	-	191.7	3,483.7	170.0
Apr	<b>5,859.9</b>	1,416.1	304.8	104.5	200.3	498.1	-	192.5	3,278.5	169.8
May	<b>6,262.6</b>	1,745.6	371.7	168.8	202.8	498.1	-	-	3,512.7	134.6
Jun	<b>6,064.0</b>	2,101.9	246.6	55.7	190.9	-	143.5	51.6	3,384.6	135.8
Jul	<b>5,992.0</b>	1,949.6	336.4	135.3	201.0	-	137.6	55.2	3,395.5	117.8
Aug	<b>7,487.1</b>	3,447.5	322.7	135.6	187.1	-	138.8	52.4	3,408.0	117.8
Sep	<b>6,741.4</b>	2,398.0	634.2	84.0	550.2	-	133.0	53.6	3,404.9	117.7
Oct	<b>6,563.8</b>	2,170.0	707.2	244.7	462.5	-	134.1	51.7	3,399.8	100.9
Nov	<b>6,828.9</b>	2,259.0	756.9	305.2	451.7	-	135.2	51.2	3,525.7	100.9
Dec	<b>6,545.1</b>	2,049.9	579.1	276.1	303.0	-	129.4	46.4	3,639.4	101.0
<b>2015</b>										
Jan	<b>6,443.4</b>	2,141.1	369.6	158.5	211.1	-	130.5	44.8	3,673.2	84.1
Feb	<b>6,666.9</b>	2,354.7	370.7	186.0	184.7	-	131.5	46.1	3,679.2	84.8
Mar	<b>6,523.3</b>	1,971.2	592.8	401.2	191.5	-	125.9	60.5	3,688.8	84.1
Apr	<b>6,394.4</b>	2,074.0	338.5	207.6	130.9	-	126.9	54.5	3,733.2	67.3
May	<b>7,532.9</b>	3,201.6	341.2	222.3	118.8	-	127.9	55.7	3,739.3	67.3
Jun	<b>6,350.7</b>	1,712.7	298.9	170.3	128.6	-	372.3	55.7	3,843.8	67.3
Jul	<b>6,140.9</b>	1,337.2	386.9	217.1	169.8	-	373.4	36.2	3,956.7	50.5
Aug	<b>6,676.7</b>	1,518.1	641.1	365.2	275.9	-	373.4	66.3	4,027.4	50.5
Sep	<b>7,300.3</b>	2,026.8	745.5	508.3	237.2	-	368.8	63.7	4,045.1	50.5
Oct	<b>6,388.2</b>	1,231.8	501.8	328.5	173.4	-	369.8	59.0	4,192.1	33.6
Nov	<b>6,484.1</b>	1,391.9	392.5	316.5	76.0	-	370.8	59.6	4,235.7	33.6
Dec	<b>7,070.1</b>	1,532.9	828.3	717.8	110.5	-	365.3	61.9	4,248.0	33.7
<b>2016</b>										
Jan	<b>5,953.0</b>	970.5	244.9	170.9	74.0	-	366.2	64.9	4,289.6	16.8
Feb	<b>6,277.1</b>	876.9	143.1	88.2	54.9	399.3	366.2	64.9	4,409.8	16.8
Mar	<b>18,875.4</b>	11,493.7	2,327.6	2,245.4	82.2	-	361.7	68.1	4,607.4	16.9
Apr	<b>6,639.3</b>	1,279.1	303.0	223.3	79.7	-	362.7	67.3	4,627.2	-
May	<b>7,792.8</b>	2,745.2	340.8	129.9	210.9	-	363.8	68.2	4,274.8	-
Jun	<b>6,844.4</b>	1,082.1	780.3	649.5	130.8	-	360.0	66.1	4,305.9	250.1

(\*) Data on the two new deposit-taking commercial banks (Druk PNB Bank Ltd. and T Bank Ltd.) are available from April 2010.

\*\* With effect from 1st January 2011, claims on Joint Corporations were reclassified as claims on Public Sector as per new (FIRMA) reporting format by the Financial Regulation and Supervision Department of the RMA.

**TABLE 14. CONTINUED**  
**Druk PNB Bank Limited**

Ngultrum in Million

End of Period <sup>#</sup>	Liabilities										
	Total	Demand Deposits	Time Deposits	Foreign Currency Deposits	Foreign Liabilities			Govt. Deposits	Domestic Borrowings	Capital Accounts	Other Items (Net)
					Total	Rupee	Others				
<b>2010</b>	<b>1,290.1</b>	714.2	584.0	0.7	-	-	-	-	-	202.0	(210.9)
<b>2011</b>	<b>3,496.7</b>	1,631.9	1,431.6	36.1	-	-	-	-	-	334.9	62.3
<b>2012</b>	<b>4,175.7</b>	1,858.2	1,663.6	29.5	-	-	-	-	-	676.7	(52.3)
<b>2013</b>	<b>5,479.0</b>	2,405.2	2,382.4	0.0	-	-	-	-	-	829.2	(137.8)
<b>2014</b>											
Jan	<b>5,926.3</b>	2,728.4	2,089.9	246.1	-	-	-	-	-	746.1	115.8
Feb	<b>6,916.4</b>	3,485.9	2,116.2	446.9	-	-	-	-	-	828.0	39.3
Mar	<b>6,529.9</b>	3,107.7	2,120.5	730.1	-	-	-	-	-	801.8	(230.3)
Apr	<b>5,859.9</b>	2,743.7	1,988.4	178.8	-	-	-	-	-	963.2	(14.3)
May	<b>6,262.6</b>	3,086.3	2,047.8	159.9	-	-	-	-	-	994.5	(25.9)
Jun	<b>6,064.0</b>	2,868.2	2,051.9	159.9	-	-	-	-	-	1,004.0	(19.9)
Jul	<b>5,992.0</b>	2,975.24	1,897.71	156.43	-	0.00	0.00	0.00	0.00	1013.75	-51.08
Aug	<b>7,487.1</b>	4,354.35	1,920.47	149.51	-	0.00	0.00	0.00	0.00	984.37	78.45
Sep	<b>6,741.4</b>	3,144.74	2,027.01	490.97	-	0.00	0.00	0.00	0.00	984.46	94.25
Oct	<b>6,563.8</b>	3,045.72	1,949.39	471.37	-	0.00	0.00	0.00	0.00	999.62	97.65
Nov	<b>6,828.9</b>	3,224.13	1,908.11	465.61	-	0.00	0.00	0.00	0.00	1,022.94	208.09
Dec	<b>6,545.1</b>	3,185.32	1,843.01	227.48	-	0.00	0.00	0.00	0.00	977.82	311.51
<b>2015</b>											
Jan	<b>6,443.4</b>	3,192.46	1,964.43	154.47	-	0.00	0.00	0.00	0.00	980.25	151.77
Feb	<b>6,666.9</b>	3,546.74	1,987.97	91.24	-	0.00	0.00	0.00	0.00	987.74	53.25
Mar	<b>6,523.3</b>	3,298.58	1,946.14	87.21	-	0.00	0.00	0.00	0.00	998.54	192.84
Apr	<b>6,394.4</b>	3,346.58	1,933.42	52.91	-	0.00	0.00	0.00	0.00	1,016.18	45.31
May	<b>7,532.9</b>	5,381.25	2,013.32	45.53	-	0.00	0.00	0.00	0.00	1,029.72	-936.87
Jun	<b>6,350.7</b>	3,518.11	1,990.81	62.49	-	0.00	0.00	0.00	0.00	1,046.81	-267.49
Jul	<b>6,140.9</b>	3,403.09	1,955.54	84.22	-	0.00	0.00	0.00	0.00	1,062.53	-364.44
Aug	<b>6,676.7</b>	3,629.24	1,961.66	252.45	-	0.00	0.00	0.00	0.00	1,055.36	-221.97
Sep	<b>7,300.3</b>	3,791.77	1,983.95	223.27	-	0.00	0.00	0.00	0.00	1,074.79	226.55
Oct	<b>6,388.2</b>	3,880.30	1,967.97	19.66	-	0.00	0.00	0.00	0.00	1,082.40	-562.17
Nov	<b>6,484.1</b>	3,737.99	1,850.84	68.51	-	0.00	0.00	0.00	0.00	1,080.68	-253.94
Dec	<b>7,070.1</b>	4,170.00	1,864.73	19.66	-	0.00	0.00	0.00	0.00	1,080.67	-64.98
<b>2016</b>											
Jan	<b>5,953.0</b>	3,303.68	1,854.90	56.37	-	0.00	0.00	0.00	0.00	1,095.76	-357.73
Feb	<b>6,277.1</b>	3,799.70	1,956.27	56.08	-	0.00	0.00	0.00	0.00	1,099.85	-634.79
Mar	<b>18,875.4</b>	15,939.95	1,730.12	49.78	-	0.00	0.00	0.00	0.00	1,115.32	40.25
Apr	<b>6,639.3</b>	3,695.00	1,896.86	5.65	-	0.00	0.00	0.00	0.00	1,116.63	-74.80
May	<b>7,792.8</b>	4,691.41	1,919.37	219.72	-	0.00	0.00	0.00	0.00	1,154.81	-192.52
Jun	<b>6,844.4</b>	3,952.08	2,026.03	129.16	-	0.00	0.00	0.00	0.00	1,163.23	-426.07

<sup>#</sup>Annual data are for end-of-June in each year (and are therefore, not comparable to past publications which featured data as of end-December).



**TABLE 15. TBANK LIMITED – MONETARY AND FINANCIAL STATISTICS (\*)**

Ngultrum in Million

End of Period <sup>#</sup>	Assets									
	Total	Reserves	Foreign Assets			Claims on Govt.	Claims on Govt. Corps.	Claims on Public Sector**	Claims on Private Sector	Claims on NBFIs
			Total	Rupee	Others					
<b>2010</b>	<b>718.1</b>	163.8	53.5	52.6	0.9	-	-	-	500.8	-
<b>2011</b>	<b>2,547.4</b>	540.1	55.1	41.8	13.3	-	-	-	1,952.2	-
<b>2012</b>	<b>2,656.9</b>	229.6	66.6	56.3	10.3	-	-	28.2	2,332.4	-
<b>2013</b>	<b>2,773.5</b>	378.0	126.4	117.1	9.4	-	-	28.0	2,241.0	-
<b>2014</b>										
Jan	2,920.1	260.7	74.0	67.5	6.5	-	-	21.9	2,563.4	-
Feb	2,575.8	240.4	92.2	82.8	9.4	-	-	22.3	2,220.8	-
Mar	2,533.1	266.1	40.5	30.8	9.7	-	-	21.9	2,204.6	-
Apr	2,574.2	280.5	44.0	29.2	14.8	40.0	-	37.7	2,172.0	-
May	2,565.7	259.0	76.3	65.1	11.2	40.0	-	37.0	2,153.3	-
Jun	2,649.9	322.7	98.2	78.8	19.4	40.0	-	37.0	2,152.0	-
Jul	2,632.6	278.3	106.2	60.1	46.0	40.0	-	37.0	2,171.2	-
Aug	2,698.0	303.2	81.7	55.7	26.0	40.0	-	37.0	2,236.1	-
Sep	2,758.3	320.3	80.1	47.0	33.1	40.0	-	37.0	2,280.9	-
Oct	2,853.5	302.9	85.7	27.0	58.7	40.0	-	37.0	2,387.9	-
Nov	2,853.2	331.6	94.2	91.1	3.1	40.0	-	37.8	2,349.6	-
Dec	2,955.2	424.3	66.0	42.1	23.9	40.0	-	37.0	2,380.4	7.5
<b>2015</b>										
Jan	2,889.0	351.4	46.8	34.7	12.1	40.0	-	36.9	2,406.3	7.5
Feb	3,086.5	571.0	64.7	44.8	19.9	40.0	-	37.7	2,365.6	7.5
Mar	3,102.8	539.2	87.9	75.0	12.9	40.0	-	51.9	2,376.3	7.5
Apr	3,247.7	633.0	85.6	76.9	8.7	40.0	-	53.1	2,428.6	7.5
May	3,196.9	564.1	66.3	48.2	18.1	40.0	-	52.0	2,467.0	7.5
Jun	3,348.6	668.3	86.4	78.0	8.4	40.0	-	52.0	2,494.5	7.6
Jul	3,173.0	584.0	76.0	71.3	4.8	40.0	-	52.0	2,413.4	7.6
Aug	3,274.1	627.7	108.9	64.3	44.6	40.0	-	52.0	2,437.9	7.6
Sep	3,255.2	623.2	110.2	81.6	28.6	40.0	-	52.6	2,421.6	7.6
Oct	3,214.5	596.5	129.9	95.6	34.3	40.0	-	51.9	2,388.6	7.6
Nov	3,133.4	616.0	74.0	64.6	9.4	40.0	-	52.0	2,343.5	7.8
Dec	3,138.8	574.2	81.9	54.0	27.9	40.0	-	51.9	2,383.1	7.8
<b>2016</b>										
Jan	3,103.1	572.3	91.6	73.3	18.4	40.0	-	52.5	2,338.9	7.8
Feb	3,191.5	625.3	115.4	98.4	17.0	47.5	-	37.7	2,365.6	-
Mar	3,261.9	681.7	186.2	166.3	19.9	40.0	-	52.0	2,294.6	7.5
Apr	3,217.6	654.9	114.1	95.8	18.3	40.0	-	51.9	2,349.1	7.5
May	3,382.7	702.6	136.9	95.7	41.2	40.0	-	51.9	2,443.7	7.5
Jun	3,427.1	617.5	209.4	175.9	33.4	40.0	-	51.9	2,500.8	7.5

(\*) Data on the two new deposit-taking commercial banks (Druk PNB Ltd. and T Bank Ltd.) are available from April 2010.

\*\* With effect from 1st January 2011, claims on Joint Corporations were reclassified as claims on Public Sector as per new (FIRMA) reporting format by the Financial Regulation and Supervision Department of the RMA.

**TABLE 15. CONTINUED**  
**T Bank Limited**

Ngultrum in Million

End of Period <sup>#</sup>	Liabilities										
	Total	Demand Deposits	Time Deposits	Foreign Currency Deposits	Foreign Liabilities			Govt. Deposits	Domesti Borrowings	Capital Accounts	Other Items (Net)
					Total	Rupee	Others				
<b>2010</b>	<b>718.1</b>	117.2	96.8	-	-	-	-	-	-	131.5	372.6
<b>2011</b>	<b>2,547.4</b>	266.0	685.8	-	-	-	-	-	-	225.6	1,369.9
<b>2012</b>	<b>2,656.9</b>	503.2	1,002.9	-	-	-	-	-	-	289.5	861.3
<b>2013</b>	<b>2,773.5</b>	531.9	1,458.4	-	-	-	-	-	-	370.4	412.7
<b>2014</b>											
Jan	<b>2,920.1</b>	498.1	1,267.3	-	-	-	-	-	-	401.0	753.7
Feb	<b>2,575.8</b>	716.7	1,195.3	-	-	-	-	-	-	367.2	296.6
Mar	<b>2,533.1</b>	258.6	1,318.4	-	-	-	-	-	-	404.0	552.0
Apr	<b>2,574.2</b>	500.5	1,324.6	-	-	-	-	-	-	536.5	212.5
May	<b>2,565.7</b>	515.4	1,316.9	-	-	-	-	-	-	555.4	178.0
Jun	<b>2,649.9</b>	618.0	1,324.5	-	-	-	-	-	-	544.1	163.3
Jul	<b>2,632.6</b>	631.0	1,295.5	12.7	-	-	-	-	-	544.3	149.2
Aug	<b>2,698.0</b>	683.8	1,032.7	18.3	-	-	-	-	-	545.4	417.7
Sep	<b>2,758.3</b>	702.7	1,022.2	18.9	-	-	-	-	-	545.7	468.9
Oct	<b>2,853.5</b>	777.0	1,037.5	19.2	-	-	-	-	-	546.1	473.7
Nov	<b>2,853.2</b>	841.8	1,244.9	10.3	-	-	-	-	-	541.1	215.1
Dec	<b>2,955.2</b>	925.3	1,265.6	13.1	-	-	-	-	-	565.8	185.4
<b>2015</b>											
Jan	<b>2,889.0</b>	903.1	1,279.4	15.1	-	-	-	-	-	645.5	45.8
Feb	<b>3,086.5</b>	846.6	1,272.9	12.1	-	-	-	-	-	547.4	407.5
Mar	<b>3,102.8</b>	818.9	1,124.5	6.9	-	-	-	-	-	576.9	575.6
Apr	<b>3,247.7</b>	888.7	1,141.3	10.0	-	-	-	-	-	535.2	672.5
May	<b>3,196.9</b>	944.1	1,189.3	1.8	-	-	-	-	-	555.7	506.0
Jun	<b>3,348.6</b>	1,100.3	1,173.1	3.8	-	-	-	-	-	578.3	493.1
Jul	<b>3,173.0</b>	863.6	1,474.5	7.7	-	-	-	-	-	514.2	313.0
Aug	<b>3,274.1</b>	884.5	1,311.9	11.5	-	-	-	-	-	536.5	529.7
Sep	<b>3,255.2</b>	853.6	1,497.6	18.9	-	-	-	-	-	574.5	310.6
Oct	<b>3,214.5</b>	882.8	1,329.0	10.9	-	-	-	-	-	569.0	422.8
Nov	<b>3,133.4</b>	840.8	1,267.3	2.6	-	-	-	-	-	579.6	443.1
Dec	<b>3,138.8</b>	857.3	1,258.8	8.2	-	-	-	-	-	586.2	428.3
<b>2016</b>											
Jan	<b>3,103.1</b>	854.0	1,287.9	4.9	-	-	-	-	-	574.2	382.1
Feb	<b>3,191.5</b>	972.6	1,106.7	8.9	-	-	-	-	-	569.3	534.0
Mar	<b>3,261.9</b>	832.1	1,306.7	1.0	-	-	-	-	-	486.0	636.1
Apr	<b>3,217.6</b>	960.6	1,322.5	3.9	-	-	-	-	-	503.0	427.6
May	<b>3,382.7</b>	1,134.6	1,333.1	0.0	-	-	-	-	-	559.5	355.5
Jun	<b>3,427.1</b>	1,226.5	1,496.2	10.7	-	-	-	-	-	593.3	100.3

<sup>#</sup>Annual data are for end-of-June in each year (and are therefore, not comparable to past publications which featured data as of end-December).

**TABLE 16. ROYAL INSURANCE CORPORATION OF BHUTAN LIMITED - FINANCIAL STATISTICS**

Ngultrum in Million

End of Period <sup>#</sup>	Assets										
	Total	Reserves	Foreign Assets			Claims on Govt.	Claims on Govt. Corps.	Claims on Public Sector *	Claims on Private Sector	Claims on DMBs	Claims On NBFIs
			Total	Rupee	Others						
2004	1,459.2	103.4	3.7	0.1	3.6	-	-	23.6	1,297.3	28.1	3.0
2005	1,565.3	41.6	6.8	0.1	6.7	-	-	18.7	1,487.1	8.1	3.0
2006	1,734.8	66.4	11.9	0.0	11.9	-	-	14.8	1,570.6	68.1	3.0
2007	1,887.9	93.5	12.8	0.0	12.8	-	-	29.8	1,670.6	78.1	3.0
2008	2,323.5	120.0	14.0	0.0	14.0	-	-	38.2	2,010.1	138.1	3.0
2009	2,754.0	104.0	33.6	0.0	33.5	0.0	-	47.9	2,556.2	9.4	3.0
2010	4,899.2	687.0	7.5	-	7.5	63.0	0.2	44.3	3,599.8	494.4	3.0
2011	6,095.4	280.9	1.3	0.0	1.3	-	-	14.0	5,336.8	459.4	3.0
2012	6,783.3	415.6	3.5	0.0	3.5	-	-	14.0	5,549.1	798.1	3.0
2013	7,873.1	536.0	2.4	0.0	2.3	-	-	14.0	6,112.7	1,193.1	15.0
<b>2014</b>											
Jan	9,316.5	999.1	7.5	4.9	2.6	-	-	14.0	6,867.8	1,393.1	35.0
Feb	9,273.6	781.9	9.1	6.5	2.6	-	-	14.0	7,040.5	1,393.1	35.0
Mar	9,111.7	425.1	6.7	4.0	2.6	-	-	14.0	7,147.9	1,483.1	35.0
Apr	9,567.1	550.2	7.2	4.6	2.6	-	-	14.0	7,277.7	1,683.1	35.0
May	9,751.9	565.9	12.3	9.7	2.6	-	-	14.0	7,441.5	1,683.1	35.0
Jun	10,367.2	970.6	15.5	12.9	2.6	-	-	14.0	7,549.0	1,783.1	35.0
Jul	10,404.5	974.8	21.3	18.6	2.6	-	-	39.0	7,641.2	1,693.1	35.0
Aug	10,046.0	804.6	13.0	10.4	2.6	-	-	39.0	7,731.3	1,423.1	35.0
Sep	10,526.6	1,082.7	15.5	12.9	2.6	-	-	39.0	7,931.2	1,423.1	35.0
Oct	10,755.4	1,150.5	20.8	18.1	2.6	-	-	39.0	8,087.0	1,423.1	35.0
Nov	10,882.7	965.0	23.2	20.6	2.6	-	-	39.0	8,217.3	1,603.1	35.0
Dec	10,885.4	880.3	36.7	34.0	2.7	-	-	39.0	8,283.5	1,603.1	42.8
<b>2015</b>											
Jan	10,964.6	772.2	20.3	17.6	2.7	-	-	39.0	8,487.2	1,603.1	42.8
Feb	11,204.5	848.0	25.9	23.2	2.7	-	-	39.0	8,645.7	1,603.1	42.8
Mar	11,331.5	604.4	7.4	4.7	2.7	-	-	39.0	9,034.8	1,603.1	42.8
Apr	11,345.2	507.9	6.7	4.0	2.7	-	-	39.0	9,170.7	1,578.1	42.8
May	11,800.6	715.0	31.0	28.3	2.7	-	-	39.0	9,394.7	1,578.1	42.8
Jun	12,185.4	841.7	14.1	11.3	2.7	-	-	39.0	9,667.6	1,578.1	44.9
Jul	12,015.8	779.7	23.2	20.5	2.7	-	-	39.0	9,950.9	1,178.1	44.9
Aug	11,908.2	308.6	6.6	3.9	2.7	-	-	39.0	10,411.6	1,078.1	64.2
Sep	12,319.1	451.6	6.0	3.3	2.7	-	-	39.0	10,680.2	1,078.1	64.2
Oct	12,950.9	737.9	8.5	8.5	-	-	-	39.0	11,023.3	1,078.1	64.2
Nov	13,274.9	507.7	27.7	25.0	2.7	-	-	39.0	11,398.1	1,238.1	64.2
Dec	13,890.2	399.6	14.0	11.2	2.8	-	-	39.0	11,944.3	1,428.1	65.1
<b>2016</b>											
Jan	14,060.9	256.0	5.6	2.8	2.8	-	-	39.0	12,457.0	1,238.1	65.1
Feb	14,256.1	156.7	14.3	11.4	2.8	-	-	39.0	12,742.9	1,238.1	65.1
Mar	14,810.8	341.1	23.3	20.5	2.8	-	-	39.0	13,104.2	1,238.1	65.1
Apr	15,130.7	363.5	14.3	11.4	2.8	-	-	39.0	13,410.7	1,238.1	65.1
May	15,008.4	241.2	14.3	11.4	2.8	-	-	39.0	13,410.7	1,238.1	65.1
Jun	16,279.2	511.7	14.3	11.4	2.8	-	-	39.0	14,351.3	1,297.9	65.1

\* With effect from 1st January 2011, claims on Joint Corporations were reclassified as claims on Public Sector as per new (FIRMA) reporting format by the Financial Regulation and Supervision Department of the RMA.

**Table 16. CONTINUED**  
**Royal Insurance Corporation Of Bhutan Limited**

Ngultrum in Million

End of Period <sup>#</sup>	Liabilities							
	Total	Life Fund	Private Provident Fund *	Group Insurance Fund	Credit from DMBs	Credit from NBFIs	Capital Accounts	Other Items (Net)**
<b>2004</b>	<b>1,459.2</b>	79.1	70.1	199.6	149.0	400.0	276.3	285.1
<b>2005</b>	<b>1,565.3</b>	102.1	84.6	221.2	160.1	400.0	350.5	246.9
<b>2006</b>	<b>1,734.8</b>	139.0	106.8	234.6	193.9	350.0	417.4	293.1
<b>2007</b>	<b>1,887.9</b>	178.3	132.3	132.3	150.8	300.0	483.6	510.5
<b>2008</b>	<b>2,323.5</b>	230.5	164.1	176.6	-	780.0	569.1	403.3
<b>2009</b>	<b>2,754.0</b>	299.5	211.3	223.4	-	757.0	719.1	543.7
<b>2010</b>	<b>4,899.2</b>	400.1	281.1	271.5	400.0	1,707.8	825.0	1,013.8
<b>2011</b>	<b>6,095.4</b>	-	-	-	500.0	2,661.0	1,037.2	1,897.2
<b>2012</b>	<b>6,783.3</b>	-	-	-	650.0	2,438.0	1,312.0	2,383.3
<b>2013</b>	<b>7,873.1</b>	-	-	-	608.6	2,739.3	1,624.4	2,900.8
<b>2014</b>								
Jan	<b>9,316.5</b>	-	-	-	719.2	3,894.5	1,727.9	2,974.9
Feb	<b>9,273.6</b>	-	-	-	696.2	3,888.0	1,781.2	2,908.2
Mar	<b>9,111.7</b>	-	-	-	654.0	3,858.0	1,818.2	2,781.5
Apr	<b>9,567.1</b>	-	-	-	627.2	4,104.0	1,796.2	3,039.8
May	<b>9,751.9</b>	-	-	-	627.2	4,098.5	1,696.1	3,330.0
Jun	<b>10,367.2</b>	-	-	-	867.9	3,817.8	2,133.9	3,547.5
Jul	<b>10,404.5</b>	-	-	-	851.3	4,063.6	1,643.4	3,846.2
Aug	<b>10,046.0</b>	-	-	-	819.9	3,647.2	1,763.1	3,815.7
Sep	<b>10,526.6</b>	-	-	-	756.4	3,307.1	2,192.5	4,270.6
Oct	<b>10,755.4</b>	-	-	-	739.7	3,301.4	2,149.1	4,565.2
Nov	<b>10,882.7</b>	-	-	-	675.3	3,295.3	2,145.0	4,767.1
Dec	<b>10,885.4</b>	-	-	-	642.8	3,461.3	1,991.0	4,790.3
<b>2015</b>								
Jan	<b>10,964.6</b>	-	-	-	626.1	3,205.5	2,059.0	5,074.0
Feb	<b>11,204.5</b>	-	-	-	626.1	3,198.9	2,183.3	5,196.2
Mar	<b>11,331.5</b>	-	-	-	526.8	3,416.9	2,131.4	5,256.4
Apr	<b>11,345.2</b>	-	-	-	476.6	3,410.9	2,291.9	5,165.9
May	<b>11,800.6</b>	-	-	-	447.1	3,704.8	2,264.5	5,384.1
Jun	<b>12,185.4</b>	-	-	-	413.5	4,029.2	2,461.0	5,281.6
Jul	<b>12,015.8</b>	-	-	-	386.5	3,648.4	2,415.4	5,565.5
Aug	<b>11,908.2</b>	-	-	-	347.3	3,646.3	2,522.2	5,392.4
Sep	<b>12,319.1</b>	-	-	-	327.4	3,458.7	2,567.5	5,965.5
Oct	<b>12,950.9</b>	-	-	-	464.7	3,502.7	2,702.6	6,280.9
Nov	<b>13,274.9</b>	-	-	-	738.4	3,528.6	2,708.6	6,299.2
Dec	<b>13,890.2</b>	-	-	-	812.3	3,595.7	2,518.7	6,963.5
<b>2016</b>								
Jan	<b>14,060.9</b>	-	-	-	984.9	3,543.6	2,461.8	7,070.6
Feb	<b>14,256.1</b>	-	-	-	1,065.9	3,490.8	2,278.2	7,421.2
Mar	<b>14,810.8</b>	-	-	-	1,541.1	3,410.0	2,537.9	7,321.8
Apr	<b>15,130.7</b>	-	-	-	1,678.2	3,354.7	2,610.9	7,487.0
May	<b>15,008.4</b>	-	-	-	1,788.1	3,554.8	2,674.2	6,991.3
Jun	<b>16,279.2</b>	-	-	-	2,445.8	3,515.4	2,781.9	7,536.2

\*) The Government Employee Provident Fund (GEPF) was transferred to National Pension and Provident Fund from 2002 and thereafter only Private Provident Fund was retained with the RICBL.

\*\*) Starting from January 2011, Private Provident Fund, Group Insurance Fund and Life Insurance Fund are clubbed with Other Items Net based on new reporting format introduced by the FRSD.

# Annual data are for end-of-June in each year (and are therefore, not comparable to past publications which featured data as of end-December).

**TABLE 17. BHUTAN INSURANCE LIMITED – FINANCIAL STATISTICS (\*)**

Ngultrum in Million

End of Period <sup>#</sup>	Assets										
	Total	Reserves	Foreign Assets			Claims on Govt.	Claims on Govt. Corps.	Claims on Public Sector <sup>**</sup>	Claims on Private Sector	Claims on DMBs	Claims On NBFIs
			Total	Rupee	Others						
2010	164.4	71.4	-	-	-	-	-	-	-	93.0	-
2011	306.3	54.7	-	-	-	-	-	-	211.6	40.0	-
2012	418.1	40.4	-	-	-	-	-	-	337.7	40.0	-
2013	437.4	44.5	-	-	-	-	-	-	363.0	30.0	-
<b>2014</b>											
Jan	462.9	59.4	-	-	-	-	-	-	373.4	30.0	-
Feb	457.1	56.7	-	-	-	-	-	-	370.3	30.0	-
Mar	450.8	49.6	-	-	-	-	-	-	371.2	30.0	-
Apr	530.6	56.7	-	-	-	-	-	-	379.0	95.0	-
May	541.1	43.0	-	-	-	-	-	-	378.0	120.0	-
Jun	544.0	37.0	-	-	-	-	-	-	386.9	120.0	-
Jul	553.1	47.4	-	-	-	-	-	-	385.7	120.0	-
Aug	547.6	24.4	-	-	-	-	-	-	403.2	120.0	-
Sep	554.6	37.3	-	-	-	-	-	-	397.2	120.0	-
Oct	559.5	40.6	-	-	-	-	-	-	398.8	120.0	-
Nov	559.3	40.8	-	-	-	-	-	-	398.5	120.0	-
Dec	624.6	81.6	-	-	-	-	-	-	412.6	130.4	-
<b>2015</b>											
Jan	631.4	75.3	-	-	-	-	-	-	425.7	130.4	-
Feb	662.4	112.4	-	-	-	-	-	-	434.6	115.4	-
Mar	679.8	72.9	-	-	-	-	-	-	476.6	130.4	-
Apr	675.5	86.4	-	-	-	-	-	-	458.7	130.4	-
May	729.6	77.1	-	-	-	-	-	-	482.1	140.4	30.0
Jun	744.3	72.3	-	-	-	-	-	-	496.6	115.4	60.0
Jul	762.7	60.7	-	-	-	-	-	-	526.6	115.4	60.0
Aug	870.9	53.7	-	-	-	-	-	-	641.8	115.4	60.0
Sep	900.1	27.9	-	-	-	-	-	1.8	695.1	115.4	60.0
Oct	958.4	59.5	-	-	-	-	-	1.8	721.8	115.4	60.0
Nov	996.9	89.8	-	-	-	-	-	1.8	759.9	85.4	60.0
Dec	1,040.6	94.6	-	-	-	-	-	1.8	798.8	85.4	60.0
<b>2016</b>											
Jan	1,021.9	144.2	-	-	-	-	-	1.8	730.6	85.4	60.0
Feb	1,084.7	181.6	-	-	-	-	-	1.8	755.9	85.4	60.0
Mar	1,081.9	165.8	-	-	-	-	-	7.8	762.9	85.4	60.0
Apr	1,074.8	122.2	-	-	-	-	-	1.8	805.4	85.4	60.0
May	1,086.5	99.7	-	-	-	-	-	1.8	839.6	85.4	60.0
Jun	1,108.8	110.7	-	-	-	-	-	1.8	851.0	85.4	60.0

(\*) Reports on the newly established BIL are available from April 2010.

\*\* With effect from 1st January 2011, claims on Joint Corporations were reclassified as claims on Public Sector as per new reporting format by the Financial Regulation and Supervision Department of the RMA.

**TABLE 17. CONTINUED**  
**Bhutan Insurance Limited**

*Ngultrum in Million*

End of Period <sup>#</sup>	Liabilities								
	Total	General Insurance Reserve Fund	Life Insurance Fund	Private Provident Fund	Group Insurance Fund	Credit from DMBs	Credit from NBFIs	Capital Accounts	Other Items (Net)*
<b>2010</b>	<b>164.4</b>	-	-	-	-	-	-	153.9	10.5
<b>2011</b>	<b>306.3</b>	-	-	-	-	85.0	-	160.2	61.1
<b>2012</b>	<b>418.1</b>	-	-	-	-	85.0	70.0	264.4	(1.2)
<b>2013</b>	<b>437.4</b>	-	-	-	-	35.0	-	464.0	(61.5)
<b>2014</b>									
Jan	462.9	-	-	-	-	35.0	-	478.0	(50.1)
Feb	457.1	-	-	-	-	35.0	-	305.0	117.1
Mar	450.8	-	-	-	-	35.0	-	315.4	100.4
Apr	530.6	-	-	-	-	-	-	438.2	92.5
May	541.1	-	-	-	-	-	-	441.8	99.3
Jun	544.0	-	-	-	-	-	-	415.8	128.2
Jul	553.1	-	-	-	-	-	-	409.2	143.8
Aug	547.6	-	-	-	-	-	-	408.6	139.1
Sep	554.6	-	-	-	-	-	-	416.5	138.0
Oct	559.5	-	-	-	-	-	-	441.2	118.3
Nov	559.3	-	-	-	-	-	-	427.5	131.8
Dec	624.6	-	-	-	-	-	-	417.4	207.2
<b>2015</b>									
Jan	631.4	-	-	-	-	-	-	442.9	188.5
Feb	662.4	-	-	-	-	-	-	442.5	219.9
Mar	679.8	-	-	-	-	-	-	457.5	222.4
Apr	675.5	-	-	-	-	-	-	428.2	247.3
May	729.6	-	-	-	-	-	-	425.6	304.1
Jun	744.3	-	-	-	-	-	-	449.0	295.3
Jul	762.7	-	-	-	-	-	-	440.2	322.5
Aug	870.9	-	-	-	-	36.0	-	449.4	385.5
Sep	900.1	-	-	-	-	343.1	-	459.3	97.7
Oct	958.4	-	-	-	-	36.0	30.0	467.8	424.6
Nov	996.9	-	-	-	-	36.0	50.0	509.3	401.6
Dec	1,040.6	-	-	-	-	430.9	-	460.2	149.6
<b>2016</b>									
Jan	1,021.9	-	-	-	-	-	50.0	503.5	468.5
Feb	1,084.7	-	-	-	-	-	50.0	505.3	529.4
Mar	1,081.9	-	-	-	-	406.2	50.0	483.8	141.9
Apr	1,074.8	-	-	-	-	-	50.0	473.0	551.8
May	1,086.5	-	-	-	-	-	50.0	480.9	555.6
Jun	1,108.8	-	-	-	-	-	466.3	491.5	151.0

\*) Starting from January 2011, Private Provident Fund, Group Insurance Fund and Life Insurance Fund are clubbed with Other Items Net based on new reporting format introduced by the FRSD.

#Annual data are for end-of-June in each year (and are therefore, not comparable to past publications which featured data as of end-December).



**TABLE 18. FINANCIAL INSTITUTIONS' CREDIT BY MAJOR SECTORS (a)**

Ngultrum in Million										End of June
Economic Sector/Source	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Agriculture</b>	<b>306.6</b>	<b>562.2</b>	<b>658.1</b>	<b>492.2</b>	<b>657.5</b>	<b>1,116.1</b>	<b>1,514.0</b>	<b>2,287.1</b>	<b>3,487.4</b>	<b>4,456.9</b>
BOBL	0.8	1.7	2.0	2.9	3.2	3.0	1.1	0.3	17.5	30.6
BNBL	-	-	-	-	-	-	-	0.8	0.7	0.7
BDBL	304.2	558.6	656.1	488.4	652.8	1,111.3	1,511.4	2,283.7	3,467.1	4,414.0
T Bank Limited	-	-	-	-	-	-	-	1.5	1.5	1.4
Druk PNB Limited	-	-	-	0.9	1.5	1.8	1.5	0.8	0.6	10.2
RICBL	1.6	1.8	-	-	-	-	-	-	-	-
BIL	-	-	-	-	-	-	-	-	-	-
<b>Trade/Commerce</b>	<b>2,194.9</b>	<b>3,402.5</b>	<b>4,231.3</b>	<b>4,761.7</b>	<b>4,113.3</b>	<b>4,262.8</b>	<b>6,751.5</b>	<b>8,703.7</b>	<b>11,250.2</b>	<b>17,621.4</b>
BOBL	712.6	1,004.1	975.4	735.3	1,022.9	990.4	964.3	970.6	1,277.2	1,736.8
BNBL	851.2	1,480.6	2,142.3	2,359.1	304.7	360.0	2,461.3	3,601.6	4,269.4	6,675.5
BDBL	138.8	261.9	297.0	366.8	385.1	467.5	665.0	945.2	1,246.5	1,552.8
T Bank Limited	-	-	-	2.4	475.4	448.2	475.1	471.5	495.6	454.0
Druk PNB Limited	-	-	-	214.2	539.7	485.1	460.0	472.6	484.9	654.1
RICBL	492.2	655.9	816.6	1,083.8	1,377.4	1,478.5	1,642.8	2,173.1	3,374.7	6,393.7
BIL	-	-	-	-	8.1	33.2	83.1	69.0	101.9	154.4
<b>Manufacturing/Industry</b>	<b>2,678.9</b>	<b>3,297.5</b>	<b>4,702.0</b>	<b>5,085.7</b>	<b>6,572.0</b>	<b>7,335.2</b>	<b>10,168.9</b>	<b>9,915.9</b>	<b>10,088.9</b>	<b>10,433.7</b>
BOBL	1,173.2	1,190.3	2,056.3	1,836.2	2,205.0	2,737.4	2,919.4	3,184.2	3,522.7	3,485.9
BNBL	1,060.3	1,466.5	1,907.9	2,357.8	2,634.0	2,641.1	5,027.0	4,216.7	3,537.5	3,611.0
BDBL	271.3	400.9	453.2	450.4	533.5	542.9	686.9	780.3	858.2	816.1
T Bank Limited	-	-	-	72.8	136.0	177.9	240.8	217.0	199.5	182.3
Druk PNB Limited	-	-	-	11.5	472.5	589.7	519.9	522.5	651.8	740.2
RICBL	174.1	239.9	284.7	357.0	568.3	615.2	749.0	973.0	1,270.8	1,479.8
BIL	-	-	-	-	22.7	31.0	25.9	22.2	48.3	118.4
<b>Services</b>	<b>2,035.1</b>	<b>2,693.6</b>	<b>3,177.6</b>	<b>4,352.8</b>	<b>4,788.9</b>	<b>6,164.1</b>	<b>7,657.5</b>	<b>9,896.1</b>	<b>12,402.7</b>	<b>11,323.9</b>
BOBL	1,115.8	1,179.7	1,408.4	1,853.0	1,629.1	2,084.2	2,824.8	4,362.8	5,570.8	3,163.5
BNBL	380.3	826.0	1,018.4	1,303.2	1,733.9	2,072.5	2,438.9	2,606.7	3,171.6	3,636.8
BDBL	477.3	607.8	679.7	871.8	927.9	1,185.2	1,499.2	1,825.4	2,057.5	2,384.2
T Bank Limited	-	-	-	20.0	94.3	155.8	176.9	245.3	328.7	479.4
Druk PNB Limited	-	-	-	288.8	239.1	559.8	573.9	655.9	916.1	896.5
RICBL	61.7	80.1	71.1	16.0	164.6	106.7	123.6	183.0	325.2	706.1
BIL	-	-	-	-	-	-	20.3	17.0	32.8	57.3
<b>Housing</b>	<b>4,999.1</b>	<b>5,661.2</b>	<b>6,072.6</b>	<b>7,615.8</b>	<b>10,281.3</b>	<b>13,578.1</b>	<b>15,234.7</b>	<b>15,785.0</b>	<b>17,371.5</b>	<b>19,244.0</b>
BOBL	1,157.3	1,416.7	1,564.7	1,894.6	2,677.2	4,316.4	5,160.0	5,317.4	5,370.0	5,263.4
BNBL	2,655.1	3,138.4	3,318.2	3,828.9	4,459.3	5,460.4	5,767.7	5,661.1	6,181.3	6,665.3
BDBL	507.0	431.4	383.3	414.1	527.3	612.4	895.6	1,324.7	1,856.5	2,447.2
T Bank Limited	-	-	-	169.6	377.6	470.2	477.6	480.9	465.7	500.9
Druk PNB Limited	-	-	-	189.5	519.6	835.0	924.2	933.3	1,067.9	1,340.6
RICBL	679.7	674.7	806.5	1,119.1	1,709.0	1,876.9	1,999.1	2,047.2	2,387.6	2,911.5
BIL	-	-	-	-	11.5	6.7	10.5	20.4	42.5	115.2
<b>Transport</b>	<b>942.6</b>	<b>1,172.1</b>	<b>1,515.2</b>	<b>2,298.7</b>	<b>4,042.6</b>	<b>4,881.9</b>	<b>3,777.1</b>	<b>2,751.7</b>	<b>2,617.8</b>	<b>4,535.1</b>
BOBL	428.7	458.6	610.9	682.8	812.5	1,279.2	958.3	747.1	522.7	875.7
BNBL	303.8	438.1	497.5	680.1	1,140.1	1,458.9	1,136.1	793.2	696.4	1,041.5
BDBL	83.0	118.7	128.1	213.6	347.0	394.0	302.5	202.3	432.1	1,120.6
T Bank Limited	-	-	-	35.3	380.0	424.6	340.2	246.4	189.3	117.0
Druk PNB Limited	-	-	-	67.1	233.0	238.4	183.0	130.6	103.0	159.0
RICBL	127.1	156.8	278.7	619.8	996.2	904.8	712.0	503.5	533.2	940.1
BIL	-	-	-	-	133.7	181.9	145.0	128.5	141.2	281.2



**TABLE 18. CONTINUED**  
**Financial Institutions' Credit by Major Sectors (b)**

Ngultrum in Million										End of June
Economic Sector/Source	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Loan Against Shares</b>	<b>50.5</b>	<b>109.0</b>	<b>148.5</b>	<b>201.9</b>	<b>255.6</b>	<b>522.0</b>	<b>557.3</b>	<b>640.5</b>	<b>667.3</b>	<b>402.8</b>
BOBL	6.8	8.7	27.7	1.1	57.8	161.2	146.0	118.8	171.6	6.7
BNBL	27.9	78.6	97.6	156.8	130.8	104.3	93.0	133.0	106.4	77.9
BDBL	-	-	-	-	-	-	-	-	-	98.4
T Bank Limited	-	-	-	-	0.1	18.0	15.1	14.3	11.4	5.7
Druk PNB Limited	-	-	-	-	8.8	204.5	250.2	250.0	261.5	88.7
RICBL	15.8	21.7	23.2	44.1	58.0	26.2	45.7	96.4	77.6	92.3
BIL	-	-	-	-	-	7.8	7.3	27.9	38.9	33.2
<b>Personal Loans</b>	<b>1,163.0</b>	<b>1,861.7</b>	<b>3,367.9</b>	<b>4,552.5</b>	<b>6,627.5</b>	<b>8,334.7</b>	<b>10,030.6</b>	<b>11,919.6</b>	<b>11,750.9</b>	<b>11,891.7</b>
BOBL	288.6	785.8	2,058.7	2,403.9	3,519.0	5,101.9	5,274.5	5,724.1	5,479.6	5,597.0
BNBL	738.9	854.8	872.4	1,035.8	1,162.6	811.6	971.1	1,136.5	1,034.0	1,098.6
BDBL	26.0	42.8	152.5	452.0	893.1	1,012.8	2,058.0	2,591.0	2,718.5	2,633.5
T Bank Limited	-	-	-	200.6	488.9	434.6	351.7	316.2	510.5	577.6
Druk PNB Limited	-	-	-	43.8	133.7	424.4	534.3	545.1	510.0	555.7
RICBL	109.4	178.3	284.4	416.3	421.1	494.5	797.4	1,535.4	1,437.6	1,364.5
BIL	-	-	-	-	9.0	55.0	43.6	71.4	60.7	64.7
<b>Government (short term loans)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>492.1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,605.5</b>
BOBL	-	-	-	-	-	-	-	-	-	4,605.5
BNBL	-	-	-	-	-	492.1	-	-	-	-
BDBL	-	-	-	-	-	-	-	-	-	-
T Bank Limited	-	-	-	-	-	-	-	-	-	-
Druk PNB Limited	-	-	-	-	-	-	-	-	-	-
RICBL	-	-	-	-	-	-	-	-	-	-
BIL	-	-	-	-	-	-	-	-	-	-
<b>Credit Card</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6.3</b>	<b>7.1</b>	<b>7.7</b>	<b>7.2</b>	<b>8.8</b>	<b>11.3</b>
BOBL	-	-	-	-	-	-	0.8	2.5	3.6	5.3
BNBL	-	-	-	-	6.3	7.1	6.9	4.7	5.2	5.9
BDBL	-	-	-	-	-	-	-	-	-	-
T Bank Limited	-	-	-	-	-	-	-	-	-	-
Druk PNB Limited	-	-	-	-	-	-	-	-	-	-
RICBL	-	-	-	-	-	-	-	-	-	-
BIL	-	-	-	-	-	-	-	-	-	-
<b>Others*</b>	<b>116.3</b>	<b>243.5</b>	<b>383.5</b>	<b>414.4</b>	<b>3,537.4</b>	<b>4,611.0</b>	<b>1,078.9</b>	<b>1,280.2</b>	<b>1,863.5</b>	<b>2,077.1</b>
BOBL	78.4	120.4	145.0	141.6	131.8	371.3	327.3	330.7	319.5	362.2
BNBL	17.7	100.5	197.3	231.4	3,292.5	3,916.6	247.7	221.9	231.6	277.0
BDBL	19.7	21.8	40.6	20.2	21.1	24.7	26.2	283.4	608.0	459.3
T Bank Limited	-	-	-	-	-	225.4	185.5	196.0	344.2	237.0
Druk PNB Limited	-	-	-	8.4	47.4	28.9	246.0	204.7	93.3	287.0
RICBL	0.5	0.7	0.6	12.8	18.0	22.0	18.8	13.0	236.6	429.0
BIL	-	-	-	-	26.6	22.2	27.5	30.5	30.4	25.6
<b>Total</b>	<b>14,486.9</b>	<b>19,003.5</b>	<b>24,256.7</b>	<b>29,775.8</b>	<b>40,882.5</b>	<b>51,305.2</b>	<b>56,778.3</b>	<b>63,187.0</b>	<b>71,509.0</b>	<b>86,603.4</b>

\*) Others includes Staff Loans, Entrepreneur Development Program and Small Business and Artisans Scheme.

Note: Prior to 2011, Government (short term loans) have been clubbed with other economic sectors and therefore not shown separately. From 2011 onward Government's short term borrowing has been shown separately. This may explain differences in Financial Sector Investment data featured in other RMA publications.

Note: An entry of "0.0" indicates a marginal value compared to "-" which indicates no value for that particular item.

**TABLE 19. ISSUANCE OF GOVERNMENT TREASURY BILLS\***

Auction/Tap Sale No.	Auction / Tap Sale Date	Maturity (No. of Days)	Bids (millions of Nu.)		Discount Rate (%)
			Received	Accepted	
R201	14-Dec-09	91	5,287.4	2,000.0	2.50
R202	17-Mar-10	90	3,003.0	1,500.0	1.99
R203	8-Jul-10	90	2,730.0	1,000.0	2.75
R208	18-Nov-11	90	1,300.0	500.0	1.49
R209	14-Feb-12	90	210.0	800.0	5.00
R212	14-May-12	90	800.0	800.0	5.00
R215	16-Aug-12	30	2,550.0	2,100.0	4.12
R216	12-Sep-12	30	2,010.0	1,000.0	2.25
R217	8-Oct-12	30	2,350.0	1,100.0	2.72
R219	8-Nov-12	30	2,350.0	1,100.0	3.50
R223	18-Dec-12	30	2,200.0	1,000.0	3.50
R224	7-Jan-13	30	1,100.0	1,100.0	3.50
R228	9-Feb-13	70	1,500.0	1,500.0	3.00
R229	15-Mar-13	90	1,500.0	1,500.0	3.00
R230	4-Apr-13	90	1,500.0	1,500.0	3.00
R231	20-May-13	30	1,500.0	750.0	3.00
R232	10-Jul-13	90	4,400.0	2,500.0	3.00
R233	7-Oct-13	60	2,500.0	1,500.0	4.26
R235	5-Dec-13	90	5,700.0	2,500.0	2.93
R236	4-Mar-14	90	5,750.0	2,500.0	2.28
R239	20-Aug-14	90	2,500.0	1,000.0	1.24
R241	20-Oct-14	91	3,500.0	1,000.0	0.88
R242	18-Dec-14	90	5,000.0	2,000.0	0.24
R243	19-Jan-15	90	4,400.0	1,300.0	0.18
R244	6-Mar-15	90	6,100.0	3,000.0	0.14
R245	20-Apr-15	30	3,500.0	1,500.0	0.10
R246	10-Jul-15	91	3,350.0	3,000.0	0.13
R247	8-Oct-15	90	3,000.0	3,000.0	3.00
R248	13-Nov-15	90	2,500.0	2,500.0	1.97
R249	6-Jan-16	61	6,400.0	3,000.0	1.04
R250	29-Feb-16	60	2,500.0	2,500.0	1.23
R251	7-Mar-16	91	5,500.0	3,000.0	1.05
R252	6-Jun-16	21	4,250.0	4,000.0	2.15
R253	5-Jul-16	28	3,200.0	3,000.0	5.41
R256	2-Aug-16	36	1,000.0	1,000.0	2.88
R258	2-Aug-16	99	1,100.0	1,000.0	4.88
R259	6-Sep-16	28	1,200.0	500.0	1.78
R260	6-Sep-16	63	2,800.0	1,500.0	3.07
R261	4-Oct-16	35	1,100.0	500.0	0.98
R263	4-Oct-16	91	1,700.0	1,500.0	2.98
R264	8-Nov-16	28	1,900.0	1,500.0	1.28
R265	8-Nov-16	56	2,400.0	2,000.0	2.62

N.B.\* The issue of RMA Bills has been discontinued w.e.f. December 14, 2009 and has been replaced by the issue of Government Treasury Bills thereafter.

**TABLE 20A. ANNUAL OVERALL BALANCE OF PARENTS ESTIMATES**  
**(Break in series from FY 2006/07: data from FY 2006/07 onwards on a BPM6 basis and includes major revisions carried out in 2013)**

in millions of Ngultrum

Item	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12 (revised)	2012/13 (revised)	2013/14 (revised)	2014/15 (revised)	2015/16 (provisional)
<b>A. CURRENT ACCOUNT</b>	<b>3,707.5</b>	<b>-4,485.5</b>	<b>-3,631.2</b>	<b>-14,863.5</b>	<b>-23,431.1</b>	<b>-19,527.6</b>	<b>-25,758.8</b>	<b>-29,682.0</b>	<b>-35,644.7</b>	<b>-41,211.8</b>
Goods and Services	2,190.5	-4,490.7	-5,547.0	-15,884.0	-25,118.5	-24,557.6	-23,670.6	-28,164.5	-30,950.3	-39,358.0
<b>Goods: Net (Trade Balance)</b>	<b>3,469.8</b>	<b>-1,836.4</b>	<b>-3,529.0</b>	<b>-12,568.3</b>	<b>-20,835.3</b>	<b>-19,880.6</b>	<b>-20,708.5</b>	<b>-24,170.5</b>	<b>-26,662.8</b>	<b>-35,828.7</b>
Exports (fob)	25,333.8	24,170.8	24,343.0	24,480.1	30,160.1	30,997.4	29,931.5	32,876.6	35,982.2	32,704.5
Imports (fob)	21,863.9	26,007.2	27,872.0	37,048.4	50,995.4	50,878.1	50,640.0	57,047.1	62,644.9	68,533.2
<b>Services</b>	<b>-1,279.3</b>	<b>-2,654.3</b>	<b>-2,018.0</b>	<b>-3,315.8</b>	<b>-4,283.1</b>	<b>-4,677.0</b>	<b>-2,962.1</b>	<b>-3,993.9</b>	<b>-4,287.5</b>	<b>-3,529.4</b>
Credit	2,661.2	2,206.9	2,700.0	3,210.0	3,703.8	5,146.0	6,764.6	7,646.2	7,784.2	9,529.1
Debit	3,940.5	4,861.2	4,718.0	6,525.8	7,986.9	9,823.0	9,726.7	11,640.2	12,071.7	13,058.5
<b>Primary Income</b>	<b>-15.0</b>	<b>-1,399.3</b>	<b>-1,560.4</b>	<b>-3,335.7</b>	<b>-4,519.3</b>	<b>-5,748.7</b>	<b>-9,085.7</b>	<b>-7,429.6</b>	<b>-9,737.8</b>	<b>-11,407.4</b>
Credit	1,161.9	1,397.6	1,012.6	762.4	753.6	875.1	965.9	1,192.4	1,650.1	1,623.1
Debit	1,176.9	2,796.9	2,573.0	4,098.1	5,272.9	6,623.8	10,051.6	8,622.0	11,388.0	13,030.5
<b>Secondary Income</b>	<b>1,532.1</b>	<b>1,404.5</b>	<b>3,476.3</b>	<b>4,356.2</b>	<b>6,206.7</b>	<b>10,778.7</b>	<b>6,997.5</b>	<b>5,912.0</b>	<b>5,043.4</b>	<b>9,553.7</b>
Credit	3,832.2	3,456.4	5,181.9	6,435.0	8,562.2	12,907.3	8,684.7	7,333.4	6,874.2	11,358.5
o.w. Budgetary grants	3,299.4	2,574.8	4,001.7	4,669.7	6,540.0	9,020.7	4,716.2	3,856.5	4,785.0	8,373.3
Debit	2,300.1	2,051.8	1,705.6	2,078.8	2,355.5	2,128.6	1,687.1	1,421.3	1,830.7	1,804.8
<b>B. CAPITAL ACCOUNT</b>	<b>3,229.5</b>	<b>3,360.6</b>	<b>3,269.2</b>	<b>6,985.6</b>	<b>7,609.7</b>	<b>4,755.1</b>	<b>14,459.0</b>	<b>16,901.7</b>	<b>13,981.0</b>	<b>12,668.1</b>
o.w. Budgetary grants for investment *	2,701.5	3,360.6	2,510.6	3,920.6	3,957.7	3,436.5	4,698.6	7,541.5	4,408.0	6,114.6
<b>C. FINANCIAL ACCOUNT **</b>	<b>-6,089.8</b>	<b>-936.8</b>	<b>-4,613.5</b>	<b>-8,933.9</b>	<b>-18,442.3</b>	<b>-15,183.4</b>	<b>-17,229.5</b>	<b>-14,807.7</b>	<b>-22,357.7</b>	<b>-42,431.5</b>
<b>Direct Investment in Bhutan: net incurrence of liabilities</b>	<b>6,409.9</b>	<b>125.0</b>	<b>865.8</b>	<b>3,468.6</b>	<b>1,408.8</b>	<b>1,209.7</b>	<b>1,117.4</b>	<b>1,791.4</b>	<b>660.6</b>	<b>532.9</b>
o.w. Equity capital	3,185.4	29.9	349.1	753.3	770.5	589.3	1,028.6	810.9	311.2	263.1
<b>Other Investment</b>	<b>320.1</b>	<b>-811.8</b>	<b>-3,747.7</b>	<b>-5,465.3</b>	<b>-17,033.5</b>	<b>-13,973.7</b>	<b>-16,112.2</b>	<b>-13,016.4</b>	<b>-21,697.2</b>	<b>-41,898.6</b>
<b>Other Investment: net acquisition of financial assets</b>	<b>821.7</b>	<b>512.6</b>	<b>-396.4</b>	<b>57.9</b>	<b>-147.6</b>	<b>45.8</b>	<b>956.5</b>	<b>-327.5</b>	<b>-820.5</b>	<b>1,450.8</b>
<b>Other Investment: net incurrence of financial liabilities</b>	<b>501.6</b>	<b>1,324.4</b>	<b>3,351.4</b>	<b>5,523.2</b>	<b>16,885.9</b>	<b>14,019.5</b>	<b>17,068.7</b>	<b>12,688.8</b>	<b>20,876.7</b>	<b>43,349.4</b>
o.w. RGOB loans ***	539.4	-638.8	1,318.1	4,359.0	11,784.4	11,232.1	17,933.7	18,716.2	24,217.7	37,617.5
o.w. Other loans	-37.8	2,150.0	1,988.3	444.0	4,618.7	2,950.8	201.4	-5,842.4	-3,427.8	5,708.1
<b>D. Net Errors &amp; Omissions</b>	<b>-7,605.6</b>	<b>876.8</b>	<b>2,321.1</b>	<b>3,354.0</b>	<b>-1,823.4</b>	<b>-9,479.3</b>	<b>3,282.4</b>	<b>2,253.0</b>	<b>-1,264.9</b>	<b>-1,320.7</b>
<b>E. Overall Balance</b>	<b>5,421.2</b>	<b>688.6</b>	<b>6,572.6</b>	<b>4,410.0</b>	<b>797.5</b>	<b>-9,068.4</b>	<b>9,212.2</b>	<b>4,280.5</b>	<b>-570.8</b>	<b>12,567.1</b>
<b>F. Reserve Assets</b>	<b>5,421.2</b>	<b>688.6</b>	<b>6,572.6</b>	<b>4,410.0</b>	<b>797.5</b>	<b>-9,068.4</b>	<b>9,212.2</b>	<b>4,280.5</b>	<b>-570.8</b>	<b>12,567.1</b>

\* Segregation of budgetary grants into Secondary Income and Capital Transfers carried out from FY 2006/07 onwards. \*\* Net acquisition of financial assets minus net incurrence of financial liabilities; (+) figure denotes net lending and (-) figure denotes net borrowing; excludes reserve assets. Financial Account sign convention: (+) = increase in assets or liabilities; (-) = decrease in assets or liabilities. \*\*\* Includes hydropower loans & accrued interest.

Bhutan's BOP statistics were revised in line with the IMF's BPM6 methodology (from FY 2006/07 onwards) - first published in January 2014. Revisions were made with assistance from the IMF-JSA project to improve external sector statistics in the Asia-Pacific region and also includes other improvements in data coverage and classifications that were carried out at the same time (See Annual Report 2013/14, pp.44-45, for details).

TABLE 20B. QUARTERLY OVERALL BALANCE OF PARENTS ESTIMATES

in millions of Ngultrum

Item	FY13/14:	FY13/14:	FY13/14:	FY13/14:	FY14/15:	FY14/15:	FY14/15:	FY14/15:	FY15/16:	FY15/16:	FY15/16:	FY15/16:
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	(revised)				(revised)				(provisional)			
<b>A. CURRENT ACCOUNT</b>	<b>-3,512.3</b>	<b>-8,409.0</b>	<b>-10,232.8</b>	<b>-7,528.0</b>	<b>-2,843.2</b>	<b>-7,909.5</b>	<b>-15,685.8</b>	<b>-9,206.3</b>	<b>-5,249.8</b>	<b>-12,364.0</b>	<b>-10,616.0</b>	<b>-12,981.9</b>
Goods and Services	-2,367.8	-8,730.4	-9,282.2	-7,783.9	-2,522.9	-6,329.8	-14,373.9	-7,723.7	-4,541.9	-11,012.2	-11,571.0	-12,233.0
<b>Goods: Net (Trade Balance)</b>	<b>-1,647.2</b>	<b>-8,061.0</b>	<b>-7,585.6</b>	<b>-6,876.6</b>	<b>-917.0</b>	<b>-6,172.2</b>	<b>-12,391.9</b>	<b>-7,181.7</b>	<b>-2,965.9</b>	<b>-10,735.8</b>	<b>-9,850.3</b>	<b>-12,276.7</b>
Exports (fob)	10,783.3	7,738.8	6,196.5	8,158.1	12,542.9	8,474.5	6,337.6	8,627.2	12,601.7	7,297.0	5,853.6	6,952.2
Imports (fob)	12,430.5	15,799.8	13,782.0	15,034.7	13,459.8	14,646.7	18,729.5	15,808.9	15,567.6	18,032.9	15,703.9	19,228.8
<b>Services</b>	<b>-720.6</b>	<b>-669.4</b>	<b>-1,696.7</b>	<b>-907.3</b>	<b>-1,605.9</b>	<b>-157.6</b>	<b>-1,982.0</b>	<b>-542.0</b>	<b>-1,576.0</b>	<b>-276.3</b>	<b>-1,720.7</b>	<b>43.7</b>
Credit	1,665.7	2,692.1	1,242.1	2,046.3	1,508.8	2,591.2	1,756.0	1,928.2	2,063.4	3,271.8	1,805.6	2,388.4
Debit	2,386.3	3,361.5	2,938.8	2,953.6	3,114.7	2,748.8	3,738.1	2,470.1	3,639.4	3,548.1	3,526.3	2,344.7
<b>Primary Income</b>	<b>-1,971.7</b>	<b>-1,377.6</b>	<b>-1,490.1</b>	<b>-2,590.3</b>	<b>-2,332.3</b>	<b>-2,576.3</b>	<b>-1,770.1</b>	<b>-3,059.1</b>	<b>-2,680.5</b>	<b>-3,043.8</b>	<b>-2,152.6</b>	<b>-3,530.6</b>
Credit	263.7	325.8	270.8	332.1	352.7	506.0	493.4	298.0	374.0	401.6	397.2	450.3
Debit	2,235.4	1,703.3	1,760.9	2,922.4	2,685.0	3,082.3	2,263.6	3,357.1	3,054.4	3,445.3	2,549.8	3,980.9
<b>Secondary Income</b>	<b>827.3</b>	<b>1,699.0</b>	<b>539.5</b>	<b>2,846.2</b>	<b>2,012.0</b>	<b>996.7</b>	<b>458.3</b>	<b>1,576.5</b>	<b>1,972.5</b>	<b>1,691.9</b>	<b>3,107.6</b>	<b>2,781.6</b>
Credit	1,271.3	2,060.1	750.9	3,251.1	2,379.5	1,593.0	857.7	2,044.0	2,463.7	2,282.4	3,468.7	3,143.7
o.w. Budgetary grants	958.7	1,541.1	474.5	882.2	1,589.9	1,229.7	456.6	1,508.9	1,894.5	1,572.9	2,616.0	2,290.0
Debit	444.0	361.2	211.3	404.8	367.5	596.4	399.4	467.5	491.1	590.5	361.1	362.1
<b>B. CAPITAL ACCOUNT</b>	<b>1,760.8</b>	<b>4,461.9</b>	<b>4,601.6</b>	<b>6,077.4</b>	<b>4,190.7</b>	<b>4,983.2</b>	<b>2,964.5</b>	<b>1,842.6</b>	<b>3,839.4</b>	<b>4,214.6</b>	<b>2,162.7</b>	<b>2,451.3</b>
o.w. Budgetary grants for investment	668.8	2,635.9	1,790.0	2,446.8	257.2	3,254.3	655.9	240.6	1,405.9	1,014.6	2,162.7	1,531.3
<b>C. FINANCIAL ACCOUNT *</b>	<b>1,334.7</b>	<b>-3,617.5</b>	<b>-6,281.6</b>	<b>-6,243.3</b>	<b>-9,261.6</b>	<b>-6,439.4</b>	<b>-2,472.0</b>	<b>-4,184.7</b>	<b>-11,618.6</b>	<b>-2,648.1</b>	<b>-12,181.3</b>	<b>-15,983.5</b>
<b>Direct Investment in Bhutan</b>	<b>871.3</b>	<b>391.7</b>	<b>362.0</b>	<b>166.4</b>	<b>326.8</b>	<b>210.3</b>	<b>113.8</b>	<b>9.7</b>	<b>159.7</b>	<b>183.4</b>	<b>16.1</b>	<b>173.7</b>
o.w. Equity capital	157.5	243.3	294.3	115.8	240.7	98.0	45.4	-12.3	63.1	82.6	44.7	72.7
<b>Other Investment</b>	<b>2,206.0</b>	<b>-3,225.8</b>	<b>-5,919.6</b>	<b>-6,076.9</b>	<b>-8,934.8</b>	<b>-6,229.1</b>	<b>-2,358.2</b>	<b>-4,175.1</b>	<b>-11,458.9</b>	<b>-2,464.7</b>	<b>-12,165.1</b>	<b>-15,809.8</b>
<b>Other Investment: net acquisition of financial assets</b>	<b>423.0</b>	<b>-1,874.0</b>	<b>105.4</b>	<b>1,018.1</b>	<b>1,021.6</b>	<b>-1,658.6</b>	<b>-723.6</b>	<b>540.1</b>	<b>993.5</b>	<b>-1,518.7</b>	<b>281.8</b>	<b>1,694.2</b>
<b>Other Investment: net incurrence of financial liabilities</b>	<b>-1,783.0</b>	<b>1,351.8</b>	<b>6,025.0</b>	<b>7,095.0</b>	<b>9,956.4</b>	<b>4,570.5</b>	<b>1,634.6</b>	<b>4,715.2</b>	<b>12,452.4</b>	<b>946.0</b>	<b>12,446.9</b>	<b>17,504.0</b>
o.w. RGOB loans **	3,651.6	1,500.0	6,055.1	7,509.4	10,217.1	4,964.7	4,404.2	4,631.7	13,400.6	1,065.1	12,505.5	10,646.3
o.w. Other loans	-5,481.3	-146.1	-71.4	-143.6	-71.4	-143.7	-3,071.4	-141.2	-987.4	-21.3	0.0	6,716.8
<b>D. Net Errors &amp; Omissions</b>	<b>-1,408.3</b>	<b>4,951.1</b>	<b>1,602.6</b>	<b>-2,892.3</b>	<b>-3,448.9</b>	<b>2,069.5</b>	<b>-15.2</b>	<b>129.8</b>	<b>1,913.0</b>	<b>-5,248.9</b>	<b>9,534.0</b>	<b>-7,518.8</b>
<b>E. Overall Balance</b>	<b>-4,494.4</b>	<b>4,621.4</b>	<b>2,253.1</b>	<b>1,900.4</b>	<b>7,160.2</b>	<b>5,582.6</b>	<b>-10,264.5</b>	<b>-3,049.2</b>	<b>12,121.2</b>	<b>-10,750.2</b>	<b>13,262.0</b>	<b>-2,065.9</b>
<b>F. Reserve Assets</b>	<b>-4,494.4</b>	<b>4,621.4</b>	<b>2,253.1</b>	<b>1,900.4</b>	<b>7,160.2</b>	<b>5,582.6</b>	<b>-10,264.5</b>	<b>-3,049.2</b>	<b>12,121.2</b>	<b>-10,750.2</b>	<b>13,262.0</b>	<b>-2,065.9</b>

\* Net acquisition of financial assets minus net incurrence of financial liabilities; (+) figure denotes net lending and (-) figure denotes net borrowing; excludes reserve assets. Financial Account sign convention: (+) = increase in assets or liabilities; (-) = decrease in assets or liabilities. \*\* Includes hydropower loans & accrued interest.

Note on quarterly breakdowns: where quarterly breakdowns of data were unavailable from source, fiscal year data have been divided among the quarters and may partly explain the large variations in the net errors and omissions within a fiscal year. An entry of "0.0" indicates a marginal value compared to "-" which indicates no value for that particular item.

**TABLE 21A. ANNUAL OVERALL BALANCE OF PARENTS ESTIMATES WITH INDIA**  
**(Break in series from FY 2006/07: data from FY 2006/07 onwards on a BPM6 basis and includes major revisions carried out in 2013)**

in millions of Ngultrum

Item	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12 (revised)	2012/13 (revised)	2013/14 (revised)	2014/15 (revised)	2015/16 (provisional)
<b>A. CURRENT ACCOUNT</b>	<b>3,248.2</b>	<b>-3,497.7</b>	<b>-3,554.4</b>	<b>-9,211.2</b>	<b>-17,981.1</b>	<b>-15,413.2</b>	<b>-26,616.4</b>	<b>-25,775.0</b>	<b>-30,177.1</b>	<b>-39,335.5</b>
Goods and Services	3,244.0	-2,453.1	-2,834.8	-8,372.5	-18,203.4	-16,357.2	-21,346.0	-21,487.0	-23,023.8	-33,523.5
<b>Goods: Net (Trade Balance)</b>	<b>4,447.6</b>	<b>-27.8</b>	<b>-593.2</b>	<b>-5,855.3</b>	<b>-15,160.0</b>	<b>-12,795.1</b>	<b>-17,468.8</b>	<b>-17,362.4</b>	<b>-18,963.1</b>	<b>-28,792.7</b>
Exports (fob)	20,911.0	21,721.8	22,936.0	22,461.9	25,460.6	27,546.8	27,559.3	29,908.1	31,946.8	29,796.5
Imports (fob)	16,463.4	21,749.7	23,529.2	28,317.2	40,620.6	40,342.0	45,028.1	47,270.6	50,910.0	58,589.2
<b>Services</b>	<b>-1,203.6</b>	<b>-2,425.2</b>	<b>-2,241.7</b>	<b>-2,517.2</b>	<b>-3,043.4</b>	<b>-3,562.1</b>	<b>-3,877.2</b>	<b>-4,124.5</b>	<b>-4,060.7</b>	<b>-4,730.8</b>
Credit	455.9	416.5	422.7	433.0	559.7	688.8	1,493.5	1,428.9	1,213.0	2,809.7
Debit	1,659.5	2,841.8	2,664.4	2,950.2	3,603.1	4,250.8	5,370.6	5,553.4	5,273.7	7,540.5
<b>Primary Income</b>	<b>-642.0</b>	<b>-1,882.7</b>	<b>-2,380.4</b>	<b>-3,627.7</b>	<b>-4,860.8</b>	<b>-6,195.1</b>	<b>-8,597.7</b>	<b>-7,687.6</b>	<b>-9,748.6</b>	<b>-11,856.2</b>
Credit	112.5	270.9	72.5	18.8	83.4	6.9	4.3	390.3	850.7	817.5
Debit	754.5	2,153.5	2,452.8	3,646.5	4,944.2	6,202.1	8,602.0	8,077.9	10,599.3	12,673.7
o.w. Interest on hydropower loans *	209.6	1,519.0	1,608.5	1,996.6	2,314.0	3,274.2	4,906.0	5,057.0	7,735.0	9,924.6
<b>Secondary Income</b>	<b>646.2</b>	<b>838.1</b>	<b>1,660.9</b>	<b>2,789.0</b>	<b>5,083.2</b>	<b>7,139.1</b>	<b>3,327.3</b>	<b>3,399.6</b>	<b>2,595.3</b>	<b>6,044.2</b>
Credit	1,781.6	2,082.9	2,984.0	4,128.2	6,572.8	8,762.8	4,708.0	4,473.9	4,022.3	7,399.7
o.w. Budgetary grants	1,386.6	1,347.5	2,042.1	3,007.6	5,129.5	6,180.9	1,513.7	2,175.7	3,346.0	7,099.3
Debit	1,135.4	1,244.8	1,323.1	1,339.2	1,489.6	1,623.7	1,380.7	1,074.3	1,427.0	1,355.5
<b>B. CAPITAL ACCOUNT</b>	<b>3,165.6</b>	<b>3,323.6</b>	<b>3,111.5</b>	<b>6,541.4</b>	<b>6,405.3</b>	<b>4,141.2</b>	<b>11,780.8</b>	<b>16,417.9</b>	<b>13,650.5</b>	<b>12,122.0</b>
o.w. Budgetary grants for investment **	2,637.7	3,323.6	2,352.8	3,476.4	2,753.3	2,822.6	2,020.4	7,057.7	4,077.4	5,568.5
o.w. Grants for hydropower development	528.0	-	758.7	3,065.0	3,652.0	1,318.6	9,760.4	9,360.2	9,573.0	6,553.5
<b>C. FINANCIAL ACCOUNT ***</b>	<b>1,064.6</b>	<b>-392.6</b>	<b>-3,178.7</b>	<b>-2,367.4</b>	<b>-12,872.6</b>	<b>-12,240.3</b>	<b>-13,819.2</b>	<b>-11,374.9</b>	<b>-20,108.2</b>	<b>-41,691.3</b>
<b>Direct Investment in Bhutan: net incurrence of liabilities</b>	<b>31.3</b>	<b>33.0</b>	<b>92.7</b>	<b>354.0</b>	<b>359.7</b>	<b>334.4</b>	<b>773.2</b>	<b>175.0</b>	<b>139.0</b>	<b>195.9</b>
o.w. Equity capital	-	-	52.0	201.0	211.9	260.6	739.4	143.3	14.8	13.0
<b>Other Investment</b>	<b>1,095.9</b>	<b>-359.6</b>	<b>-3,086.0</b>	<b>-2,013.4</b>	<b>-12,512.9</b>	<b>-11,905.9</b>	<b>-13,045.9</b>	<b>-11,199.8</b>	<b>-19,969.2</b>	<b>-41,495.4</b>
<b>Other Investment: net acquisition of financial assets</b>	<b>821.7</b>	<b>500.4</b>	<b>-447.7</b>	<b>113.0</b>	<b>-168.3</b>	<b>-114.7</b>	<b>767.9</b>	<b>-680.3</b>	<b>-21.7</b>	<b>1,310.4</b>
<b>Other Investment: net incurrence of financial liabilities</b>	<b>-274.2</b>	<b>860.0</b>	<b>2,638.3</b>	<b>2,126.5</b>	<b>12,344.6</b>	<b>11,791.1</b>	<b>13,813.9</b>	<b>10,519.6</b>	<b>19,947.5</b>	<b>42,805.8</b>
o.w. Hydropower loans (incl. accrued interest)*	-274.2	-1,171.2	274.1	1,293.2	7,186.5	9,675.4	14,275.7	16,353.6	22,890.0	37,154.1
o.w. Other loans	-	2,222.3	2,028.8	543.4	4,773.2	3,074.0	336.8	-5,698.5	-3,286.9	5,729.4
<b>D. Net Errors &amp; Omissions</b>	<b>-7,707.3</b>	<b>-44.7</b>	<b>-2,966.0</b>	<b>1,052.9</b>	<b>-1,900.8</b>	<b>-226.5</b>	<b>10,852.5</b>	<b>-3,236.7</b>	<b>-2,846.4</b>	<b>-4,534.3</b>
<b>E. Overall Balance</b>	<b>-2,358.1</b>	<b>173.8</b>	<b>-230.1</b>	<b>750.5</b>	<b>-604.0</b>	<b>741.7</b>	<b>9,836.0</b>	<b>-1,219.0</b>	<b>735.1</b>	<b>9,943.5</b>
<b>F. Reserve Assets</b>	<b>-2,358.1</b>	<b>173.8</b>	<b>-230.1</b>	<b>750.5</b>	<b>-604.0</b>	<b>741.7</b>	<b>9,836.0</b>	<b>-1,219.0</b>	<b>735.1</b>	<b>9,943.5</b>

\* Includes accrued interest (from FY 2006/07 onwards), and are therefore not comparable with figures published by the Ministry of Finance. \*\* Segregation of budgetary grants into Secondary Income and Capital Transfers carried out from FY 2006/07 onwards. \*\*\* Net acquisition of financial assets minus net incurrence of financial liabilities; (+) figure denotes net lending and (-) figure denotes net borrowing; Excludes reserve assets. Financial Account sign convention: (+) = increase in assets or liabilities; (-) = decrease in assets or liabilities.

Note on historical revisions: 1) Revisions in FY 2010/11 and FY 2011/12 are largely on account of revised figures for accrued interest on hydropower loan (affecting the primary income and financial accounts). 2) For FY 2012/13, imports and trade credits (assets & liabilities) were revised.

The net errors and omissions figure in FY 2012/13 can be largely attributed to the sale of USD 200 million for Indian Rupees in the year. Since the re-composition of reserves between the US dollar and the Rupees took place at the end of the fiscal year and a majority of the sales proceeds were not immediately used to meet payment obligations, Indian Rupee reserves registered a huge increase in the fiscal year. Because the counter-entry is in the BOP with COTI statement (where a corresponding decrease in dollar assets were registered), the NEO figure in the BOP with India has resulted as a large and positive figure. There was a similar re-composition of reserves in 2011/12 as well but the Indian Rupees were used up immediately within the fiscal year to settle payment obligations.

TABLE 21B. QUARTERLY BALANCE OF PARENTS ESTIMATES WITH INDIA

in millions of Ngultrum

Item	FY13/14:	FY13/14:	FY13/14:	FY13/14:	FY14/15:	FY14/15:	FY14/15:	FY14/15:	FY14/15:	FY15/16:	FY15/16:	FY15/16:	FY15/16:
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
	(revised)				(provisional)				(provisional)				
<b>A. CURRENT ACCOUNT</b>	<b>-3,472.5</b>	<b>-5,794.5</b>	<b>-9,701.1</b>	<b>-6,806.9</b>	<b>-2,469.2</b>	<b>-8,090.8</b>	<b>-11,297.9</b>	<b>-8,319.2</b>	<b>-4,467.1</b>	<b>-12,157.2</b>	<b>-10,274.1</b>	<b>-12,437.2</b>	
Goods and Services	-1,442.1	-5,308.2	-8,165.1	-6,571.5	-1,498.3	-6,077.7	-9,176.7	-6,271.1	-3,012.7	-10,030.1	-10,028.0	-10,452.7	
<b>Goods: Net (Trade Balance)</b>	<b>-678.5</b>	<b>-4,391.6</b>	<b>-6,707.0</b>	<b>-5,585.2</b>	<b>-175.5</b>	<b>-5,168.8</b>	<b>-7,933.5</b>	<b>-5,685.3</b>	<b>-1,585.5</b>	<b>-9,084.3</b>	<b>-8,445.9</b>	<b>-9,677.0</b>	
Exports (fob)	9,930.6	7,124.6	5,527.6	7,325.3	11,218.9	7,516.6	5,423.3	7,788.1	11,628.0	6,596.3	5,206.1	6,366.1	
Imports (fob)	10,609.2	11,516.2	12,234.6	12,910.5	11,394.3	12,685.4	13,356.8	13,473.4	13,213.5	15,680.5	13,652.0	16,043.2	
<b>Services</b>	<b>-763.6</b>	<b>-916.6</b>	<b>-1,458.1</b>	<b>-986.3</b>	<b>-1,322.9</b>	<b>-908.9</b>	<b>-1,243.1</b>	<b>-585.8</b>	<b>-1,427.2</b>	<b>-945.9</b>	<b>-1,582.0</b>	<b>-775.7</b>	
Credit	326.6	312.6	294.2	495.5	279.8	366.1	207.5	359.7	695.4	929.9	465.1	719.2	
Debit	1,090.1	1,229.2	1,752.3	1,481.8	1,602.6	1,275.0	1,450.6	945.4	2,122.6	1,875.8	2,047.2	1,494.9	
<b>Primary Income</b>	<b>-2,026.6</b>	<b>-1,451.5</b>	<b>-1,566.1</b>	<b>-2,643.4</b>	<b>-2,350.6</b>	<b>-2,513.0</b>	<b>-1,830.0</b>	<b>-3,055.1</b>	<b>-2,759.5</b>	<b>-3,012.5</b>	<b>-2,392.5</b>	<b>-3,691.7</b>	
Credit	109.1	73.4	81.7	126.2	137.3	305.5	261.0	146.8	187.1	222.1	183.2	225.1	
Debit	2,135.6	1,524.9	1,647.8	2,769.6	2,487.9	2,818.5	2,091.0	3,201.9	2,946.7	3,234.5	2,575.7	3,916.8	
o.w. Interest on hydropower loans *	1,220.6	746.7	1,216.8	1,872.9	1,547.7	2,170.4	1,692.1	2,324.9	2,059.1	2,607.8	2,190.2	3,067.5	
<b>Secondary Income</b>	<b>-3.8</b>	<b>965.2</b>	<b>30.2</b>	<b>2,408.0</b>	<b>1,379.7</b>	<b>499.9</b>	<b>-291.3</b>	<b>1,007.0</b>	<b>1,305.2</b>	<b>885.4</b>	<b>2,146.4</b>	<b>1,707.2</b>	
Credit	367.1	1,230.6	166.1	2,710.1	1,687.5	944.3	32.7	1,357.8	1,690.2	1,340.3	2,381.6	1,987.6	
o.w. Budgetary grants	350.0	1,050.0	148.9	626.8	1,212.8	845.3	13.5	1,274.5	1,569.2	1,227.9	2,358.2	1,944.0	
Debit	370.9	265.4	135.9	302.2	307.8	444.4	324.0	350.8	385.0	454.9	235.2	280.3	
<b>B. CAPITAL ACCOUNT</b>	<b>1,679.9</b>	<b>4,208.5</b>	<b>4,558.7</b>	<b>5,970.7</b>	<b>4,144.5</b>	<b>4,732.4</b>	<b>2,937.2</b>	<b>1,836.4</b>	<b>3,700.1</b>	<b>4,066.7</b>	<b>2,052.2</b>	<b>2,303.1</b>	
o.w. Budgetary grants for investment	587.9	2,382.5	1,747.1	2,340.1	211.0	3,003.5	628.6	234.4	1,266.6	866.7	2,052.2	1,383.1	
o.w. Grants for hydropower development	1,092.0	1,826.0	2,811.6	3,630.6	3,933.5	1,728.9	2,308.6	1,602.0	2,433.5	3,200.0	0.0	920.0	
<b>C. FINANCIAL ACCOUNT **</b>	<b>1,920.9</b>	<b>-2,274.1</b>	<b>-5,121.8</b>	<b>-5,899.8</b>	<b>-7,765.8</b>	<b>-6,577.1</b>	<b>-1,435.7</b>	<b>-4,329.6</b>	<b>-10,514.0</b>	<b>-2,668.8</b>	<b>-12,438.4</b>	<b>-16,070.1</b>	
<b>Direct Investment in Bhutan: net incurrence of liabilities</b>	<b>73.0</b>	<b>59.5</b>	<b>22.6</b>	<b>19.9</b>	<b>69.9</b>	<b>13.3</b>	<b>8.7</b>	<b>47.0</b>	<b>76.1</b>	<b>68.7</b>	<b>22.6</b>	<b>28.5</b>	
o.w. Equity capital	130.3	3.0	2.9	7.1	69.9	2.3	0.0	3.0	0.0	6.3	0.0	6.7	
<b>Other Investment</b>	<b>1,993.9</b>	<b>-2,214.6</b>	<b>-5,099.3</b>	<b>-5,879.9</b>	<b>-7,695.8</b>	<b>-6,563.8</b>	<b>-1,426.9</b>	<b>-4,282.6</b>	<b>-10,437.9</b>	<b>-2,600.1</b>	<b>-12,415.8</b>	<b>-16,041.6</b>	
<b>Other Investment: net acquisition of financial assets</b>	<b>102.2</b>	<b>-1,675.0</b>	<b>-90.8</b>	<b>983.4</b>	<b>816.2</b>	<b>-1,741.5</b>	<b>344.0</b>	<b>559.6</b>	<b>716.9</b>	<b>-1,247.3</b>	<b>247.6</b>	<b>1,593.1</b>	
<b>Other Investment: net incurrence of financial liabilities</b>	<b>-1,891.7</b>	<b>539.6</b>	<b>5,008.5</b>	<b>6,863.2</b>	<b>8,512.0</b>	<b>4,822.4</b>	<b>1,770.9</b>	<b>4,842.2</b>	<b>11,154.8</b>	<b>1,352.9</b>	<b>12,663.4</b>	<b>17,634.7</b>	
o.w. Hydropower loans (incl. accrued interest)*	3,574.5	713.5	5,003.3	7,062.4	8,573.8	4,911.3	4,595.1	4,809.8	12,343.1	1,314.6	12,609.5	10,886.9	
o.w. Other loans	-5,481.3	-74.3	-71.4	-71.4	-71.4	-72.7	-3,071.4	-71.3	-987.4	0.0	0.0	6,716.8	
<b>D. Net Errors &amp; Omissions</b>	<b>-3,338.3</b>	<b>1,171.7</b>	<b>-607.5</b>	<b>-462.6</b>	<b>-5,729.5</b>	<b>3,828.0</b>	<b>-2,985.5</b>	<b>2,040.5</b>	<b>-219.0</b>	<b>-783.1</b>	<b>4,356.7</b>	<b>-7,888.9</b>	
<b>E. Overall Balance</b>	<b>-7,051.8</b>	<b>1,859.8</b>	<b>-628.0</b>	<b>4,601.1</b>	<b>3,711.6</b>	<b>7,046.7</b>	<b>-9,910.5</b>	<b>-112.7</b>	<b>9,528.0</b>	<b>-6,204.8</b>	<b>8,573.3</b>	<b>-1,953.0</b>	
<b>F. Reserve Assets</b>	<b>-7,051.8</b>	<b>1,859.8</b>	<b>-628.0</b>	<b>4,601.1</b>	<b>3,711.6</b>	<b>7,046.7</b>	<b>-9,910.5</b>	<b>-112.7</b>	<b>9,528.0</b>	<b>-6,204.8</b>	<b>8,573.3</b>	<b>-1,953.0</b>	

\* Includes accrued interest (from FY 2006/07 onwards), and are therefore not comparable with figures published by the Ministry of Finance. \*\* Net acquisition of financial assets minus net incurrence of financial liabilities; (+) figure denotes net lending and (-) figure denotes net borrowing; excludes reserve assets. Financial Account sign convention: (+) = increase in assets or liabilities; (-) = decrease in assets or liabilities. Note on quarterly breakdowns: where quarterly breakdowns of data were unavailable from source, fiscal year data have been divided among the quarters and may partly explain the large variations in the net errors and omissions within a fiscal year. An entry of "0.0" indicates a marginal value compared to "-" which indicates no value for that particular item.

**TABLE 22A. ANNUAL OVERALL BALANCE OF PARENTS ESTIMATES WITH COUNTRIES OTHER THAN INDIA**  
(Break in series from FY 2006/07: data from FY 2006/07 onwards on a BPM6 basis and includes major revisions carried out in 2013)

in millions of Ngultrum

Item	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12 (revised)	2012/13 (revised)	2013/14 (revised)	2014/15 (revised)	2015/16 (provisional)
<b>A. CURRENT ACCOUNT</b>	<b>459.4</b>	<b>-987.9</b>	<b>-76.8</b>	<b>-5,652.3</b>	<b>-5,449.9</b>	<b>-4,114.4</b>	<b>857.6</b>	<b>-3,907.0</b>	<b>-5,467.6</b>	<b>-1,876.2</b>
Goods and Services	-1,053.5	-2,037.7	-2,712.2	-7,511.5	-6,915.0	-8,200.4	-2,324.6	-6,677.5	-7,926.5	-5,834.5
<b>Goods: Net (Trade Balance)</b>	<b>-977.8</b>	<b>-1,808.6</b>	<b>-2,935.8</b>	<b>-6,713.0</b>	<b>-5,675.3</b>	<b>-7,085.5</b>	<b>-3,239.7</b>	<b>-6,808.1</b>	<b>-7,699.6</b>	<b>-7,036.0</b>
Exports (fob)	4,422.8	2,449.0	1,406.9	2,018.2	4,699.5	3,450.6	2,372.2	2,968.4	4,035.3	2,908.0
Imports (fob)	5,400.5	4,257.6	4,342.7	8,731.2	10,374.8	10,536.1	5,611.9	9,776.5	11,735.0	9,944.0
<b>Services</b>	<b>-75.7</b>	<b>-229.1</b>	<b>223.7</b>	<b>-798.6</b>	<b>-1,239.7</b>	<b>-1,114.9</b>	<b>915.1</b>	<b>130.6</b>	<b>-226.8</b>	<b>1,201.4</b>
Credit	2,205.3	1,790.4	2,277.3	2,777.0	3,144.1	4,457.3	5,271.1	6,217.4	6,571.2	6,719.4
Debit	2,281.0	2,019.4	2,053.6	3,575.6	4,383.8	5,572.2	4,356.1	6,086.8	6,798.1	5,518.0
<b>Primary Income</b>	<b>627.0</b>	<b>483.3</b>	<b>819.9</b>	<b>292.0</b>	<b>341.5</b>	<b>446.4</b>	<b>-488.0</b>	<b>258.0</b>	<b>10.8</b>	<b>448.8</b>
Credit	1,049.4	1,126.7	940.1	743.6	670.2	868.2	961.6	802.1	799.4	805.6
Debit	422.4	643.4	120.2	451.6	328.7	421.8	1,449.6	544.1	788.6	356.8
<b>Secondary Income</b>	<b>885.9</b>	<b>566.5</b>	<b>1,815.4</b>	<b>1,567.2</b>	<b>1,123.6</b>	<b>3,639.6</b>	<b>3,670.3</b>	<b>2,512.5</b>	<b>2,448.1</b>	<b>3,509.5</b>
Credit	2,050.6	1,373.5	2,197.9	2,306.8	1,989.5	4,144.5	3,976.7	2,859.4	2,851.8	3,958.8
o.w. Budgetary grants	1,912.7	1,227.3	1,959.7	1,662.1	1,410.6	2,839.9	3,202.4	1,680.8	1,439.0	1,274.0
Debit	1,164.7	807.0	382.5	739.6	865.9	504.9	306.4	347.0	403.7	449.3
<b>B. CAPITAL ACCOUNT</b>	<b>63.9</b>	<b>37.0</b>	<b>157.8</b>	<b>444.1</b>	<b>1,204.4</b>	<b>614.0</b>	<b>2,678.2</b>	<b>483.9</b>	<b>330.6</b>	<b>546.0</b>
o.w. Budgetary grants for investment *	63.9	37.0	157.8	444.1	1,204.4	614.0	2,678.2	483.9	330.6	546.0
<b>C. FINANCIAL ACCOUNT **</b>	<b>-7,154.4</b>	<b>-544.2</b>	<b>-1,434.8</b>	<b>-6,566.5</b>	<b>-5,569.7</b>	<b>-2,943.2</b>	<b>-3,410.4</b>	<b>-3,432.9</b>	<b>-2,249.5</b>	<b>-740.2</b>
<b>Direct Investment in Bhutan: net incurrence of liabilities</b>	<b>6,378.5</b>	<b>92.0</b>	<b>773.1</b>	<b>3,114.6</b>	<b>1,049.1</b>	<b>875.3</b>	<b>344.2</b>	<b>1,616.3</b>	<b>521.6</b>	<b>337.0</b>
o.w. Equity capital	3,185.4	29.9	297.1	552.3	558.7	328.8	289.2	667.6	296.4	250.0
<b>Other Investment</b>	<b>-775.8</b>	<b>-452.1</b>	<b>-661.7</b>	<b>-3,451.9</b>	<b>-4,520.6</b>	<b>-2,067.8</b>	<b>-3,066.2</b>	<b>-1,816.5</b>	<b>-1,727.9</b>	<b>-403.2</b>
<b>Other Investment: net acquisition of financial assets ***</b>		<b>12.3</b>	<b>51.3</b>	<b>-55.2</b>	<b>20.7</b>	<b>160.5</b>	<b>188.6</b>	<b>352.7</b>	<b>-798.8</b>	<b>140.5</b>
<b>Other Investment: net incurrence of financial liabilities</b>	<b>775.8</b>	<b>464.4</b>	<b>713.0</b>	<b>3,396.7</b>	<b>4,541.3</b>	<b>2,228.4</b>	<b>3,254.8</b>	<b>2,169.3</b>	<b>929.2</b>	<b>543.6</b>
o.w. RGOB loans	813.6	532.4	1,043.9	3,065.8	4,597.9	1,556.7	3,658.0	2,362.6	1,327.7	463.4
o.w. Other loans	-37.8	-72.3	-40.5	-99.4	-154.5	-123.3	-135.4	-143.9	-140.9	-21.3
<b>D. Net Errors &amp; Omissions</b>	<b>101.7</b>	<b>921.5</b>	<b>5,287.0</b>	<b>2,301.1</b>	<b>77.4</b>	<b>-9,252.8</b>	<b>-7,570.1</b>	<b>5,489.7</b>	<b>1,581.5</b>	<b>3,213.6</b>
<b>E. Overall Balance</b>	<b>7,779.3</b>	<b>514.8</b>	<b>6,802.8</b>	<b>3,659.5</b>	<b>1,401.5</b>	<b>-9,810.1</b>	<b>-623.8</b>	<b>5,499.5</b>	<b>-1,305.9</b>	<b>2,623.6</b>
<b>F. Reserve Assets</b>	<b>7,779.3</b>	<b>514.8</b>	<b>6,802.8</b>	<b>3,659.5</b>	<b>1,401.5</b>	<b>-9,810.1</b>	<b>-623.8</b>	<b>5,499.5</b>	<b>-1,305.9</b>	<b>2,623.6</b>

\* Segregation of budgetary grants into Secondary Income and Capital Transfers carried out from FY 2006/07 onwards. \*\* Net acquisition of financial assets minus net incurrence of financial liabilities; (+) figure denotes net lending and (-) figure denotes net borrowing; excludes reserve assets. Financial Account sign convention: (+) = increase in assets or liabilities; (-) = decrease in assets or liabilities. \*\*\* Data on net acquisition of financial assets were compiled from FY 2007/08 onwards.

The Net errors & omissions figures in FY 2011/12 and FY 2012/13 can be largely attributed to the sale of US dollar reserves for Indian Rupees for around USD 200 million in each year. The counter-entry for the subsequent decrease in dollar reserves are in the BOP with India statement and therefore contribute to the large and negative NEO for the BOP with COTI.



TABLE 22B. QUARTERLY BALANCE OF PARENTS ESTIMATES WITH COUNTRIES OTHER THAN INDIA

in millions of Ngultrum

Item	FY13/14:	FY13/14:	FY13/14:	FY13/14:	FY14/15:	FY14/15:	FY14/15:	FY14/15:	FY15/16:	FY15/16:	FY15/16:	FY15/16:
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	(revised)				(revised)				(provisional)			
<b>A. CURRENT ACCOUNT</b>	<b>-39.7</b>	<b>-2,614.5</b>	<b>-531.7</b>	<b>-721.1</b>	<b>-374.0</b>	<b>181.4</b>	<b>-4,387.8</b>	<b>-887.1</b>	<b>-782.8</b>	<b>-206.8</b>	<b>-341.9</b>	<b>-544.8</b>
Goods and Services	-925.7	-3,422.2	-1,117.1	-1,212.4	-1,024.6	-252.1	-5,197.3	-1,452.6	-1,529.2	-982.0	-1,543.0	-1,780.3
<b>Goods: Net (Trade Balance)</b>	<b>-968.7</b>	<b>-3,669.4</b>	<b>-878.5</b>	<b>-1,291.4</b>	<b>-741.5</b>	<b>-1,003.4</b>	<b>-4,458.3</b>	<b>-1,496.4</b>	<b>-1,380.3</b>	<b>-1,651.6</b>	<b>-1,404.4</b>	<b>-2,599.7</b>
Exports (fob)	852.6	614.2	668.8	832.8	1,324.0	957.9	914.3	839.1	973.8	700.8	647.5	586.0
Imports (fob)	1,821.3	4,283.6	1,547.4	2,124.2	2,065.5	1,961.3	5,372.7	2,335.5	2,354.1	2,352.3	2,051.9	3,185.7
<b>Services</b>	<b>43.0</b>	<b>247.2</b>	<b>-238.6</b>	<b>79.0</b>	<b>-283.0</b>	<b>751.3</b>	<b>-738.9</b>	<b>43.8</b>	<b>-148.9</b>	<b>669.5</b>	<b>-138.6</b>	<b>819.4</b>
Credit	1,339.2	2,379.5	947.9	1,550.8	1,229.1	2,225.1	1,548.5	1,568.5	1,368.0	2,341.9	1,340.5	1,669.2
Debit	1,296.2	2,132.2	1,186.5	1,471.8	1,512.1	1,473.8	2,287.5	1,524.7	1,516.8	1,672.3	1,479.1	849.8
<b>Primary Income</b>	<b>54.9</b>	<b>73.9</b>	<b>76.1</b>	<b>53.1</b>	<b>18.3</b>	<b>-63.3</b>	<b>59.8</b>	<b>-4.0</b>	<b>79.1</b>	<b>-31.3</b>	<b>240.0</b>	<b>161.1</b>
Credit	154.7	252.4	189.1	205.9	215.4	200.5	232.4	151.2	186.8	179.5	214.1	225.2
Debit	99.8	178.4	113.1	152.8	197.1	263.8	172.6	155.1	107.8	210.8	-25.9	64.1
<b>Secondary Income</b>	<b>831.1</b>	<b>733.8</b>	<b>509.4</b>	<b>438.3</b>	<b>632.3</b>	<b>496.8</b>	<b>749.6</b>	<b>569.4</b>	<b>667.4</b>	<b>806.5</b>	<b>961.2</b>	<b>1,074.4</b>
Credit	904.2	829.5	584.8	541.0	692.0	648.7	825.0	686.1	773.5	942.1	1,087.1	1,156.1
o.w. Budgetary grants	608.7	491.1	325.6	255.3	377.1	384.5	443.1	234.4	325.2	345.0	257.8	346.0
Debit	73.1	95.8	75.5	102.7	59.6	152.0	75.4	116.7	106.1	135.5	125.9	81.7
<b>B. CAPITAL ACCOUNT</b>	<b>80.9</b>	<b>253.4</b>	<b>42.9</b>	<b>106.7</b>	<b>46.2</b>	<b>250.8</b>	<b>27.3</b>	<b>6.3</b>	<b>139.4</b>	<b>147.9</b>	<b>110.5</b>	<b>148.3</b>
o.w. Budgetary grants for investment	80.9	253.4	42.9	106.7	46.2	250.8	27.3	6.3	139.4	147.9	110.5	148.3
<b>C. FINANCIAL ACCOUNT *</b>	<b>-586.2</b>	<b>-1,343.4</b>	<b>-1,159.8</b>	<b>-343.5</b>	<b>-1,495.8</b>	<b>137.7</b>	<b>-1,036.3</b>	<b>144.9</b>	<b>-1,104.6</b>	<b>20.7</b>	<b>257.2</b>	<b>86.5</b>
<b>Direct Investment in Bhutan: net incurrence of liabilities</b>	<b>798.3</b>	<b>332.2</b>	<b>339.4</b>	<b>146.4</b>	<b>256.9</b>	<b>197.0</b>	<b>105.0</b>	<b>-37.3</b>	<b>83.6</b>	<b>114.7</b>	<b>-6.5</b>	<b>145.2</b>
o.w. Equity capital	27.2	240.3	291.3	108.7	170.7	95.6	45.4	-15.3	63.1	76.3	44.7	66.0
Other Investment	212.1	-1,011.2	-820.4	-197.0	-1,238.9	334.7	-931.3	107.6	-1,021.0	135.4	250.7	231.7
<b>Other Investment: net acquisition of financial assets</b>	<b>320.9</b>	<b>-199.0</b>	<b>196.2</b>	<b>34.7</b>	<b>205.4</b>	<b>82.9</b>	<b>-1,067.6</b>	<b>-19.5</b>	<b>276.6</b>	<b>-271.4</b>	<b>34.2</b>	<b>101.1</b>
<b>Other Investment: net incurrence of financial liabilities</b>	<b>108.8</b>	<b>812.2</b>	<b>1,016.5</b>	<b>231.8</b>	<b>1,444.4</b>	<b>-251.8</b>	<b>-136.3</b>	<b>-127.0</b>	<b>1,297.6</b>	<b>-406.8</b>	<b>-216.5</b>	<b>-130.6</b>
o.w. RGOB loans	77.1	786.5	1,051.8	447.1	1,643.3	53.4	-190.9	-178.1	1,057.4	-249.5	-104.0	-240.6
o.w. Other loans	-	-71.8	-	-72.2	-	-71.0	-	-69.9	0.0	-21.3	0.0	0.0
<b>D. Net Errors &amp; Omissions</b>	<b>1,930.0</b>	<b>3,779.4</b>	<b>2,210.1</b>	<b>-2,429.8</b>	<b>2,280.6</b>	<b>-1,758.5</b>	<b>2,970.3</b>	<b>-1,910.8</b>	<b>2,132.0</b>	<b>-4,465.8</b>	<b>5,177.3</b>	<b>370.1</b>
<b>E. Overall Balance</b>	<b>2,557.4</b>	<b>2,761.7</b>	<b>2,881.1</b>	<b>-2,700.7</b>	<b>3,448.6</b>	<b>-1,464.1</b>	<b>-353.9</b>	<b>-2,936.5</b>	<b>2,593.2</b>	<b>-4,545.4</b>	<b>4,688.7</b>	<b>-112.9</b>
<b>F. Reserve Assets</b>	<b>2,557.4</b>	<b>2,761.7</b>	<b>2,881.1</b>	<b>-2,700.7</b>	<b>3,448.6</b>	<b>-1,464.1</b>	<b>-353.9</b>	<b>-2,936.5</b>	<b>2,593.2</b>	<b>-4,545.4</b>	<b>4,688.7</b>	<b>-112.9</b>

\* Net acquisition of financial assets minus net incurrence of financial liabilities; (+) figure denotes net lending and (-) figure denotes net borrowing; excludes reserve assets. Financial Account sign convention: (+) = increase in assets or liabilities; (-) = decrease in assets or liabilities. Note on quarterly breakdowns: where quarterly breakdowns of data were unavailable from source, fiscal year data have been divided among the quarters and may partly explain the large variations in the net errors and omissions within a fiscal year. An entry of "0.0" indicates a marginal value compared to "-" which indicates no value for that particular item.

**TABLE 23. GROSS INTERNATIONAL RESERVES**

Item	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
<b>1. Rupee Reserves (INR in Million)</b>	<b>769.6</b>	<b>858.2</b>	<b>628.1</b>	<b>1378.6</b>	<b>774.6</b>	<b>1,516.3</b>	<b>11,352.2</b>	<b>10,133.3</b>	<b>10,865.9</b>	<b>20,811.9</b>
Royal Monetary Authority of Bhutan	136.3	135.1	118.4	137.3	91.2	229.9	10,706.4	9,493.1	9,826.5	19,017.7
Bank of Bhutan Limited	387.4	435.8	373.0	923.0	329.4	857.3	229.8	447.9	598.0	830.3
Bhutan National Bank Limited	245.9	287.3	136.7	196.3	99.5	171.8	56.5	61.9	193.9	142.0
T Bank Limited	-	-	-	50.0	39.8	53.3	115.7	74.9	77.3	175.9
Druk PNB Limited	-	-	-	72.1	214.7	204.1	243.8	55.5	170.1	645.9
<b>2. Convertible Currency Reserves (USD in Million)</b>	<b>589.5</b>	<b>527.2</b>	<b>662.2</b>	<b>729.8</b>	<b>778.9</b>	<b>647.4</b>	<b>726.7</b>	<b>829.3</b>	<b>788.0</b>	<b>811.0</b>
Royal Monetary Authority of Bhutan <sup>(1)</sup>	510.7	503.9	637.5	698.5	731.8	623.6	692.7	789.1	759.4	789.5
Bank of Bhutan Limited	47.3	11.2	7.6	15.4	35.1	9.0	21.6	22.7	20.3	13.4
Bhutan National Bank Limited	31.5	12.1	17.0	15.8	10.0	14.2	10.6	14.8	6.9	5.8
T Bank Limited	-	-	-	0.0	0.2	0.1	0.1	0.1	0.1	0.4
Druk PNB Limited	-	-	-	0.2	1.7	0.5	1.7	2.5	1.3	1.9
<b>3. Total Reserves (USD in Million) (1+2)</b>	<b>608.4</b>	<b>547.1</b>	<b>675.2</b>	<b>759.4</b>	<b>796.2</b>	<b>674.3</b>	<b>916.9</b>	<b>997.9</b>	<b>958.5</b>	<b>1,118.8</b>
<b>4. Exchange rates used</b>	40.75	42.95	48.51	46.60	44.72	56.3	59.7	60.1	63.8	67.6
<b>5. Months of Merchandise Imports <sup>(2)</sup></b>										
<b>Total Reserves</b>	<b>13.6</b>	<b>10.8</b>	<b>14.1</b>	<b>11.5</b>	<b>8.4</b>	<b>9.0</b>	<b>13.0</b>	<b>12.6</b>	<b>11.7</b>	<b>13.2</b>
Rupee Reserves	<b>0.6</b>	<b>0.5</b>	<b>0.3</b>	<b>0.6</b>	<b>0.2</b>	<b>0.5</b>	<b>3.0</b>	<b>2.6</b>	<b>2.6</b>	<b>4.3</b>
Convertible Currency Reserves	<b>53.4</b>	<b>63.8</b>	<b>88.8</b>	<b>46.7</b>	<b>40.3</b>	<b>41.5</b>	<b>92.8</b>	<b>61.2</b>	<b>51.4</b>	<b>66.2</b>
<b>6. Months of Imports (Merchandise + Services) <sup>(2)</sup></b>										
<b>Total Reserves</b>	<b>11.5</b>	<b>9.1</b>	<b>12.1</b>	<b>9.8</b>	<b>7.3</b>	<b>7.5</b>	<b>10.9</b>	<b>10.5</b>	<b>9.9</b>	<b>11.1</b>
Rupee Reserves	<b>0.5</b>	<b>0.4</b>	<b>0.3</b>	<b>0.5</b>	<b>0.2</b>	<b>0.4</b>	<b>2.7</b>	<b>2.3</b>	<b>2.3</b>	<b>3.8</b>
Convertible Currency Reserves	<b>37.5</b>	<b>43.3</b>	<b>60.3</b>	<b>33.2</b>	<b>28.3</b>	<b>27.2</b>	<b>52.2</b>	<b>37.7</b>	<b>32.7</b>	<b>42.6</b>

(\*) Excludes cash in hand of commercial banks.

<sup>(1)</sup> Convertible currency reserves of RMA have been revised in 2013 to exclude the US dollar pledge on any outstanding overdraft as of each reference period. Reserves also exclude (from July 2007 onwards) the local currency component of Bhutan's IMF Quota and the Kuwait Fund Investment; <sup>(2)</sup> Imports on fob basis. Figures differ from previous publications due to revision in import figures - data for 2015/16 onwards are based on provisional import figures for 2015/16 and are subject to change.

TABLE 24A. COMPOSITION OF IMPORTS FROM INDIA

Millions of Ngultrum

SI	IMPORT CATEGORY	2007	2008	2009	2010	2011	2012	2013	2014	2015	% Share in Total	Annual % change
1	Live Animals & Animal Products	682.5	776.4	984.9	1,180.6	1,299.6	1,995.0	2,331.1	2,674.7	2,755.5	5.1	3.0
2	Vegetables, Fruits, Nuts, Coffee, Tea, Spices, Cereals, Grains & Seeds	976.7	1,121.5	1,290.3	1,523.4	1,840.3	2,748.5	3,260.9	3,551.3	3,412.9	6.4	(3.9)
3	Animal or Vegetable Fats & Oils	365.2	480.7	407.7	489.9	661.9	906.3	978.4	1,005.5	976.0	1.8	(2.9)
4	Processed Foods & Beverages	763.1	822.5	1,009.8	1,213.0	1,477.7	1,707.0	1,812.4	2,024.3	2,159.5	4.0	6.7
5	Mineral Products inc. oils & fuels	3,769.5	4,917.4	4,996.8	7,263.4	8,796.0	11,625.1	12,848.2	13,329.6	12,341.9	23.0	(7.4)
6	Electricity	20.9	16.0	127.2	8.9	10.2	12.7	222.9	319.0	249.7	0.5	(21.7)
7	Products of Chemical & Allied Industries	626.8	750.9	821.2	1,081.2	1,358.3	1,850.1	1,885.0	1,954.9	2,098.7	3.9	7.4
7.1	<i>Medicine / Pharmaceutical Products</i>	92.3	132.7	131.4	108.4	141.4	276.2	200.3	173.5	338.2	0.6	94.9
8	Plastic & Rubber Products	473.8	458.7	557.5	794.8	1,105.8	1,561.8	1,627.8	1,727.7	1,793.1	3.3	3.8
9	Wood and Wood pulp products	561.5	823.2	1,126.5	1,375.4	1,879.0	1,940.7	1,911.9	2,349.6	2,391.1	4.4	1.8
9.1	<i>Wood and Wood Products</i>	272.8	516.5	684.8	869.0	1,276.0	1,242.9	1,200.0	1,611.3	1,683.1	3.1	4.5
9.2	<i>Wood Pulp Products</i>	288.7	306.7	441.8	506.4	603.0	697.8	711.8	738.2	707.9	1.3	(4.1)
10	Textiles, Footwear & Hats/Headgear	251.0	251.7	286.9	368.2	418.8	750.8	738.6	835.4	925.2	1.7	10.7
11	Articles of Stone, Plaster, Cement,	317.4	305.7	356.2	500.0	727.3	967.8	926.0	803.4	899.1	1.7	11.9
11.1	<i>Ceramic Products</i>	129.5	111.3	142.3	224.7	350.4	439.9	340.9	254.0	320.1	0.6	26.0
12	Pearls and Products of Precious/Semi-precious Metal & Stones	760.9	0.7	1.4	0.6	1.0	0.7	16.2	1.1	0.9	0.0	(15.7)
13	Base Metals and Articles of Base Metal	1,955.0	2,948.3	3,270.8	5,431.8	6,181.6	8,930.6	7,535.0	8,407.0	9,257.0	17.2	10.1
14	Machinery, Mechanical/Electrical Appliances & Equipment and Parts	2,270.3	2,066.6	2,420.1	4,698.7	4,499.3	4,501.7	6,550.7	6,604.8	9,282.4	17.3	40.5
14.1	<i>Magnetic Discs &amp; Media (recorded/unrecorded)</i>	4.7	2.5	22.1	13.4	15.1	24.3	19.2	16.2	21.8	0.0	34.4
15	Transport Vehicles & Aircraft and Engines & Parts	1,060.1	1,322.0	1,953.2	2,964.1	4,409.4	1,766.9	625.5	1,623.9	4,319.5	8.0	166.0
16	Optical, Photographic, Cinematographic & Measuring Equipment	101.9	131.1	162.1	129.4	271.8	209.4	256.3	227.2	300.8	0.6	32.4
17	Handicrafts, Works of Art, Collectors' Pieces & Personal Effects	0.1	0.0	0.0	0.7	0.0	0.2	0.0	1.8	0.4	0.0	(79.6)
18	Miscellaneous Manufactured Products	143.0	146.2	195.2	313.7	263.1	363.0	362.5	406.2	577.0	1.1	42.0
	<b>TOTAL</b>	<b>15,099.5</b>	<b>17,339.5</b>	<b>19,968.0</b>	<b>29,338.0</b>	<b>35,201.1</b>	<b>41,838.3</b>	<b>43,889.4</b>	<b>47,847.6</b>	<b>53,740.5</b>	<b>100.0</b>	<b>12.3</b>

TABLE 24B. COMPOSITION OF EXPORTS TO INDIA

Millions of Ngultrum

SI	EXPORT CATEGORY	2007	2008	2009	2010	2011	2012	2013	2014	2015	% Share in Total	Annual % change
1	Live Animals & Animal Products	13.4	0.2	4.9	2.7	0.2	5.8	2.5	2.9	6.8	0.0	133.8
1.1	<i>Raw Hides &amp; Skins</i>	0.6	0.1	-	-	-	-	-	-	-	-	-
2	Vegetables, Fruits, Nuts, Coffee, Tea, Spices, Cereals, Grains & Seeds	307.1	241.7	606.7	452.7	595.3	783.2	976.7	1,475.2	1,132.0	3.6	(23.3)
2.1	<i>Potatoes</i>	149.9	119.8	401.9	197.3	250.7	309.2	360.1	686.3	370.9	1.2	(46.0)
3	Animal or Vegetable Fats & Oils	1,875.3	605.3	3.9	13.4	23.8	7.5	2.9	13.7	8.0	0.0	(41.4)
3.1	<i>Palm Oil</i>	481.6	-	0.1	-	0.1	0.2	-	0.0	-	-	(100.0)
4	Processed Foods & Beverages	368.0	276.3	318.9	317.5	406.5	441.2	578.9	838.0	897.4	2.8	7.1
5	Mineral Products inc. oils & fuels	1,809.1	2,161.6	2,519.0	2,782.4	2,573.2	2,931.0	3,308.9	4,800.2	4,813.8	15.1	0.3
6	Electricity	10,034.3	11,032.6	10,090.7	10,411.5	10,441.5	9,125.2	11,227.3	10,633.6	12,124.5	38.1	14.0
7	Products of Chemical & Allied Industries	783.3	893.6	1,050.9	1,453.9	1,476.5	1,638.6	1,885.1	1,953.9	1,990.0	6.3	1.8
8	Plastic & Rubber Products	275.7	214.1	308.4	246.0	309.8	331.3	462.6	636.0	678.8	2.1	6.7
9	Wood and Wood Pulp Products	305.6	306.6	323.2	319.6	317.4	369.5	314.6	380.7	353.0	1.1	(7.3)
9.1	<i>Wood Pulp Products</i>	2.6	7.1	9.9	8.2	11.8	19.8	17.6	15.4	19.8	0.1	28.2
10	Textiles, Footwear & Hats/Headgear	444.9	291.0	66.5	41.4	32.1	47.2	44.0	29.9	10.8	0.0	(63.9)
11	Articles of Stone, Plaster, Cement, Asbestos, Ceramics & Glass	113.1	122.3	80.6	74.1	120.6	126.5	152.4	196.5	168.4	0.5	28.9
12	Base Metals and Articles of Base Metal	6,302.2	5,250.9	7,012.7	9,833.5	10,044.1	10,800.0	10,004.9	10,826.2	9,605.8	30.2	8.2
13	Machinery, Mechanical Appliances & Electrical Equipment and Parts	60.0	52.0	8.9	2.6	2.6	6.3	3.7	3.0	2.3	0.0	(18.9)
14	Transport Vehicles & Aircraft and Engines & Parts	-	-	-	-	-	-	0.3	-	-	-	-
15	Optical, Photographic, Cinematographic & Measuring Equipment	0.6	0.1	-	0.0	0.0	-	0.0	-	0.0	0.0	-
16	Handicrafts, Works of Art, Collectors' Pieces & Personal Effects	0.0	0.0	-	0.0	0.0	0.1	0.1	0.1	-	-	(100.0)
17	Miscellaneous Manufactured Products	31.1	31.8	39.1	49.3	34.3	14.2	14.2	11.6	9.8	0.0	(15.2)
	<b>TOTAL</b>	<b>22,723.7</b>	<b>21,480.0</b>	<b>22,434.4</b>	<b>26,000.9</b>	<b>26,378.0</b>	<b>26,627.4</b>	<b>28,979.2</b>	<b>31,801.4</b>	<b>31,801.4</b>	<b>100.0</b>	<b>(0.0)</b>

Source: Bhutan Trade Statistics, Department of Revenue & Customs. (Note: An entry of "0.0" indicates a marginal value compared to "-" which indicates no value for that particular item.)

TABLE 25A. COMPOSITION OF IMPORTS FROM COUNTRIES OTHER THAN INDIA

Millions of Ngultrum

SI	IMPORT CATEGORY	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	% Share in Total	Annual % change
1	Live Animals & Animal Products	2.1	3.2	12.8	7.8	7.7	12.2	23.0	49.5	69.5	92.1	0.6	32.6
2	Vegetables, Fruits, Nuts, Coffee, Tea, Spices, Cereals, Grains & Seeds	7.0	14.2	10.4	4.7	36.3	216.4	133.3	65.7	50.2	111.9	0.8	122.8
3	Animal or Vegetable Fats & Oils	1,285.4	1,689.8	485.5	6.4	19.0	5.8	19.9	1.9	10.8	14.3	0.1	32.3
3.1	<i>Palm Oil (Crude &amp; Other)</i>	<i>1,212.0</i>	<i>1,580.0</i>	<i>483.6</i>	<i>5.8</i>	<i>9.3</i>	<i>0.0</i>	<i>17.6</i>	<i>-</i>	<i>10.3</i>	<i>11.9</i>	<i>0.1</i>	<i>15.5</i>
4	Processed Foods & Beverages	153.3	164.9	179.7	151.3	212.0	264.8	225.2	262.6	334.9	493.9	3.5	47.5
5	Mineral Products inc. oils & fuels	38.2	48.4	94.7	63.1	80.9	140.6	144.7	151.5	237.7	120.6	0.8	(49.3)
6	Products of Chemical & Allied Industries	114.7	105.5	158.2	149.7	236.3	510.6	345.1	905.6	740.9	700.7	4.9	(5.4)
6.1	<i>Medicines / Pharmaceutical Products</i>	<i>55.9</i>	<i>35.1</i>	<i>40.8</i>	<i>18.2</i>	<i>12.5</i>	<i>383.8</i>	<i>44.8</i>	<i>458.1</i>	<i>270.9</i>	<i>309.1</i>	<i>2.2</i>	<i>14.1</i>
6.2	<i>Photographic / Cinematographic goods</i>	<i>0.0</i>						<i>4.9</i>	<i>1.9</i>	<i>14.9</i>	<i>11.6</i>	<i>0.1</i>	<i>(22.2)</i>
7	Plastic & Rubber Products	276.5	257.8	353.7	282.6	412.5	478.5	517.0	694.3	863.9	906.0	6.3	4.9
8	Wood and Wood Products	22.8	17.7	44.7	5.0	7.2	22.5	14.4	18.4	23.7	21.3	0.1	(10.3)
9	Wood Pulp Products	30.4	97.8	153.2	53.3	39.0	233.3	39.5	271.6	83.4	187.4	1.3	124.8
10	Textiles, Footwear & Hats/Headgear	449.9	259.6	388.5	97.2	168.8	178.3	210.2	273.2	195.9	208.9	1.5	6.7
11	Articles of Stone, Plaster, Cement, Asbestos, Ceramics & Glass	13.4	9.6	36.8	14.9	39.6	28.9	198.2	56.1	57.8	57.5	0.4	(0.6)
11.1	<i>Ceramic Products</i>	<i>6.0</i>	<i>4.7</i>	<i>25.3</i>	<i>4.9</i>	<i>13.3</i>	<i>8.8</i>	<i>10.1</i>	<i>15.2</i>	<i>22.0</i>	<i>16.5</i>	<i>0.1</i>	<i>(24.9)</i>
12	Pearls and Products of Precious/Semi-precious Metal & Stones	3.6	0.0	109.5	136.7	17.1	83.0	62.0	70.9	8.8	14.2	0.1	60.6
13	Base Metals and Articles of Base Metal	1,782.6	2,102.9	827.9	1,134.8	2,571.0	2,384.1	2,842.4	794.7	1,494.4	978.9	6.8	(34.5)
14	Machinery, Mechanical/Electrical Appliances & Equipment and Parts	1,309.4	1,393.4	2,084.8	2,810.7	4,461.2	5,754.1	5,425.3	4,755.9	3,894.8	4,607.8	32.2	18.3
14.1	<i>Magnetic Discs &amp; Media (recorded/unrecorded)</i>	<i>17.0</i>	<i>1.6</i>	<i>34.7</i>	<i>18.5</i>	<i>46.2</i>	<i>8.0</i>	<i>16.9</i>	<i>14.5</i>	<i>128.5</i>	<i>387.8</i>	<i>2.7</i>	<i>201.8</i>
15	Transport Vehicles & Aircraft and Engines & Parts	264.3	377.8	865.7	495.2	1,024.9	2,971.9	740.8	467.4	502.7	5,199.8	36.4	934.4
16	Optical, Photographic, Cinematographic & Measuring Equipment	173.3	68.5	301.6	157.6	309.8	88.5	186.7	340.4	242.2	349.6	2.4	44.4
17	Handicrafts, Works of Art, Collectors' Pieces & Personal Effects	0.1	2.5	1.0	0.5	1.6	0.9	1.1	3.3	1.0	8.5	0.1	776.0
18	Miscellaneous Manufactured Products	31.1	32.4	47.2	110.7	100.9	122.2	126.6	200.8	224.3	223.5	1.6	(0.4)
	<b>TOTAL</b>	<b>5,958.1</b>	<b>6,646.08</b>	<b>6,155.6</b>	<b>5,682.2</b>	<b>9,746.1</b>	<b>13,496.6</b>	<b>11,255.3</b>	<b>9,383.6</b>	<b>9,036.9</b>	<b>14,296.8</b>	<b>100.0</b>	<b>58.2</b>

TABLE 25B. COMPOSITION OF EXPORTS TO COUNTRIES OTHER THAN INDIA

Millions of Ngultrum

SI	EXPORT CATEGORY	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	% Share in Total	Annual % change
1	Vegetables, Fruits, Tea, Spices, Cereals, Grains & Animal Products	284.1	284.0	462.0	523.5	554.9	729.9	817.9	1,186.0	1,387.5	1,284.8	37.5	(7.4)
1.1	Oranges	176.2	160.9	226.5	352.2	304.7	306.5	419.3	489.0	520.1	446.5	13.0	(14.1)
1.2	Apples	33.7	16.2	24.9	32.7	76.0	71.6	18.6	51.4	59.1	61.4	1.8	3.9
1.3	Cardamoms	48.9	29.6	76.0	49.0	105.8	250.6	256.2	365.6	421.4	565.4	16.5	34.2
2	Processed Foods & Beverages	4.6	8.1	6.7	7.1	17.4	25.9	37.2	41.0	43.5	24.9	0.7	(42.7)
3	Mineral Products inc. oils & fuels	249.0	270.8	314.4	353.8	408.8	576.4	508.1	583.3	770.5	713.8	20.8	(7.4)
3.1	Limestone & other calcereous stone	86.2	84.6	125.3	141.8	236.1	281.9	255.1	307.1	348.3	338.1	9.9	(2.9)
3.2	Dolomite	63.3	20.3	-	74.0	72.0	142.6	111.5	141.5	169.7	520.3	15.2	206.7
3.3	Bituminous Coal	40.3	28.0	18.2	38.0	6.6	8.8	54.8	29.4	75.0	-	-	(100.0)
4	Products of Chemical & Allied Industries	3.5	0.6	1.6	0.9	0.6	0.4	3.4	23.7	34.1	645.2	18.8	1,793.0
5	Plastic & Rubber Products	15.5	10.2	0.1	0.0	0.1	0.0	0.0	0.1	0.0	0.0	0.0	68.4
6	Wood and Wood Products	0.6	0.4	4.5	0.0	0.0	0.7	0.6	1.4	1.0	0.8	0.0	(20.7)
7	Wood Pulp Products	62.8	13.8	0.6	0.6	0.9	0.0	0.2	0.7	0.0	0.1	0.0	29,128.7
8	Textiles, Footwear & Hats/Headgear	9.0	16.2	3.3	0.6	0.1	0.3	0.3	0.8	0.5	4.7	0.1	766.2
9	Articles of Stone, Plaster, Cement, Asbestos, Ceramics & Glass	2.0	0.2	0.8	0.7	0.3	0.0	0.2	0.4	0.4	2.3	0.1	506.8
10	Articles of Precious/Semi-precious Metals	11.5	33.5	28.7	0.0	0.0	0.1	0.0	0.0	-	0.0	0.0	-
11	Base Metals and Articles of Base Metal	12.1	41.2	284.4	49.2	190.8	431.9	421.0	1,034.0	1,541.0	745.1	21.7	(51.6)
12	Machinery, Mechanical & Electrical Appliances, Equipment & Parts & Aircraft Parts	3,628.4	4,452.7	0.3	619.3	2,146.0	3,340.7	-	0.2	-	-	-	-
12.1	Recorded or Unrecorded media (discs, tapes, smart cards)	3,626.7	4,451.3	0.0	619.3	2,146.0	3,340.7	-	-	-	-	-	-
13	Handicrafts, Works of Art, Philatelic Products & Personal Effects	0.4	2.9	2.3	1.7	1.9	0.3	2.1	1.5	4.0	4.6	0.1	16.2
14	Miscellaneous Manufactured Products	0.3	0.5	0.8	0.8	1.2	1.1	1.7	0.7	1.2	1.6	0.0	41.5
	<b>TOTAL</b>	<b>4,283.8</b>	<b>5,135.34</b>	<b>1,110.6</b>	<b>1,558.4</b>	<b>3,323.1</b>	<b>5,108.0</b>	<b>1,792.8</b>	<b>2,873.8</b>	<b>3,783.5</b>	<b>3,428.0</b>	<b>100.0</b>	<b>(9.4)</b>

Source: Bhutan Trade Statistics, Department of Revenue & Customs. (Note: An entry of "0.0" indicates a marginal value compared to "-" which indicates no value for that particular item.)

**TABLE 26. DIRECTION OF TRADE \***

Millions of Ngultrum

Item	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Exports</b>										
India	14,488.0	22,723.7	21,480.0	22,434.4	26,000.9	26,378.0	26,627.4	28,979.2	31,801.4	31,801.4
Bangladesh	470.1	469.6	632.4	758.0	906.1	1,226.7	1,172.2	1,465.0	1,661.9	1,817.5
Netherlands	0.0	0.0	0.1	0.3	0.2	3.9	70.1	154.7	227.7	434.1
United States	1.6	15.6	15.1	9.7	7.6	4.7	10.8	25.3	30.7	292.9
Germany	1.6	4.9	2.0	0.3	0.4	81.5	30.3	298.3	597.1	186.2
Singapore	585.4	683.8	11.2	8.6	19.6	12.1	20.4	17.3	61.7	169.8
Italy	0.2	4.4	0.0	0.1	15.5	119.3	125.0	191.1	477.7	152.2
Hongkong	2,866.0	2,764.3	105.3	677.6	2,188.3	3,404.9	79.1	234.7	252.9	110.1
Nepal	57.4	54.3	195.8	84.8	39.7	76.1	107.4	87.1	178.5	80.7
France	0.8	0.1	0.4	0.0	0.6	0.2	0.1	152.1	0.2	70.5
Thailand	282.4	1,092.9	4.7	1.9	4.7	4.7	5.6	28.9	32.5	23.1
Japan	8.1	21.2	66.0	2.7	132.5	130.1	113.7	65.7	14.1	16.8
UAE	-	4.2	17.0	-	0.0	-	-	-	10.2	15.6
United Kingdom	6.5	3.7	0.1	3.4	0.1	26.0	0.1	0.2	0.1	12.8
Malaysia	0.3	0.1	0.8	2.1	0.3	0.8	8.3	13.7	12.3	11.0
Switzerland	0.1	0.0	2.5	0.5	0.5	0.0	0.5	0.6	0.3	10.7
Spain	0.0	0.0	0.0	0.1	0.0	-	-	0.2	0.1	7.6
Taiwan	0.2	0.3	0.7	1.8	2.9	0.9	2.8	2.7	3.6	7.2
Vietnam	1.3	0.1	0.3	-	0.4	0.2	3.8	1.9	9.3	4.1
Brazil	0.0	0.0	0.0	-	-	-	0.0	-	-	2.5
Others	1.9	15.8	56.2	6.2	3.9	15.9	42.7	134.2	212.8	2.7
<b>Total Exports</b>	<b>18,771.9</b>	<b>27,859.1</b>	<b>22,590.6</b>	<b>23,992.7</b>	<b>29,324.0</b>	<b>31,485.9</b>	<b>28,420.1</b>	<b>31,853.0</b>	<b>35,585.0</b>	<b>35,229.3</b>
<b>Imports</b>										
India	13,053.9	15,099.5	17,339.5	19,968.0	29,338.0	35,201.1	41,838.3	43,889.4	47,847.6	53,740.5
France	80.6	30.1	86.4	172.6	196.3	33.1	37.5	61.0	29.4	3,548.9
Japan	395.9	460.1	1,098.9	558.5	845.1	1,536.6	1,260.7	295.7	1,401.1	1,466.6
Singapore	515.1	1,109.7	964.8	744.0	903.0	1,844.5	783.5	969.7	724.6	1,391.3
China	281.7	402.7	844.7	487.3	611.0	878.3	1,330.2	1,089.3	949.9	1,333.5
Thailand	257.8	224.9	410.8	348.9	988.1	1,223.7	740.6	1,080.9	812.2	1,169.0
Sweden	176.7	306.2	240.7	462.4	550.3	581.4	609.2	817.0	244.2	732.8
Germany	200.3	125.4	285.0	222.7	362.0	639.2	223.9	304.2	478.4	416.8
South Korea	459.4	644.5	286.7	383.8	2,004.7	2,916.2	1,658.9	280.8	240.7	344.1
Saudi Arabia	79.1	74.0	90.2	74.2	99.5	115.9	80.6	174.5	221.3	271.5
Australia	17.1	11.2	18.5	14.9	38.9	23.1	38.0	243.3	187.2	271.0
Egypt	20.9	3.9	10.0	1.3	7.7	-	1.0	99.4	162.6	251.6
Israel	5.4	2.3	8.5	24.1	21.0	25.2	16.7	60.5	34.4	199.8
Malaysia	351.8	193.4	207.1	374.5	164.9	70.0	112.3	267.8	64.9	192.4
United States	119.8	53.3	83.8	103.2	155.0	125.6	193.1	183.6	137.5	176.8
United Kingdom	52.1	35.6	115.7	71.8	64.9	129.1	93.1	207.7	90.9	172.9
Bangladesh	79.5	75.4	123.6	117.4	190.1	169.3	281.3	161.4	170.3	169.7
UAE	7.9	3.6	23.6	54.8	63.0	49.9	81.1	69.9	150.2	161.2
Qatar	53.6	55.7	99.0	49.8	72.1	88.8	131.3	152.1	202.9	136.9
Hong Kong	22.6	54.4	101.0	113.1	170.5	133.5	166.4	90.6	119.4	133.7
Others <sup>1)</sup>	2,780.7	2,779.4	1,056.9	1,302.8	2,237.7	2,913.2	3,416.1	2,774.3	2,615.0	1,756.3
<b>Total Imports</b>	<b>19,012.0</b>	<b>21,745.4</b>	<b>23,495.1</b>	<b>25,650.2</b>	<b>39,084.1</b>	<b>48,697.6</b>	<b>53,093.6</b>	<b>53,273.0</b>	<b>56,884.5</b>	<b>68,037.3</b>
<b>Share in percent</b>										
<b>Exports</b>										
India	77.2	81.6	95.1	93.5	88.7	83.8	93.7	91.0	89.4	90.3
Bangladesh	2.5	1.7	2.8	3.2	3.1	3.9	4.1	4.6	4.7	5.2
Netherlands	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.5	0.6	1.2
United States	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.1	0.1	0.8
Germany	0.0	0.0	0.0	0.0	0.0	0.3	0.1	0.9	1.7	0.5
Singapore	3.1	2.5	0.0	0.0	0.1	0.0	0.1	0.1	0.2	0.5
Italy	0.0	0.0	0.0	0.0	0.1	0.4	0.4	0.6	1.3	0.4
Hongkong	15.3	9.9	0.5	2.8	7.5	10.8	0.3	0.7	0.7	0.3
Nepal	0.3	0.2	0.9	0.4	0.1	0.2	0.4	0.3	0.5	0.2
France	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.0	0.2
Others	1.6	4.1	0.7	0.1	0.5	0.6	0.6	0.8	0.8	0.3
<b>Imports</b>										
India	68.7	69.4	73.8	77.8	75.1	72.3	78.8	82.4	84.1	79.0
France	0.4	0.1	0.4	0.7	0.5	0.1	0.1	0.1	0.1	5.2
Japan	2.1	2.1	4.7	2.2	2.2	3.2	2.4	0.6	2.5	2.2
Singapore	2.7	5.1	4.1	2.9	2.3	3.8	1.5	1.8	1.3	2.0
China	1.5	1.9	3.6	1.9	1.6	1.8	2.5	2.0	1.7	2.0
Thailand	1.4	1.0	1.7	1.4	2.5	2.5	1.4	2.0	1.4	1.7
Sweden	0.9	1.4	1.0	1.8	1.4	1.2	1.1	1.5	0.4	1.1
Germany	1.1	0.6	1.2	0.9	0.9	1.3	0.4	0.6	0.8	0.6
South Korea	2.4	3.0	1.2	1.5	5.1	6.0	3.1	0.5	0.4	0.5
Saudi Arabia	0.4	0.3	0.4	0.3	0.2	0.2	0.2	0.3	0.4	0.4
Others	18.5	15.0	7.9	8.7	8.2	7.7	8.5	8.1	6.9	5.3

\*By latest year rankings. 1) Others include imports from COTI routed through India from 2012 onwards. An entry of "0.0" indicates a marginal value compared to "-" which indicates no value for that particular item. Source: Bhutan Trade Statistics, Department of Revenue and Customs.



**TABLE 27. PUBLIC EXTERNAL DEBT: DISBURSMENTS BY SECTOR**

In millions of USD & Indian Rupees

Sector	Creditor	2011/12 <sup>(*)</sup>		2012/13		2013/14		2014/15		2015/16	
		USD	Rupee	USD	Rupee	USD	Rupee	USD	Rupee	USD	Rupee
<b>Agriculture &amp; Forestry</b>		<b>2.7</b>		<b>3.5</b>		<b>2.6</b>		<b>2.8</b>		<b>2.9</b>	
Agri. Marketing & Entp. Promotion Program	IFAD	1.8		0.5		0.0		-		-	
Market Access & Growth Intensification Project	IFAD	0.9		2.8		1.8		2.4		0.5	
Strg. Regional Cooperation for Wildlife Protection in Asia	World Bank			0.2		0.9		0.4		0.6	
Commercial Agriculture & Resilient livelihoods Enhancement	IFAD									1.9	
<b>Education</b>		<b>0.0</b>		<b>0.0</b>		-		-		-	
Education Development Proj.	World Bank	0.0		-		-		-		-	
<b>Financial Sector</b>		<b>3.5</b>		<b>0.1</b>		-		-		-	
Financial Sector Dev. Program (b)	ADB	3.1		-		-		-		-	
Financial Sector Dev. Proj.	ADB	0.3		0.1		-		-		-	
<b>Transport &amp; ICT</b>		<b>2.4</b>		-		-		-		-	
Road Network Project	ADB	2.4		-		-		-		-	
SASEC Road Connectivity Project Loan	ADB										
<b>Multi Sector</b>		<b>2.7</b>		<b>50.4</b>		<b>13.6</b>		<b>22.2</b>		<b>22.5</b>	
Urban Infrastructure Dev. Proj.	ADB	2.4		7.3		4.7		1.6		-	
Decentralized Rural Dev. Project	World Bank	0.3		-		-		0.1		-	
Second Urban Development Proj.(II)	World Bank	-		3.0		1.0		1.2		1.1	
First Development Policy Credit	World Bank	-		-		-		-		-	
Second Development Policy Credit	World Bank	-		36.7		-		-		-	
Remote Rural Communities Dev. Proj.	World Bank	-		0.3		5.7		-		-	
Urban Infrastructure Project	ADB	-		-		2.1		0.2		0.1	
SASEC Trade Facilitation Prog.	ADB	-		3.1		-		4.9		-	
Strengthening Economic Management Program	ADB	-		-		-		14.0		-	
Additional Financing for UDP II	World Bank	-		-		0.1		0.3		1.3	
Fiscal Sustainability & investment climate Dev. Policy Financing	World Bank	-		-		-		-		20.0	
<b>Industry</b>			<b>420.0</b>		-		-		-		-
Dungsam Cement Corp Ltd	EXIM, PNB, SBI, UBI		420.0		-		-		-		-
<b>Energy</b>		<b>31.5</b>	<b>9,480.6</b>	<b>25.4</b>	<b>13,637.6</b>	<b>36.6</b>	<b>14,271.3</b>	<b>14.2</b>	<b>18,129.6</b>	<b>3.2</b>	<b>30,010.0</b>
Green Power Dev. Proj. (Special Operations)ADF	ADB	7.1		2.0		0.7		-		-	
Green Power Dev. Proj. (Ordinary Operations)OCR	ADB	9.2		2.0		0.7		-		-	
Green Power Dev. Proj. - Additional Financing	ADB	-		-		29.0		6.0		-	
Green Power Dev. Prj.(Ordinary Operation-Tangsibji)	ADB	-		-		-		-		2.5	
2nd Green Power Dev. Prj.(Special Operation-Tangsibji)	ADB	-		-		-		-		-	
Dagachhu Hydroelectric Proj.	Govt. of Austria	8.7		9.1		-		7.1		-	
The Financing of Rural Electrification	Govt. of Austria	0.6		1.2		3.4		-		-	
Rural Elect. Proj. (Phase I)	JBIC/JICA	3.5		1.2		1.4		0.2		-	
Rural Electrification Project (Phase II)	JBIC/JICA	2.4		10.0		1.3		0.9		0.6	
Punatsangchhu-I Hydroelectric Proj.	Govt. of India		5,091.0		5,821.0		4,656.6		5,685.6		11,120.0
Punatsangchhu-II Hydroelectric Proj.	Govt. of India		2,475.0		5,240.4		4,675.6		6,955.3		6,503.2
Mangdechhu Hydroelectric Proj.	Govt. of India		1,914.6		2,814.8		4,939.1		5,488.7		12,386.8
<b>Other</b>		<b>43,485.5</b>		<b>77,495.9</b>		-		-		<b>6.9</b>	<b>6,716.8</b>
GOI Line of Credit	Govt. of India		3,000.0		4,000.0		-		-		-
OD Facility	SBI & PNB		40,485.5		68,086.0		-		-		-
RBI SWAP	RBI		-		5,409.9		-		-		6,716.8
<b>TOTAL</b>		<b>42.8</b>	<b>53,386.1</b>	<b>79.4</b>	<b>91,133.4</b>	<b>52.7</b>	<b>14,271.3</b>	<b>39.2</b>	<b>18,129.6</b>	<b>35.5</b>	<b>36,726.8</b>
<b>Other Loans**</b>		-		-		-		-		-	
Loan for purchase of DAC Plane	West LB Ltd.										
Bhutan Resorts Corporation Ltd.	IFC										
Bhutan Ferro Alloys Ltd	Exportfinans Norway										
Bhutan Milk & Agro Pvt Ltd	Swed Fund										
<b>TOTAL (Publicly + Non-Publicly Guaranteed Debt)</b>		<b>42.8</b>	<b>53,386.1</b>	<b>79.4</b>	<b>91,133.4</b>	<b>52.7</b>	<b>14,271.3</b>	<b>39.2</b>	<b>18,129.6</b>	<b>35.5</b>	<b>36,726.8</b>

Source: Dept. of Public Accounts & RMA. Only those projects with ongoing disbursements are shown here. (\*) From FY 2011/12 onwards, quarterly disbursements have been converted using the respective quarter average exchange rates to the USD (previously total disbursements in a fiscal year were converted using the end of year average exchange rate).

TABLE 28. EXTERNAL DEBT SERVICING BY SECTOR

In Millions of USD and Rupees

Sector		2011/12		2012/13		2013/14		2014/15		2015/16	
		USD	Rupee	USD	Rupee	USD	Rupee	USD	Rupee	USD	Rupee
Agriculture & Forestry	Interest	0.4		0.4		0.4		0.4		0.4	
	Principal	1.4		1.4		1.4		1.4		1.8	
Education	Interest	0.6		0.5		0.5		0.4		0.4	
	Principal	1.0		1.0		1.7		1.6		1.5	
Financial Sector	Interest	0.2		0.2		0.2		0.2		0.2	
	Principal	0.3		0.3		0.3		0.6		1.0	
Transport & ICT	Interest	0.6		0.5		0.5		0.5		0.5	
	Principal	2.5		2.5		3.2		3.5		3.4	
Multi Sector	Interest	0.7		1.0		1.6		1.8		2.2	
	Principal	1.3		1.3		1.3		1.7		2.3	
Industry	Interest	0.1	227.2	0.1	236.0	0.0	195.1	0.0	140.9	0.0	10.0
	Principal	0.3	71.4	0.3	285.7	0.3	288.6	0.3	286.9	0.3	987.4
Energy	Interest	4.8	1,497.6	4.0	1,937.9	5.0	1,445.4	5.5	1,445.4	5.1	1,344.6
	Principal	4.7	1,581.8	4.8	2,330.0	5.3	1,529.3	7.2	1,529.3	9.2	1,435.9
Other	Interest	0.2	666.2	0.2	1,235.0	0.1	568.8	0.1	456.6	0.1	349.8
	Principal	0.9	40,760.1	0.8	76,873.4	0.8	5,409.9	0.8	3,000.0	0.8	-
GOI Line of Credit	Interest		150.4		353.3		497.3		456.6		349.8
	Principal		-		-		-		3,000.0		-
OD Facility	Interest		515.8		806.7		-		-		-
	Principal		40,760.1		76,873.4		-		-		-
RBI SWAP	Interest				75.0		71.6		-		-
	Principal				-		5,409.9		-		-
Total Public External Loans	Interest	7.5	2,391.0	6.8	3,408.8	8.4	2,209.3	9.0	2,042.9	8.9	1,704.3
	Principal	12.4	42,413.4	12.4	79,489.1	14.3	7,227.8	17.2	4,816.1	20.1	2,423.3
Private Sector Loans	Interest	0.6		0.4		0.3		0.2		0.5	
	Principal	2.3		2.5		2.4		2.2		0.3	
TOTAL (Public + Private)	Interest	8.0	2,391.0	7.2	3,408.8	8.7	2,209.3	9.2	2,042.9	9.4	1,704.3
	Principal	14.8	42,413.4	14.8	79,489.1	16.7	7,227.8	19.4	4,816.1	20.5	2,423.3
<b>GRAND TOTAL (Interest + Principal)</b>	<b>Total</b>	<b>22.8</b>	<b>44,804.3</b>	<b>22.1</b>	<b>82,897.9</b>	<b>25.4</b>	<b>9,437.1</b>	<b>28.6</b>	<b>6,859.0</b>	<b>29.8</b>	<b>4,127.6</b>

source: Department of Public Accounts, RMA and Private sector.

**TABLE 29. RUPEE DEBT INDICATORS**

Millions of Indian Rupees

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
<b>Total INR Debt Outstanding</b>	<b>18,369.9</b>	<b>18,948.4</b>	<b>21,400.7</b>	<b>22,777.9</b>	<b>34,062.3</b>	<b>45,550.9</b>	<b>61,341.7</b>	<b>67,870.2</b>	<b>81,183.6</b>	<b>115,393.8</b>
<b>Hydropower Debt</b>	<b>18,369.9</b>	<b>17,320.2</b>	<b>17,483.4</b>	<b>18,277.6</b>	<b>24,647.5</b>	<b>32,546.3</b>	<b>44,369.0</b>	<b>56,595.9</b>	<b>73,196.3</b>	<b>101,677.0</b>
Chhukha	87.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Kurichhu	1,680.0	1,493.3	1,306.7	1,120.0	933.3	746.7	560.0	373.3	186.7	0.0
Tala	16,602.4	15,346.9	13,951.7	12,556.6	11,161.4	9,766.2	7,384.3	6,041.7	4,699.1	3,356.5
Punatsangchhu - I		480.0	2,225.0	4,601.0	10,169.5	15,260.5	21,596.6	25,738.1	31,423.7	42,543.7
Punatsangchhu - II					1,638.0	4,113.0	9,353.4	14,029.0	20,984.3	27,487.5
Mangdechhu					745.3	2,659.9	5,474.7	10,413.8	15,902.5	28,289.3
<b>Non-hydropower Debt</b>	<b>0.0</b>	<b>1,628.1</b>	<b>3,917.3</b>	<b>4,500.3</b>	<b>9,414.8</b>	<b>13,004.6</b>	<b>16,972.8</b>	<b>11,274.3</b>	<b>7,987.4</b>	<b>13,716.8</b>
GOI Line of Credit			3,000.0	3,000.0	3,000.0	6,000.0	10,000.0	10,000.0	7,000.0	7,000.0
OD Facility		1,628.1	917.3	1,500.3	4,914.8	5,156.0	0.0	0.0	0.0	0.0
RBI SWAP							5,409.9	0.0	0.0	6,716.8
Dungsam Cement Corp Ltd					1,500.0	1,848.6	1,562.9	1,274.3	987.4	0.0
<b>Debt Service Payments</b>	<b>483.8</b>	<b>4245.7</b>	<b>7741.9</b>	<b>7481.4</b>	<b>16522.5</b>	<b>44804.3</b>	<b>82897.9</b>	<b>9437.1</b>	<b>6859.0</b>	<b>4127.6</b>
Principal	274.2	2697.1	6143.5	5795.2	14696.9	42413.4	79489.1	7227.8	4816.1	2423.3
Interest	209.6	1548.5	1598.4	1686.2	1825.6	2391.0	3408.8	2209.3	2042.9	1704.3
<b>Debt Service Ratio (%)</b>	<b>4.2</b>	<b>19.2</b>	<b>33.1</b>	<b>32.7</b>	<b>63.5</b>	<b>158.7</b>	<b>285.3</b>	<b>30.1</b>	<b>20.7</b>	<b>12.7</b>
Interest Payments / Export of Goods & Services (INR)	1.0	7.0	6.8	7.4	7.0	8.5	11.7	7.1	6.2	5.2
Principal Repayments / Exports of Goods & Services (INR)	1.3	12.2	26.3	25.3	56.5	150.2	273.6	23.1	14.5	7.4
<b>Debt Outstanding/GDP (%)</b>	<b>45.2</b>	<b>38.3</b>	<b>39.1</b>	<b>37.2</b>	<b>47.0</b>	<b>53.6</b>	<b>62.9</b>	<b>64.4</b>	<b>67.9</b>	<b>87.4</b>

Source: Department of Public Accounts & RMA

TABLE 30. CONVERTIBLE CURRENCY DEBT INDICATORS

Millions of US Dollars

Items	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
<b>Debt Outstanding</b>	<b>170.5</b>	<b>212.6</b>	<b>196.9</b>	<b>237.1</b>	<b>338.0</b>	<b>524.7</b>	<b>579.3</b>	<b>629.5</b>	<b>581.2</b>	<b>609.0</b>
<b>Debt Service Payments</b>	<b>12.0</b>	<b>14.2</b>	<b>12.7</b>	<b>22.0</b>	<b>21.4</b>	<b>22.8</b>	<b>22.1</b>	<b>25.4</b>	<b>28.6</b>	<b>29.8</b>
Principal	4.7	9.0	8.5	11.6	14.9	14.8	14.8	16.7	19.4	20.5
Interest	7.3	5.2	4.2	10.4	6.5	8.0	7.2	8.7	9.2	9.4
<b>Debt Service Ratio (%)</b>	<b>12.2</b>	<b>13.5</b>	<b>16.4</b>	<b>21.4</b>	<b>12.4</b>	<b>14.5</b>	<b>15.8</b>	<b>17.0</b>	<b>16.8</b>	<b>20.5</b>
Interest Payments / CC Exports of Goods & Services	4.8	5.0	5.4	10.1	3.8	5.1	5.2	5.8	5.4	6.4
Principal Repayments/ CC Exports of Goods & Services	3.2	8.6	11.0	11.3	8.6	9.4	10.7	11.2	11.3	14.1
<b>Debt Outstanding/GDP (%)</b>	<b>18.5</b>	<b>17.3</b>	<b>17.2</b>	<b>18.1</b>	<b>20.8</b>	<b>34.8</b>	<b>35.5</b>	<b>35.9</b>	<b>31.0</b>	<b>31.2</b>

Source: Department of Public Accounts &amp; private sector companies.

**TABLE 31. BHUTAN'S OUTSTANDING EXTERNAL DEBT-FISCAL YEAR POSITION**

End of June

Item	Rupee/Ngultrum Million					USD Million					
	2011/12	2012/13	2013/14	2014/15	2015/16	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
<b>1. Convertible Currency Debt</b>	<b>29546.9</b>	<b>34585.0</b>	<b>37831.6</b>	<b>37055.0</b>	<b>41178.5</b>	<b>338.0</b>	<b>524.7</b>	<b>579.3</b>	<b>629.5</b>	<b>581.2</b>	<b>609.0</b>
<i>Public</i>	<b>29055.3</b>	<b>34209.9</b>	<b>37598.1</b>	<b>37010.2</b>	<b>40029.4</b>	<b>338.0</b>	<b>516.0</b>	<b>573.0</b>	<b>625.7</b>	<b>580.5</b>	<b>592.0</b>
World Bank	7637.7	10282.4	10952.4	10542.5	12507.2	0.0	135.6	172.2	182.3	165.4	185.0
IFAD	1899.0	2145.8	2278.6	2304.6	2442.7	0.0	33.7	35.9	37.9	36.1	36.1
ADB	12075.1	13308.5	15610.5	16523.2	17115.1	203.0	214.4	222.9	259.8	259.2	253.1
Govt of Austria	4784.3	5648.4	5902.7	5163.4	4918.1	91.3	85.0	94.6	98.2	81.0	72.7
Govt. of Denmark	415.0	355.5	266.9	139.2	48.8	10.3	7.4	6.0	4.4	2.2	0.7
JICA	2244.3	2469.2	2587.0	2337.3	2997.5	33.3	39.9	41.4	43.0	36.7	44.3
<i>Private</i>	<b>491.6</b>	<b>375.2</b>	<b>233.5</b>	<b>44.8</b>	<b>1149.1</b>	<b>0.0</b>	<b>8.7</b>	<b>6.3</b>	<b>3.9</b>	<b>0.7</b>	<b>17.0</b>
<b>2. Rupee Debt</b>	<b>45550.9</b>	<b>61341.7</b>	<b>67870.2</b>	<b>81183.6</b>	<b>115393.8</b>	<b>698.3</b>	<b>808.9</b>	<b>1027.5</b>	<b>1129.4</b>	<b>1273.4</b>	<b>1706.6</b>
<i>Hydropower debt</i>	32546.3	44369.0	56595.9	73196.3	101677.0	467.4	578.0	743.2	941.8	1148.1	1503.7
Chukha	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Kurichhu	746.7	560.0	373.3	186.7	0.0	13.3	13.3	9.4	6.2	2.9	0.0
Tala	9766.2	7384.3	6041.7	4699.1	3356.5	173.4	173.4	123.7	100.5	73.7	49.6
Punatsangchhu-I	15260.5	21596.6	25738.1	31423.7	42543.7	227.4	271.0	361.8	428.3	492.9	629.2
Punatsangchhu-II	4113.0	9353.4	14029.0	20984.3	27487.5	36.6	73.0	156.7	233.5	329.1	406.5
Mangdechhu	2659.9	5474.7	10413.8	15902.5	28289.3	16.7	47.2	91.7	173.3	249.4	418.4
<i>Other</i>											
GOI Line of Credit	6000.0	10000.0	10000.0	7000.0	7000.0	106.6	106.6	167.5	166.4	109.8	103.5
OD Facility	5156.0	0.0	0.0	0.0	0.0	91.6	91.6	0.0	0.0	0.0	0.0
RBI Swap		5409.9	0.0	0.0	6716.8	0.0	0.0	90.6	0.0	0.0	99.3
Dungsam Cement Corp Ltd	1848.6	1562.9	1274.3	987.4	0.0	32.8	32.8	26.2	21.2	15.5	0.0
<b>Total (CC + Rupee)</b>	<b>75097.8</b>	<b>95926.7</b>	<b>105701.8</b>	<b>118238.7</b>	<b>156572.3</b>	<b>1036.3</b>	<b>1333.7</b>	<b>1606.8</b>	<b>1759.0</b>	<b>1854.6</b>	<b>2315.6</b>
Convertible Currency Debt						338.0					
<b>As a % of Total Debt</b>						<b>32.6</b>	<b>39.3</b>	<b>36.1</b>	<b>35.8</b>	<b>31.3</b>	<b>26.30</b>
Rupee Debt											
<b>As a % of Total Debt</b>	<b>60.7</b>	<b>63.9</b>	<b>64.2</b>	<b>68.7</b>	<b>73.7</b>						
<b>Total Loans in % of GDP</b>	<b>88.4</b>	<b>98.4</b>	<b>100.3</b>	<b>98.9</b>	<b>118.6</b>						
Nominal GDP(Calendar Year)	84950.0	97453.0	105378.4	119545.8	132021.3						
Ngultrum/USD exchange rate	56.3	59.7	60.1	63.8	67.6						

Note: Debt data published by the RMA include the total external debt of the country (public + private) and are therefore not comparable to data published by the Ministry of Finance which covers only public debt. Furthermore, the RMA uses calendar year GDP figures for all ratios to the GDP. Hydropower debt excludes accrued interest.

Source: Department of Public Accounts, Royal Monetary Authority of Bhutan & private sector enterprises.

**TABLE 32A: EXCHANGE RATE, NGULTRUM/US DOLLAR**

**Period Average**

Period	Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Jan	44.33	39.37	48.83	45.96	45.39	51.35	54.31	62.08	62.14	67.29
Feb	44.16	39.73	49.26	46.33	45.44	49.16	53.75	62.25	62.03	68.24
Mar	44.03	40.36	51.23	45.50	44.99	50.32	54.39	61.01	62.45	67.02
Apr	42.15	40.02	50.06	44.50	44.37	51.80	54.38	60.36	62.75	66.47
May	40.78	42.13	48.53	45.81	44.90	54.44	55.03	59.31	63.81	66.89
Jun	40.77	42.82	47.77	46.56	44.85	56.03	58.33	59.73	63.86	67.30
Jul	40.41	42.84	48.48	46.84	44.42	55.50	59.78	60.06	63.65	
Aug	40.82	42.94	48.34	46.57	45.28	55.56	63.21	60.90	65.07	
Sep	40.34	45.56	48.44	46.06	47.64	54.61	63.64	60.88	66.19	
Oct	39.51	48.66	46.72	44.41	49.26	53.02	61.63	61.35	65.08	
Nov	39.44	49.00	46.57	45.02	50.84	54.78	62.71	61.68	66.05	
Dec	39.44	48.63	46.63	45.16	52.67	54.65	61.95	62.71	66.60	
Calendar year average	41.35	43.51	48.41	45.73	46.67	53.43	58.59	61.03	64.14	
Fiscal year average	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	44.19	40.37	47.78	46.65	45.33	50.27	54.86	61.47	62.05	66.32

Source: International Financial Statistics, IMF.

**TABLE 32B: EXCHANGE RATE, NGULTRUM/US DOLLAR**

**End of Period**

Period	Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
January	44.17	39.395	49.02	49.02	45.950	49.68	53.29	62.48	61.76	67.88
February	44.31	39.925	50.73	50.73	45.180	48.94	53.77	62.07	61.79	68.62
March	43.59	39.985	50.95	50.95	44.650	51.16	54.39	60.10	62.59	66.33
April	41.29	40.46	50.22	50.22	44.380	52.52	54.22	60.34	63.58	66.52
May	40.73	42.585	47.29	47.29	45.030	56.42	56.50	59.03	63.76	67.20
June	40.75	42.95	47.87	47.87	44.720	56.31	59.70	60.09	63.75	67.62
July	40.44	42.485	48.16	48.16	44.155	55.81	61.12	60.25	64.01	
August	40.96	43.785	48.88	48.88	46.019	55.72	66.57	60.47	66.31	
September	39.74	46.935	48.04	48.04	48.925	52.70	62.78	61.61	65.74	
October	39.32	49.245	46.96	46.96	48.873	54.12	61.41	61.41	65.22	
November	39.67	49.84	46.48	46.48	52.165	54.53	62.36	61.87	66.81	
December	39.41	48.455	46.68	46.68	53.260	54.85	62.00	63.33	66.33	

**TABLE 33. EXCHANGE RATE, JAPANESE YEN / US DOLLAR**

Period Average										
Period	Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Jan	120.58	107.66	90.48	91.16	82.61	76.98	89.16	103.94	118.31	118.31
Feb	120.45	107.16	92.50	90.28	82.50	78.39	93.17	102.16	118.56	115.09
Mar	117.28	100.79	98.16	90.52	81.79	82.44	94.75	102.27	120.39	113.07
Apr	118.87	102.54	99.00	93.38	83.35	81.49	97.71	102.56	119.55	109.97
May	120.73	104.14	96.30	91.77	81.26	79.72	101.08	101.79	120.69	109.06
Jun	122.62	106.90	96.52	90.92	80.51	79.32	97.43	102.05	123.75	105.49
Jul	121.59	106.81	94.50	87.71	79.40	78.98	99.67	102.78	123.24	
Aug	116.72	109.28	94.84	85.47	77.22	78.67	97.87	102.96	123.23	
Sep	115.02	106.75	91.49	84.39	76.84	78.17	99.28	107.24	120.29	
Oct	115.74	100.33	90.29	81.87	76.77	78.97	97.85	108.06	120.06	
Nov	111.21	96.68	89.19	82.48	77.58	80.79	99.79	116.02	122.53	
Dec	112.25	91.32	89.56	83.43	77.86	83.58	103.41	119.31	121.92	
Calendar year average	117.76	103.36	124.76	117.04	106.41	106.39	130.13	141.24	161.39	
Fiscal year average (+)	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	118.52	110.14	98.68	91.49	83.11	78.67	87.70	101.05	114.80	116.86

**TABLE 34. EXCHANGE RATE, EURO/US DOLLAR**

Period Average										
Period	Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Jan	0.769	0.679	0.755	0.701	0.749	0.775	0.753	0.735	0.862	0.921
Feb	0.765	0.678	0.782	0.731	0.733	0.756	0.749	0.732	0.881	0.902
Mar	0.755	0.644	0.767	0.736	0.714	0.758	0.771	0.723	0.923	0.901
Apr	0.740	0.635	0.758	0.746	0.692	0.760	0.768	0.724	0.928	0.882
May	0.740	0.643	0.734	0.796	0.697	0.782	0.770	0.728	0.896	0.883
Jun	0.745	0.643	0.714	0.819	0.695	0.798	0.757	0.736	0.892	0.891
Jul	0.729	0.634	0.710	0.783	0.702	0.814	0.764	0.739	0.910	
Aug	0.734	0.668	0.701	0.776	0.697	0.807	0.751	0.751	0.898	
Sep	0.720	0.696	0.687	0.765	0.727	0.778	0.749	0.775	0.891	
Oct	0.703	0.752	0.675	0.720	0.730	0.771	0.733	0.789	0.891	
Nov	0.681	0.785	0.671	0.732	0.738	0.780	0.742	0.802	0.930	
Dec	0.686	0.734	0.685	0.757	0.759	0.758	0.730	0.811	0.919	
Calendar year average	0.731	0.683	0.720	0.755	0.719	0.778	0.753	0.754	0.902	
Fiscal year average (+)	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	0.766	0.681	0.732	0.721	0.734	0.748	0.773	0.737	0.837	0.902

Sources : International Financial Statistics, IMF and European Central Bank Website.



**TABLE 35. SUMMARY OF BUDGETARY OPERATIONS**

Ngultrum in Million

Item	Year					
	2011/12	2012/13	2013/14	2014/15	2015/16 (r)	2016/17 (est.)
<b>Total Revenue</b>	<b>20,144.84</b>	<b>21,093.48</b>	<b>23,582.77</b>	<b>26,276.03</b>	<b>26,746.95</b>	<b>27,267.17</b>
Tax	14,676.93	15,403.12	16,182.77	18,387.34	18,390.78	19,599.56
Non-tax	5,677.53	5,698.57	7,061.84	6,753.69	7,902.91	7,647.61
Others	(209.63)	(8.21)	338.16	1,135.00	453.27	20.00
<b>Grants</b>	<b>12,501.52</b>	<b>9,562.64</b>	<b>14,236.35</b>	<b>9,955.02</b>	<b>16,988.02</b>	<b>14,338.69</b>
From India	9,003.44	4,693.40	10,684.43	6,593.76	12,465.04	11,625.44
Others	3,498.08	4,869.23	3,551.92	3,361.26	4,522.98	2,713.25
<b>Total Revenue and Grants</b>	<b>32,646.36</b>	<b>30,656.12</b>	<b>37,819.12</b>	<b>36,231.05</b>	<b>43,734.97</b>	<b>41,605.86</b>
<b>Expenditure <sup>(1)</sup></b>	<b>33,688.01</b>	<b>34,900.81</b>	<b>33,522.83</b>	<b>34,334.26</b>	<b>47,954.25</b>	<b>49,981.58</b>
Current	16,705.65	18,096.55	17,941.15	21,032.04	23,909.46	25,387.03
Capital <sup>(1)</sup>	16,982.36	16,804.26	15,581.68	13,302.22	24,044.79	24,594.55
<b>Budget surplus or Deficit (-)</b>	<b>(1,041.65)</b>	<b>(4,244.69)</b>	<b>4,296.29</b>	<b>1,896.79</b>	<b>(4,219.28)</b>	<b>(8,375.72)</b>
Financing Transactions <sup>(2)</sup>	1,041.65	4,244.69	(4,296.29)	(1,896.79)	4,219.28	8,375.72
External borrowings (Net of Principal repayments)	(1,223.18)	667.61	(867.01)	(911.11)	(616.87)	753.44
Internal borrowings (Net of principal repayments)	216.03	(175.30)	(175.30)	(175.30)	(184.60)	(9.19)
Cash and bank balances <sup>(3)</sup>	2,048.80	3,752.39	(3,253.98)	(810.39)	5,020.76	7,631.48
Others						

Source- National Budget Report and Annual Financial Statements, Ministry of Finance. Figures may not add due to rounding. (1) Includes: Net Lending and Advance/Suspense (Net) (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) Resource Gap. Others: other receipts.

**TABLE 36. INFORMATION ON LISTED COMPANIES (a)**

Company* (Year of Listing)	Reference Year	Paid Up Capital Nu. in Mill	No. of Share-holders	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									
<b>BCCL</b> <b>1993</b>	2012	100.0	259	900.0	900.0	900.0	29.9	426.0	526.0	29.9	30.1	25.0	2.8	0.1
	2013	100.0	259	770.0	770.0	770.0	46.3	472.3	572.3	46.3	16.7	40.0	5.2	0.1
	2014	100.0	259	77.0	77.0	770.0	73.7	506.0	60.6	7.4	10.4	40.0	5.2	0.1
	<b>2015</b>	<b>100.0</b>	<b>260</b>	<b>75.0</b>	<b>75.0</b>	<b>750.0</b>	<b>(51.3)</b>	<b>414.7</b>	<b>51.5</b>		<b>(14.6)</b>	<b>10.0</b>	<b>1.3</b>	<b>(0.1)</b>
<b>RICBL</b> <b>1993</b>	2012	240.0	1,524	600.0	500.0	1,440.0	350.7	1,267.1	627.9	146.2	4.1	35.0	5.8	0.2
	2013	240.0	1,506	700.0	700.0	1,680.0	365.2	1,524.6	735.2	152.2	4.6	45.0	6.4	0.2
	2014	480.0	1,494	70.0	57.0	2,736.0	401.6	2,205.9	56.0	8.4	6.8	35.0	6.1	0.2
	<b>2015</b>	<b>1,200.0</b>	<b>1,493</b>	<b>57.0</b>	<b>25.0</b>	<b>4,512.0</b>	<b>510.6</b>	<b>1,868.6</b>	<b>25.6</b>	<b>4.3</b>	<b>8.8</b>	<b>20.0</b>	<b>9.3</b>	<b>0.2</b>
<b>PCAL</b> <b>1993</b>	2012	340.0	1,449	950.0	850.0	3,162.0	351.9	761.8	324.1	103.5	9.0	100.0	10.8	0.3
	2013	340.0	1,447	700.0	700.0	2,380.0	272.0	727.8	314.1	80.0	8.8	90.0	12.9	0.3
	2014	340.0	1,425	80.0	70.0	2,380.0	208.0	993.8	37.5	6.1	11.4	80.0	11.4	0.2
	<b>2015</b>	<b>340.0</b>	<b>1,417</b>	<b>65.0</b>	<b>52.0</b>	<b>2,040.0</b>	<b>118.8</b>	<b>782.6</b>	<b>33.0</b>	<b>3.5</b>	<b>17.2</b>	<b>35.0</b>	<b>5.8</b>	<b>0.1</b>
<b>BFAL</b> <b>1995</b>	2012	150.0	43	-	-	900.0	93.0	618.3	512.2	62.0	9.7	60.0	10.0	0.1
	2013	150.0	43	-	-	900.0	115.8	734.1	589.4	77.2	7.8	65.0	10.8	0.1
	2014	150.0	43	-	-	900.0	189.4	838.9	65.9	12.6	4.8	75.0	12.5	0.2
	<b>2015</b>	<b>150.0</b>	<b>43</b>	<b>-</b>	<b>-</b>	<b>900.0</b>	<b>66.5</b>	<b>792.9</b>	<b>62.9</b>	<b>4.4</b>	<b>13.5</b>	<b>40.0</b>	<b>6.7</b>	<b>0.1</b>
<b>BBPL</b> <b>1993</b>	2012	140.0	487	-	-	196.0	16.4	117.2	183.7	11.7	12.0	-	-	0.1
	2013	140.0	487	100.0	100.0	140.0	45.7	162.9	216.3	32.7	3.1	10.0	10.0	0.2
	2014	140.0	480	-	-	140.0	6.2	154.2	21.0	0.4	22.5	7.0	7.0	0.0
	<b>2015</b>	<b>140.0</b>	<b>479</b>	<b>10.0</b>	<b>10.0</b>	<b>140.0</b>	<b>7.5</b>		<b>20.9</b>	<b>0.5</b>	<b>18.7</b>	<b>8.0</b>	<b>7.0</b>	<b>0.0</b>
<b>BTCL</b> <b>1994</b>	2012	20.9	157	-	-	83.8	28.8	127.6	709.5	137.6	2.9	25.0	6.3	0.2
	2013	20.9	156	400.0	400.0	83.8	30.1	173.7	929.4	143.6	2.8	25.0	6.3	0.2
	2014	20.9	155	40.0	40.0	83.8	34.3	188.7	100.1	16.4	2.4	15.0	3.8	0.2
	<b>2015</b>	<b>20.9</b>	<b>156</b>	<b>40.0</b>	<b>40.0</b>	<b>83.8</b>	<b>37.4</b>	<b>230.0</b>	<b>119.8</b>	<b>17.9</b>	<b>2.2</b>	<b>-</b>	<b>3.8</b>	<b>0.2</b>
<b>BNBL</b> <b>1996</b>	2012	2,027.5	4,523	600.0	250.0	6,082.5	697.9	2,927.2	244.4	34.4	8.7	16.6	5.6	0.1
	2013	2,534.4	4,519	335.0	335.0	8,490.2	482.7	3,205.7	226.5	19.1	17.6	7.7	2.3	0.1
	2014	3,548.1	4,521	39.0	25.0	9,934.6	744.4	3,330.3	19.4	2.1	13.4	10.0	3.6	0.1
	<b>2015</b>	<b>3,548.1</b>	<b>4,514</b>	<b>31.0</b>	<b>23.0</b>	<b>10,289.4</b>	<b>789.6</b>	<b>3,820.8</b>	<b>20.8</b>	<b>2.2</b>	<b>13.0</b>	<b>14.1</b>	<b>4.9</b>	<b>0.1</b>
<b>BPCL</b> <b>1997</b>	2012	24.9	128	-	-	24.9	1.8	40.6	262.9	7.2	14.0	5.0	5.0	0.0
	2013	24.9	128	-	-	24.9	4.0	42.6	270.9	16.0	6.2	8.0	8.0	0.1
	2014	24.9	127	-	-	24.9	5.0	36.2	18.0	2.0	5.0	-	-	0.1
	<b>2015</b>	<b>24.9</b>	<b>128</b>	<b>-</b>	<b>-</b>	<b>24.9</b>	<b>14.5</b>	<b>34.4</b>	<b>23.8</b>	<b>5.8</b>	<b>1.7</b>	<b>15.0</b>	<b>150.0</b>	<b>0.2</b>
<b>STCBL</b> <b>1997</b>	2012	90.0	135	-	-	171.0	9.0	180.4	300.4	10.0	18.9	-	-	0.0
	2013	180.0	137	200.0	200.0	360.0	4.6	95.0	152.8	2.6	78.4	-	-	0.0
	2014	180.0	134	-	-	360.0	7.9	102.9	15.7	0.4	45.6	-	-	0.0
	<b>2015</b>	<b>180.0</b>	<b>136</b>	<b>17.2</b>	<b>17.2</b>	<b>309.6</b>	<b>71.8</b>	<b>174.2</b>	<b>19.7</b>	<b>4.0</b>	<b>4.3</b>	<b>15.0</b>	<b>-</b>	<b>0.2</b>
<b>DACL</b> <b>1998</b>	2012	91.3	1,272	-	-	273.9	91.5	120.4	231.8	100.2	3.0	70.0	23.3	0.4
	2013	91.3	1,267	-	-	273.9	111.8	140.9	254.3	122.5	2.5	100.0	33.3	0.5
	2014	91.3	1,266	-	-	273.9	124.7	219.9	34.1	13.7	2.2	125.0	41.7	0.4
	<b>2015</b>	<b>91.3</b>	<b>1,265</b>	<b>-</b>	<b>-</b>	<b>273.9</b>	<b>126.7</b>	<b>188.1</b>	<b>30.6</b>	<b>13.9</b>	<b>2.2</b>	<b>130.0</b>	<b>43.3</b>	<b>0.5</b>

Note: An entry of "0.0" indicates a marginal value compared to "-" which indicates no value for that particular item.

TABLE 36. INFORMATION ON LISTED COMPANIES (b)

Company* (Year of Listing)	Reference Year	Paid Up Capital Nu. in Mill.	No. of Share-holders	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									
DPOP 2001	2012	10.0	214	-	-	20.0	3.9	16.5	265.4	38.9	5.1	25.0	12.5	0.2
	2013	10.0	214	-	-	20.0	1.8	17.3	273.4	18.0	11.1	10.0	5.0	0.1
	2014	10.0	214	-	-	20.0	0.4	17.7	27.7	0.4	51.4	-	-	0.0
	2015	10.0	214	-	-	20.0	0.4	18.2	28.2	0.4	47.6	-	-	0.0
EBCC 2005	2012	52.1	1,074	300.0	300.0	156.3	148.3	284.8	646.6	284.7	1.1	75.0	25.0	0.4
	2013	52.1	1,069	344.0	344.0	179.2	138.8	419.3	904.8	266.4	1.3	200.0	58.1	0.3
	2014	52.1	1,062	40.0	35.0	208.4	248.7	563.8	118.2	47.7	0.8	300.0	75.0	0.4
	2015	52.1	1,059	40.0	40.0	208.4	174.2	581.7	121.7	33.4	1.2	200.0	50.0	0.3
KCL 2007	2012	50.0	232	130.0	130.0	65.0	12.5	123.3	346.7	24.9	5.2	12.0	9.2	0.1
	2013	50.0	233	120.0	120.0	60.0	6.0	104.1	308.3	12.1	10.0	-	-	0.0
	2014	50.0	233	-	-	60.0	17.9	111.8	32.4	3.6	3.4	12.0	10.0	0.1
	2015	50.0	232	12.0	12.0	60.0	27.1	129.8	36.0	5.4	2.2	18.0	15.0	0.2
DWAL 2008	2012	194.0	498	600.0	450.0	873.0	60.7	77.2	139.5	31.3	14.4	30.0	6.7	0.2
	2013	194.0	496	450.0	450.0	873.0	132.7	112.9	158.2	68.4	5.0	50.0	11.1	0.4
	2014	194.0	494	45.0	38.7	750.8	151.3	128.0	16.6	7.8	15.2	70.0	18.1	0.5
	2015	203.7	494	38.0	38.0	774.1	51.1	135.4	16.7	2.5	15.2	15.0	4.0	0.2
JMCL 2008	2012	56.9	416	700.0	700.0	398.1	107.2	237.3	517.2	188.5	3.7	100.0	14.3	0.4
	2013	56.9	418	850.0	850.0	483.5	132.1	299.2	626.0	232.3	3.7	125.0	14.7	0.4
	2014	56.9	420	95.0	90.0	511.9	151.9	365.7	74.3	26.7	3.4	150.0	16.7	0.4
	2015	56.9	416	78.0	71.0	403.8	212.5	569.2	110.1	37.4	1.9	200.0	28.2	0.3
BIL 2009	2012	200.0	4,445	300.0	189.0	400.0	40.2	45.1	122.5	20.1	10.0	9.5	4.8	0.2
	2013	200.0	4,395	162.0	162.0	324.0	44.1	69.2	134.6	22.1	7.3	10.0	6.2	0.2
	2014	200.0	4,370	19.5	13.2	390.0	47.1	116.3	15.8	2.4	8.3	9.4	4.8	0.2
	2015	200.0	4,318	24.0	17.5	440.0	67.5	164.9	18.3	3.4	6.5	16.8	7.6	0.2
DFAL 2009	2012	289.8	460	200.0	100.0	434.7	51.5	4.8	101.7	17.8	8.4	17.0	11.3	0.2
	2013	289.8	459	300.0	300.0	869.3	67.1	71.9	124.8	23.2	13.0	20.0	6.7	0.2
	2014	289.8	457	28.0	25.0	811.4	102.5	116.4	14.0	3.5	7.9	30.0	10.7	0.3
	2015	289.8	459	24.0	24.0	695.5	2.6	203.7	17.0	0.1	270.6	-	-	0.0
DPNBL 2010	2012	449.0	22,564	400.0	300.0	1,347.1	86.0	120.7	126.9	19.2	15.7	6.0	2.0	0.2
	2013	449.4	22,378	297.0	297.0	1,334.7	97.1	186.3	141.5	21.6	13.8	7.0	2.4	0.2
	2014	449.7	22,253	30.0	20.0	966.9	99.6	286.7	16.4	2.2	9.7	8.0	3.7	0.1
	2015	450.0	22,143	25.0	17.5	922.5	129.0	379.7	18.4	2.9	7.2	-	-	0.2
TBL 2011	2012	220.0	7,909	300.0	250.0	660.0	36.9	58.6	126.6	16.8	17.9	-	-	0.1
	2013	300.0	7,955	150.0	150.0	450.0	18.9	74.1	124.7	6.3	23.9	-	-	0.1
	2014	300.0	7,864	17.0	11.5	435.0	36.7	93.0	13.1	1.2	11.9	5.7	3.9	0.1
	2015	300.0	7,756	17.0	13.0	390.0	36.8	112.7	13.8	1.2	10.6	5.7	4.4	0.1
DPL 2013	2013	82.7	14,833	240.0	230.0	198.5	(24.9)	(44.1)	46.7	(30.1)	-	-	-	(0.6)
	2014	82.7	14,487	30.0	15.5	140.6	(28.1)	(72.2)	1.3	(3.4)	-	-	-	(2.7)
	2015	82.7	14,416	19.0	16.0	157.2	(5.3)	(51.4)	3.8	(0.6)	-	-	-	0.1
GBRL 2014	2014	500.0	1,230	12.0	10.0	600.0	(27.8)	(28.9)	9.4	(0.6)	-	-	-	(0.1)
	2015	500.0	1,157	12.0	10.5	600.0	15.1	14.3	9.7	0.3	-	-	-	0.0

Source: Royal Securities Exchange of Bhutan. 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 + Reserves). 5) Dividend Yield = Dividend X 100/ Book Value Per Share.

(\*) BCCL-Bhutan Carbide & Chemicals Ltd; RICBL-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; BNBL-Bhutan National Bank Ltd; BPCL-Bhutan Polymers Company Ltd; STCBL-State Trading Corporation of Bhutan Ltd; DSCL-Druk Satair Corporation Ltd; DPOP-Druk Plaster & Chemicals Ltd; EBCC- S.D Eastern Bhutan Coal Company Ltd; KCL-Kuensel Corporation Ltd; DWAL-Druk Wang Alloys Ltd; JMCL-Jigme Mining Corporation Ltd; BIL-Bhutan Insurance Corporation Ltd; DFAL-Druk Ferro Alloys Ltd; DPNBL-Druk PNB Bank Ltd; TBL-TBank Ltd; DPL-Dungsam Polymers Ltd; GBRL - GIC Bhutan Re Ltd.



SECTION IV

ANNEXURES



## DEVELOPMENTS IN BHUTAN'S FINANCIAL INSTITUTIONS (FY 2015/16)

The *finance, insurance, real estate & business services* sector collectively contributed **7.4 percent** to the country's **nominal GDP in 2015** with the *finance and insurance* sector alone contributing **5.2 percent**. Bhutan's financial system experienced a growth of **15.7 percent** in total assets, with assets reaching **Nu.124.36 billion in 2015/16**. Of the total assets, **85.4 percent** belonged to commercial banks while the remaining **14.6 percent** were that of the non-banks.

The tables below provide a glimpse of the financial institutions in Bhutan.

**As of June 2016**

Banks	Bank of Bhutan Ltd.	Bhutan National Bank Ltd.	Druk Punjab National Bank Ltd.	T-Bank Ltd.	Bhutan Development Bank Ltd.
Year Established	1968	1997	2010	2010	1988
No. of Branches*	47	31	6	4	53
No. of ATMs	82	39	18	11	25
No. of Deposit Accounts	275,335	138,863	92,177	18,592	146,625
<i>of which: Individual Accounts</i>	272,136	131,183	89,508	18,551	143,931
<i>Corporate Accounts</i>	3,199	7,680	2,669	41	2,694
Deposit Liabilities (Nu.in millions)	33,457	18,288	6,107	2,733	12,475
No. of Loan Accounts	22,291	12,272	1,693	2,899	55,849
<i>of which: Individual Accounts</i>	21,746	10,462	1,630	2,899	55,751
<i>Corporate Accounts</i>	545	1,810	63	0	98
Loans Outstanding (Nu.in millions)	25,133	23,090	4,732	2,555	15,926

\*Branches include regional offices, field offices, extension counters etc.

Note: Bhutan Development Bank Ltd. received its license to operate as a specialized deposit-taking commercial bank on March 1, 2010.

**As of June 2016**

Non-Banks	Royal Insurance Corporation of Bhutan Ltd.	Bhutan Insurance Ltd.	National Pension and Provident Fund
Year Established	1975	2009	2000
No. of Branches*	27	17	N/A
No. of Policy Holders/Members	104,154 policy holders	19,901 policy holders	51,539 members
No. of Loan Accounts	7,307	846	16,318
<i>of which: Individual Accounts</i>	6,917	846	16,292
<i>Corporate Accounts</i>	390	0	26
Loans Outstanding (Nu.in millions)	14,317	851	9,022

\*Branches include regional offices, field offices, extension counters etc.

This section provides a brief history and recent developments of each financial institution including the National Pension and Provident Fund and the Royal Securities Exchange of Bhutan.

## BANK OF BHUTAN LIMITED (BOBL)

**Year of Establishment: 1968**  
**Head Office: Thimphu**  
**Current CEO: Mr. Pema N. Nadik**  
**Shareholding Pattern: Druk Holding and Investments- 80%,  
 State Bank of India – 20%,**  
**Paid-up Capital: Nu. 3 billion**

BOBL	During the year of establishment	Dec-12	Dec-13	Dec-14	Dec-15	Jun-16
No. of Branches*	1	34	38	43	46	47
No. of ATMs	0	41	60	62	76	82
No. of Deposit Accounts**	8	73,565	101,031	129,280	157,490	275,335
of which: Individual Accounts	7	72,829	100,072	128,078	156,067	272,136
Corporate Accounts	1	736	959	1,202	1,423	3,199
No. of Loan Accounts		21,506	21,540	23,038	22,392	22,291
of which: Individual Accounts		21,472	21,437	22,802	22,012	21,746
Corporate Accounts		34	103	236	380	545

\*Branches include regional offices, field offices, extension counters etc.□

### Dzongkhag-wise details as of June 2016

Dzongkhag	No. of Branches*	No. of ATMs	No. of Deposit Accounts (Individual)	No. of Deposit Accounts (Corporate)	No. of Loan Accounts (Individual)	No. of Loan Accounts (Corporate)
1 Thimphu	7	20	78,994	850	6,147	419
2 Chukha	6	8	39,962	432	3,819	126
3 Paro	2	3	15,460	185	1,176	
4 Punakha	1	1	6,974	97	475	
5 Wangduephodrang	2	3	15,681	101	1,002	
6 Haa	1	2	4,475	69	398	
7 Gasa	1	1	859	15	54	
8 Samtse	3	4	16,935	142	1,349	
9 Dagana	3	1	3,625	86	376	
10 Tsirang	1	1	6,182	64	541	
11 Trongsa	2	1	7,954	73	562	
12 Sarpang	2	2	15,081	218	1,055	
13 Bumthang	1	2	6,865	122	682	
14 Zhemgang	2	1	3,842	75	411	
15 Lhuentse	1	1	3,246	56	247	
16 Mongar	2	2	9,221	104	868	
17 Pemagatshel	2	2	7,683	106	642	
18 Tashiyangtse	2	1	4,879	74	425	
19 Tashigang	3	4	11,002	116	736	
20 Samdrup Jongkhar	3	2	13,216	214	781	
<b>TOTAL</b>	<b>47</b>	<b>62</b>	<b>272,136</b>	<b>3,199</b>	<b>21,746</b>	<b>545</b>

\*Branches include regional offices, field offices, extension counters etc.□

The country's oldest and largest commercial bank, the **Bank of Bhutan Limited** was established on May 28, 1968. Prior to the establishment of the Royal Monetary Authority of Bhutan, functions relating to central banking were conducted jointly by the Ministry of Finance, State Trading Corporation of Bhutan and the Bank of Bhutan. In order to improve banking services in Bhutan, the Bank collaborated with the State Bank of India (SBI) in 1971, making it the first bank with foreign investors. This resulted in the re-constitution of the Bank in 1972 with 40 percent equity shareholding by the SBI and the remaining 60 percent by the RGoB. In 2002, the SBI's shareholding was reduced to 20



percent and the management was handed over to the Bhutanese. The control of BOB was taken over by the Druk Holding and Investments, after its establishment in the year 2007.

Among recent developments, BOBL installed two cash deposit machines in Thimphu, allowing clients to make cash deposits into their accounts using the machine. Similarly, BOBL launched the cardless cash withdrawal facility, making it the first bank in the country to introduce such a facility. The facility allows customers to withdraw a maximum of Nu. 40,000 per day using BOB's mobile banking facility. An additional recurring deposit facility, The Flexi Recurring Deposit (Multiple Option Deposit) was also introduced for customers.

## BHUTAN NATIONAL BANK LIMITED (BNBL)

<b>Year of Establishment: 1997</b>						
<b>Head Office: Thimphu</b>						
<b>Current CEO: Mr. Kipchu Tshering</b>						
<b>Shareholding pattern: General Public – 46.80%.</b>						
<b>National Pension and Provident Fund – 21.69%,</b>						
<b>International Finance Corporation – 20%,</b>						
<b>Druk Holding and Investments- 11.50%,</b>						
<b>Paid-up Capital: Nu. 3.5 billion</b>						
BNBL	During the year of establishment	Dec-12	Dec-13	Dec-14	Dec-15	Jun-16
No. of Branches*	2	20	25	28	31	<b>31</b>
No. of ATMs	0	27	31	33	38	<b>39</b>
No. of Deposit Accounts	N/A	127,788	119,715	128,358	132,550	<b>138,863</b>
of which: Individual Accounts		120,928	113,436	121,540	125,334	<b>131,183</b>
Corporate Accounts		6,860	6,279	6,818	7,216	<b>7,680</b>
No. of Loan Accounts	N/A	14,992	13,073	11,682	11,873	<b>12,272</b>
of which: Individual Accounts		13,710	11,671	10,223	10,184	<b>10,462</b>
Corporate Accounts		1,282	1,402	1,459	1,689	<b>1,810</b>
<small>*Branches include regional offices, field offices, extension counters etc</small>						
<b>Dzongkhag-wise details as of June 2016</b>						
Dzongkhag	No. of Branches*	No. of ATMs	No. of Deposit Accounts (Individual)	No. of Deposit Accounts (Corporate)	No. of Loan Accounts (Individual)	No. of Loan Accounts (Corporate)
1 Thimphu	6	14	63,140	4,917	4,840	992
2 Chukha	2	2	12,347	1,193	729	200
3 Paro	3	2	12,607	443	1,033	104
4 Punakha		1				
5 Wangduephodrang	2	1	8,055	241	690	58
6 Haa		1				
7 Samtse	2	2	4,404	96	508	32
8 Tsirang	2	1	2,500	58	228	16
9 Trongsa		1				
10 Sarpang	2	1	7,735	278	830	208
11 Bumthang	2	2	5,077	86	356	36
12 Zhemgang		1				
13 Mongar	3	3	6,583	138	470	60
14 Tashiyangtse						
15 Tashigang	4	3	5,645	102	365	51
16 Samdrup Jongkhar	3	2	3,090	128	413	53
<b>TOTAL</b>	<b>31</b>	<b>37</b>	<b>131,183</b>	<b>7,680</b>	<b>10,462</b>	<b>1,810</b>
<small>*Branches include regional offices, field offices, extension counters etc</small>						

**Bhutan National Bank Limited**, formerly known as the Unit Trust of Bhutan (UTB), was established in the year 1980 as a subsidiary of the RICBL, jointly owned by the RGoB and

the RICBL. From 1992 onwards, the UTB functioned as an independent financial institution aimed at promoting and inculcating saving habits among the general public and channeling capital into productive sectors in the economy. The RGoB with assistance from the ADB, converted the UTB into the Bhutan National Bank on December 5, 1996. The bank's equity was floated to the public in 1996 making BNBL the first bank in the country to be owned by the public. Apart from the RGoB, other shareholders included the RICBL, ADB and Citibank. The bank officially opened for business on January 6, 1997.

Among new products and services, the M-Pay, a secure mobile banking application for smart phone users was launched on November 08, 2016. This facility allows customers to make fund transfers, balance enquiries, check account statements, top up facilities and payment of utility bills. Two new credit products were introduced in October 2016, namely, commercial agriculture loan and home ownership loan.

### DRUK PNB BANK LIMITED (DPNBL)

<b>Year of Establishment: 2010</b>						
<b>Head Office: Thimphu</b>						
<b>Current CEO: Mr. Mukesh Kumar Dave</b>						
<b>Share Holding Pattern: Punjab National Bank - 51%</b>						
<b>Public - 30%</b>						
<b>Local Promoters - 19%.</b>						
<b>Paid-up Capital: Nu.450 million</b>						
DPNBL	During the year of Establishment	Dec-12	Dec-13	Dec-14	Dec-15	Jun-16
No. of Branches*	3	5	5	6	6	<b>6</b>
No. of ATMs	9	13	14	15	16	<b>18</b>
No. of Deposit Accounts		39,292	56,284	71,501	82,740	<b>92,177</b>
<i>of which: Individual Accounts</i>		38,007	54,383	69,147	80,197	<b>89,508</b>
<i>Corporate Accounts</i>		1,285	1,901	2,354	2,543	<b>2,669</b>
No. of Loan Accounts		1,697	1,675	1,624	1,611	<b>1,693</b>
<i>of which: Individual Accounts</i>		1,667	1,632	1,572	1,558	<b>1,630</b>
<i>Corporate Accounts</i>		30	43	52	53	<b>63</b>
<i>*Branches include regional offices, field offices, extension counters etc</i>						
<b>Dzongkhag-wise details as of June 2016</b>						
Dzongkhag	No. of Branches*	No. of ATMs	No. of Deposit Accounts (Individual)	No. of Deposit Accounts (Corporate)	No. of Loan Accounts (Individual)	No. of Loan Accounts (Corporate)
1 Thimphu	1	9	50,828	1,522	898	35
2 Chukha	1	2	17,189	692	340	26
3 Paro	1	1	5,791	122	102	
4 Wangduephodrang	1	2	8,060	149	117	
5 Trongsa	1	1	599	9	71	
6 Sarpang	1	1	7,041	175	102	2
<b>Total</b>	<b>6</b>	<b>16</b>	<b>89,508</b>	<b>2,669</b>	<b>1,630</b>	<b>63</b>
<i>*Branches include regional offices, field offices, extension counters etc</i>						

**Druk PNB Bank Limited**, the third FDI owned bank in the country, started business on January 27, 2010 with a total paid up capital of Nu. 300 million. The bank opened its first branch office in Phuentsholing in February, 2010 and currently has a total of six branch offices.

DPNBL will be shortly introducing Mobile Banking, G2C and IMPS (Instant Messaging Payment Service), all initiated to enhance digital banking.

### T BANK LIMITED (TBL)

**Year of Establishment: 2010**  
**Head Office: Thimphu**  
**Current CEO: Mr. Pema Tshering**  
**Share Holding Pattern: Promoters - 60%**  
**Public - 40%**  
**Paid-up Capital: Nu.300 million**

T Bank Ltd.	During the year of Establishment	Dec-12	Dec-13	Dec-14	Dec-15	Jun-16
No. of Branches*	2	3	4	4	4	4
No. of ATMs	8	9	10	10	10	11
No. of Deposit Accounts	3207	9220	11849	14546	17212	18,592
of which: Individual Accounts	3,189	9,186	11,811	14,510	17,177	18,551
Corporate Accounts	18	34	38	36	35	41
No. of Loan Accounts	1,388	3,141	3,065	3,263	2,972	2,899
of which: Individual Accounts	1,388	3,141	3,065	3,263	2,972	2,899
Corporate Accounts	0	0	0	0	0	0

\*Branches include regional offices, field offices, extension counters etc□

#### Dzongkhag-wise details as of June 2016

Dzongkhag	No. of Branches*	No. of ATMs	No. of Deposit Accounts (Individual)	No. of Deposit Accounts (Corporate)	No. of Loan Accounts (Individual)	No. of Loan Accounts (Corporate)
1 Thimphu	1	5	8,191	30	1,828	
2 Chukha	1	3	4,641	4	519	
3 Wangduephodrang	1	1	3,203	4	205	
4 Sarpang	1	1	2,516	3	347	
<b>TOTAL</b>	<b>4</b>	<b>10</b>	<b>18,551</b>	<b>41</b>	<b>2,899</b>	<b>0</b>

\*Branches include regional offices, field offices, extension counters etc□

**T Bank Limited**, the fourth commercial bank in the country was established on March 12, 2010. Initially, the bank was established with three domestic promoters, holding a total of 60 percent shares (20 percent each), and its IPO was floated for the remaining 40 percent in December 2010. After floating its shares to the public, the bank listed with the Royal Securities Exchange of Bhutan Limited on March 17, 2011.

The Bank has recently introduced an inter country ATM transaction facility between Nepal and Bhutan, allowing clients to carry out transactions in Nepal using their T Bank debit card from any of the ATM machines that are under the SCT network.

A new division, trade and finance were also recently established to conduct off balance sheet transactions such as letter of credit, bank guarantee and performance bonds. Moreover, the division is also aimed at focusing on promoting their business through their correspondence banks based in Bangladesh and Australia. On July 27, 2016, in order to enhance their outreach to the general public, the bank opened a new branch office in Paro.

## BHUTAN DEVELOPMENT BANK LIMITED (BDBL)

**Year of Establishment: 1988**  
**Head Office: Thimphu**  
**Current CEO: Mr. Phub Dorji**  
**Share Holding Pattern: RGOB - 96%**  
                                   **BOBL - 2.51%**  
                                   **RICBL - 1.00%**  
                                   **BNBL - 0.49%**  
**Paid-up Capital: Nu. 507.3 million**

BDBL	During the year of establishment	Dec-12	Dec-13	Dec-14	Dec-15	Jun-16
No. of Branches*	18	39	42	47	53	<b>53</b>
No. of ATMs		0	5	5	20	<b>25</b>
No. of Deposit Accounts		67067	85864	107365	133366	<b>146,625</b>
of which: Individual Accounts		66,115	84,576	105,571	130,946	<b>143,931</b>
Corporate Accounts		952	1,288	1,794	2,420	<b>2,694</b>
No. of Loan Accounts		34,635	40,712	46,326	52,248	<b>55,849</b>
of which: Individual Accounts		34,559	40,660	46,271	52,188	<b>55,751</b>
Corporate Accounts		76	52	55	60	<b>98</b>

\*Branches include regional offices, field offices, extension counters etc.□

### Dzongkhag-wise details as of June 2016

Dzongkhag	No. of Branches*	No. of ATMs	No. of Deposit Accounts (Individual)	No. of Deposit Accounts (Corporate)	No. of Loan Accounts (Individual)	No. of Loan Accounts (Corporate)
1 Thimphu	3	3	13,261	992	5,358	98
2 Chukha	2	2	10,109	183	3,419	
3 Paro	2	2	8,759	180	3,017	
4 Punakha	1	1	5,640	58	2,570	
5 Wangduephodrang	2	1	8,843	65	2,675	
6 Haa	2	1	3,963	25	1,472	
7 Gasa	1	0	988	1	315	
8 Samtse	4	2	10,998	51	4,380	
9 Dagana	3	1	7,416	51	2,908	
10 Tsirang	1	1	4,240	21	1,999	
11 Trongsa	2	1	4,352	20	1,766	
12 Sarpang	3	2	7,980	153	3,190	
13 Bumthang	1	1	4,432	101	1,700	
14 Zhemgang	3	0	5,170	59	2,132	
15 Lhuentse	2	0	3,846	81	1,219	
16 Mongar	5	1	11,228	110	4,460	
17 Pemagatshel	2	2	8,186	150	2,675	
18 Tashiyangtse	2	1	4,637	70	2,003	
19 Tashigang	8	1	11,621	205	4,386	
20 Samdrup Jongkhar	4	2	8,262	118	3,310	
<b>TOTAL</b>	<b>53</b>	<b>25</b>	<b>143,931</b>	<b>2,694</b>	<b>54,954</b>	<b>98</b>

\*Branches include regional offices, field offices, extension counters etc.□

Formerly known as the Bhutan Development Finance Corporation (BDFC), the **Bhutan Development Bank Limited** was established on January 31, 1988 with assistance from the ADB, and equity participation of the RGOB, BOBL, RICBL and BNBL. The bank was set up to primarily assist the private sector by providing financial and technical assistance for industrial, agricultural and commercial projects. The BDBL is funded by international multilateral agencies such as the UNCDF, HELVETAS Swiss Intercooperation, KFAED, IFAD, SDC, and the ADB, through concessional loans and grants. On March 2010, the BDBL received its license from the RMA to operate as a specialized deposit-taking commercial bank. On March 01, 2015, the BDBL took over the

operation and management of community centres from Bhutan Post, requiring the bank to provide banking services, Government to citizen services, online public services and postal services to the people. Currently, there are 201 operational community centres in the country.

Recently, on August 04, 2016, a new credit product, the home settlement loan scheme was introduced with the objective of financially benefitting new employees in the country. The product is a collateral free loan scheme based on the group guarantee model. The bank has also obtained approval from the RMA for the introduction of a new banking product, the flexi recurring deposit.

## ROYAL INSURANCE CORPORATION OF BHUTAN LIMITED (RICBL)

**Year of Establishment: 1975**

**Head Office: Thimphu**

**Current CEO: Mr. Namgyal Lhendup**

**Share Holding Pattern: His Majesty's Secretariat – 20.83%,  
Druk Holding & Investments -18.41%,  
Private & Public Holding-60.76%.**

**Paid-up Capital: Nu. 1.2 billion**

RICBL	During the year of establishment	Dec-12	Dec-13	Dec-14	Dec-15	Jun-16
No. of Branches*	N/A	22	26	26	26	27
No. of Policy Holders (Life)	N/A	33,039	44,568	56,866	68,552	75,636
No. of Policy Holders (General)	N/A	40,104	38,548	40,061	47,112	28,518
No. of Loan Accounts	N/A	4,355	4,746	5,365	7,068	7,307
of which: Individual Accounts		4,187	4,573	5,136	6,744	6,917
Corporate Accounts		168	173	229	324	390

\*Branches include regional offices, field offices, extension counters etc□

### Dzongkhag-wise details as of June 2016

Dzongkhag	No. of Branches*	No. of Policy Holders (General)	No. of Loan Accounts (Individual)	No. of Loan Accounts (Corporate)
1 Thimphu	1	8,826	3,647	219
2 Chukha	2	9,043	930	105
3 Paro	1	1,427	432	6
4 Punakha	1	750	160	5
5 Wangduephodrang	1	735	131	9
6 Haa	1	313	36	
7 Gasa	1	33	6	
8 Samtse	2	978	150	10
9 Dagana	2	255	46	1
10 Tsirang	1	457	97	6
11 Trongsa	1	534	138	1
12 Sarpang	1	1,329	168	5
13 Bumthang	1	394	144	2
14 Zhemgang	1	286	29	
15 Lhuentse	1	217	22	
16 Mongar	1	792	284	3
17 Pemagatshel	2	460	129	3
18 Tashiyangtse	1	288	76	1
19 Tashigang	3	798	150	5
20 Samdrup Jongkhar	2	603	142	9
<b>TOTAL</b>	<b>27</b>	<b>28,518</b>	<b>6,917</b>	<b>390</b>

\*Branches include regional offices, field offices, extension counters etc□

The country's first insurance company, the **Royal Insurance Corporation of Bhutan Limited** commenced its operations on January 7, 1975 under the Royal Charter, with 39.3 percent share owned by the RGoB and the remaining 60.7 percent held by the public. RICBL was subsequently incorporated under the Companies Act of Bhutan 1989 (amended in 2000) and licensed under the Financial Institutions Act of Bhutan, 1992 (amended in 2011 as the Financial Services Act). The RICBL provides life insurance, general insurance, credit facilities and other social security schemes for its customers. Prior to the establishment of the NPPF, the government employees provident fund was also managed by the RICBL.

Some of the new products introduced during the year 2016 include hotelier and restaurant insurance, dha-tsip ngen-sung ley-char (an insurance policy for Archers), loan care insurance, double endowment with profit insurance and senior citizen insurance policy.

### BHUTAN INSURANCE LIMITED (BIL)

**Year of Establishment: 2009**

**Head Office: Thimphu**

**Current CEO: Mr. Tshering Gyaltshen**

**Share Holding Pattern: Promoters-35%, Public-65%.**

**Paid-up Capital: Nu. 200 million**

BIL	During the year of establishment	Dec-12	Dec-13	Dec-14	Dec-15	Jun-16
No. of Branches*	4	9	10	11	13	17
No. of Policy Holders	1,174	11,526	11,104	12,484	16,744	19,901
No. of Loan Accounts	0	502	521	561	740	846
of which: Individual Accounts	0	502	521	561	740	846
Corporate Accounts	0	0	0	0	0	0

\*Branches include regional offices, field offices, extension counters etc□

#### Dzongkhag-wise details as of June 2016

Dzongkhag	No. of Branches*	No. of Policy Holders (General)	No. of Loan Accounts (Individual)	No. of Loan Accounts (Corporate)
1 Thimphu	1	8754	846	
2 Chukha	2	4313		
3 Paro	1	2740		
4 Punakha	1	24		
5 Haa	1	0		
6 Wangduephodrang	1	1145		
7 Samtse	1	197		
8 Tsirang	1	521		
9 Trongsa	1	333		
10 Sarpang	1	500		
11 Bumthang	1	288		
12 Zhemgang	1	80		
13 Mongar	1	280		
14 Pemagatshel	1	35		
15 Tashigang	1	385		
16 Samdrup Jongkhar	1	306		
<b>TOTAL</b>	<b>17</b>	<b>19,901</b>	<b>846</b>	<b>0</b>

\*Branches include regional offices, field offices, extension counters etc□

**Bhutan Insurance Limited** was incorporated on July 24, 2009 under the Companies Act of the Kingdom of Bhutan, 2000 and started operations on August 20, 2009. On April 19, 2010, BIL was granted approval by the RMA to operate a Financing and Investment Department. Similarly, on August 13, 2014, the RMA granted approval to the BIL for managing gratuity funds. The BIL offers all types of non-life insurance services, including personal insurance, commercial insurance, industrial insurance, and liability insurance.

In the year 2015, BIL introduced the Student Care Insurance policy, which is aimed at protecting the continuity of a student's education life in the event of demise or disability of the parents or guardians, due to accidents.

## NATIONAL PENSION AND PROVIDENT FUND (NPPF)

**Year of Establishment: 2000**

**Head Office: Thimphu**

**Current CEO: Mr. Dungtu Dukpa**

**Fund Size: 23.86 billion**

NPPF	During the year of establishment	Dec-12	Dec-13	Dec-14	Dec-15	Jun-16
No. of Members*	29,464	47,019	48,385	50,728	51,333	<b>51,539</b>
No. of Loan Accounts	N/A	7,586	9,013	11,384	14,424	<b>16,318</b>
of which: Individual Accounts		7,568	8,992	11,362	14,402	<b>16,292</b>
Corporate Accounts		18	21	22	22	<b>26</b>

\*As of end of June of each year

### Dzongkhag-wise details as of June 2016

Dzongkhag	No. of Loan Accounts (Individual)	No. of Loan Accounts (Corporate)
1 Thimphu	3,786	13
2 Chukha	448	6
3 Paro	695	1
4 Punakha	677	
5 Wangduephodrang	695	
6 Haa	245	
7 Gasa	41	
8 Samtse	531	
9 Dagana	411	1
10 Tsirang	425	
11 Trongsa	362	
12 Sarpang	670	
13 Bumthang	338	
14 Zhemgang	876	
15 Lhuentse	599	
16 Mongar	1,261	
17 Pemagatshel	932	4
18 Tashiyangtse	662	
19 Tashigang	1,753	1
20 Samdrup Jongkhar	885	
<b>TOTAL</b>	<b>16,292</b>	<b>26</b>

Formally established on March 30, 2000, the **National Pension and Provident Fund** is responsible for managing and administering retirement schemes in the country. In 1999, the RGoB with the assistance of ADB reviewed and evaluated the 1997 UNDP study on the *Feasibility of Introducing a Pension Scheme in Bhutan* and recommended an annuity-based, multi-tiered retirement plan called the National Pension and Provident Fund Plan



(NPPFP). Thereafter, the RGoB formally established the National Pension and Provident Fund consisting of two tiers: the National Pension Plan (NPP)<sup>16</sup> and the Provident Fund Plan (PFP)<sup>17</sup>.

Prior to the establishment of the NPPF, the GEPF was managed by the RICBL and covered only government employees whereby the benefits were limited to a gratuity and provident fund scheme which were paid as a lump sum post-retirement. On July 3, 2000, the NPPF took over the GEPF and real estate operations worth Nu.2 billion in the form of fixed deposits, cash, and real estate assets from the RICBL. Realizing the importance of investing its assets in a prudent manner, on March 9, 2007, the NPPF was licensed by the RMA to carry out limited financial services. In order to ensure that members' funds were safeguarded, the NPPF came under the purview of the RMA with effect from July 1, 2007.

Some of the services apart from Pension and Provident schemes offered by NPPF include member housing loan, member education loan and student loan. More recently, the new member loan and member home loan were introduced for their clients.

### ROYAL SECURITIES EXCHANGE OF BHUTAN LIMITED (RSEBL)

The **Royal Securities Exchange of Bhutan Limited** was established in August 1993, with a total paid up capital of Nu. 2 million, which was provided by four FIs whose subsidiary units, the brokerage firms<sup>18</sup>, were licensed to serve as brokers. The RSEBL was incorporated under the Companies Act of the Kingdom of Bhutan, 2000, and licensed under the Financial Institutions Act, 2011. The exchange commenced operations in 1993 with four listed companies and a total market capitalization of Nu.393 million. Currently, the RSEBL has 21 listed companies with a market capitalization of Nu. 24.84 billion and 62,427 shareholder accounts .

With technical assistance from the World Bank and the RMA, the RSEBL changed its trading platform from the existing backend office trading system to a web-based Integrated Exchange Solution. Jointly funded by the World Bank, ADB and the RMA, the RSEBL's new web based Integrated System was formally launched on April 23, 2012 providing investors convenient access to real time market data along with online trading facilities. The Integrated System comprises of the following six major integrated systems:

1. Electronic Depository System,
2. Broker Back Office System,
3. Initial Public Offering System,
4. Clearing and Settlement System,
5. Market Surveillance System,
6. Automated Trading System.

<sup>16</sup> The NPP, titled Tier 1 of the NPPFP, is a defined benefit plan under which monthly pension benefits will be provided to a member upon retirement. In addition, disability benefits to a member and survivor(s) will also be provided.

<sup>17</sup> The PFP, Tier 2, is a benefit plan where members receive lump sum payments of accumulated balances upon retirement.

<sup>18</sup> RICB Securities Ltd., BNB Securities Ltd., BOB Securities Ltd., and BDBL Securities Ltd.

With the establishment of the Integrated System, the RSEBL started issuing online trading terminals to investors in order to encourage wider participation in the secondary market. Moreover on August 1, 2014, the RSEBL successfully converted the face value of Nu.100 to Nu.10 in an effort to introduce the lot system in the market and to increase the frequency of trading in the secondary market. As of 30<sup>th</sup> June 2016, a total volume of 4,752,410 shares of 14 listed companies amounting to Nu.132.86 million were traded in the Secondary Market. The RSEBL also established its Clearing and Settlement House as a unit with the objective to act as a legal counter party to all trades and to guarantee the settlement for all members.

The RSEBL drafted rules, particularly for Automated Trading System, Central Depository, RSEBL Clearing and Settlement House, RSEBL Clearing and Settlement House Procedures and Initial Public Offering Procedures which were approved by the Royal Monetary Authority of Bhutan in the year 2012. Additionally, the RMA also approved the Rules on Delisting of Securities with effect from July 18, 2014.

More recently, in April, 2016, a Memorandum of Understanding and Agreement was signed between the Mercantile Exchange Nepal Limited and the RSEB, on International Information Sharing, Training and Cooperation. On 13<sup>th</sup> June 2016, the RSEB in collaboration with the Food Corporation of Bhutan conducted a sensitization program on Online Commodity Market platform for Agricultural products in Sangangkha and Lobneykha villages, under Chhukha Dzongkhag.

## INTEREST RATES

With the establishment of first bank in late 1960s, banking sector has been playing major role in financing the economy activities of the country. On the other hand the shallow development in the capital market has also led to heavily rely on the banking system for investment. Thus regulating of interest rates was necessary to provide the investment in the critical sectors. As the banking sector matured and there was global and regional deregulation in the financial sector, the RMA as a central bank deregulated interest rates with effect from April 1999. Thereafter, the interest rates on deposits as well as lending were determined in the market by forces of demand and supply for the fund.

In order to strengthen monetary policy management, the RMA introduced and implemented the base rate system in September 2012. The base rate was the minimum rate below which it was not viable for the financial institutions to lend. The base rate also served as the reference benchmark rate for floating rate loan products, apart from other external market-based benchmark rates.

During the review of the Base Rate system in early 2016, it has revealed some rigidities such as: (i) computation was backward-looking and pre-emptive since the previous year's costs were extrapolated into the coming year's lending; (ii) computation also included a double counting of margins which resulted in high lending rates, while deposit rates remained rigid; (iii) Use of multiple Base Rates and computation of the previous year's average return on net worth (ARNW) discouraged competition and financial innovation; and, (iv) the Base Rate was used as a tool to address multiple objectives, such as promoting transparency in loan pricing and curtailing excessive credit growth.

To address the rigidities in the base rate system, a new policy rate known as Minimum Lending Rate (MLR) was introduced and implemented with effect from August 1, 2016. It is a forward-looking and integrated policy which is expected to address the rigidities of the existing Base Rate system. The main objective of the MLR has been to encourage competition and develop professionalism among the financial institutions to result in a balance approach of engaging in financial intermediation.

The following types of loans have been exempted from the MLR-based computed final lending rates:

- i) Advances to depositors against their own deposits;
- ii) Loans for liquidity management of a maturity of less than 90 days;
- iii) Consortium loans approved by the Royal Government of Bhutan for investment in strategic sectors that are of national interest
- iv) Strategic/priority sectors as defined from time-to-time by the RMA; and
- v) Staff Incentive Loans.

<b>Table 1</b>		<b>Deposit Rates of Commercial Banks in Bhutan</b>				
		Percent per annum; as of end of June				
<b>Type of Deposits</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Savings</b>	4.50-5.00	4.50-5.50	5.00-5.50	5.00-6.00	5.00-6.00	5.00-6.00
<b>Term Deposits</b>						
a) 3 months to less than 1 year	4.50-5.50	5.00-6.00	5.00-6.50	5.00-7.00	4.00-7.00	4.00-6.50
b) 1 year to less than 2 years	6.00-7.00	7.00-7.25	7.00-7.50	7.00-7.50	6.75-7.50	6.00-7.00
c) 2 years to less than 3 years	6.00-7.50	7.50-7.75	7.50-7.75	7.50-7.75	7.00-8.00	7.00-7.50
d) More than 3 years	7.00-8.50	8.00-9.00	8.00-8.75	8.00-10.00	8.00-10.00	8.00-9.25

*Source: Commercial Banks*

The commercial banks' savings rate remained on similar range as in 2015 which range from 5.00-6.00 percent per annum. The lower bound on the interest rate range for various time deposits with maturity up to 3 years have remained same as in 2015 while the upper bound decreased slightly by 50 basis point from 8 percent to 7.5 percent. Meanwhile, lower bound of interest rates for deposits with a maturity more than 3 years remained unchanged at 8 percent; the upper range has decreased to 9.25 percent from 10 percent. On average from June 2015 till June 2016, the deposit rates of commercial banks decreased from 7.28 percent to 6.91 percent, reflecting the comfortable position of liquidity in the banking system.

On the lending front, the lending rates of commercial banks across all the sectors observed the decline in the lending rates. The major sectors such as housing and manufacturing loan decreased from the range of 13.00-15.25 to 12.48-14.00 and 13.00-16.00 to 11.73-13.00 percent, respectively. Also under the personal and transport loan sectors, the lending to these sectors have declined from 15.00-16.00 to 15.00 and 12.15-16.00 to 11.73-14.00 respectively. On an average, the overall lending rate of the banks decreased from 13.97 percent in 2015 to 13.16 percent in 2016. Bank finance has been the leading source for the economy as banking sector credit to the GDP increased from 51.3 percent in June 2015 to 54.1 percent in 2016.

<b>Table 2</b>		<b>Selected Lending Rates in Bhutan</b>				
		Percent per annum; as of end-June				
<b>Loans by Purpose</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>1. General Trade</b>	13.00-14.00	13.00-14.00	13.00-14.00	13.00-14.15	13.75-16.00	13.00-14.00
<b>2. Export Finance</b>	13.00-14.00	13.00-14.00	13.00-14.00	13.00-14.00	13.75-14.00	13.00-13.75
<b>3. Manufacturing Industry</b>	12.00-13.00	12.00-13.00	11.73-13.13	11.73-16.00	13.00-16.00	11.73-13.00
<b>4. Service Industries</b>	10.00-13.00	10.00-13.00	11.73-13.13	11.73-16.00	13.00-15.15	11.73-14.00
<b>5. Transport</b>	13.00-14.00	10.00-16.00	11.73-16.00	11.73-14.10	12.15-16.00	11.73-14.00
<b>6. Agriculture &amp; Livestock</b>	10.00-13.00	10.00-13.00	11.73-13.00	11.73-13.00	12.00-13.00	11.73-13.00
<b>7. Housing</b>	10.00-13.00	10.00-13.00	12.73-14.63	12.73-16.00	13.00-15.25	12.48-14.00
<b>8. Equity Finance</b>	10.00-13.00	13.00-14.00	12.00-14.00	11.73-15.00	12.23-14.00	11.75-13.00
<b>9. Personal Loan</b>	15.00-16.00	15.00-16.00	15.00-16.00	13.00-16.00	15.00-16.00	15
<b>10. Govt. Employee Loan</b>	12.00	10.00-13.00	12.00-13.13	12.73-14.00	12.15-14.00	12.35-15.00

*Source: Commercial Banks*

**Table 3** Lending Rates of Banks after Implementation of MLR

Loans by Purpose	BoB		BNB		BDB		DPNB		TBank	
	Floating	Fixed	Floating	Fixed	Floating	Fixed	Floating	Fixed	Floating	Fixed
<b>1. Trade</b>	12.50	-	10.50	12.50	-	12.50	12.50	-	-	13.00
<b>2. Manufacturing Industry</b>	11.07	13.00	11.50	12.00	11.30	12.30	11.25	12.00	-	12.00
<b>3. Service Industries</b>	8.29	11.00	10.00	12.50	11.35	12.85	11.00	11.50	-	11.20
<b>4. Transport</b>			10.50	12.00	-	12.50				
(i) Commercial	9.07	-	-	-	-	-	11.00	-	-	11.75
(ii) Non-Commercial	9.80	-	-	-	-	-	9.75	-	-	9.85
<b>5. Agriculture &amp; Livestock</b>	8.49	11.00			-	10.55				
(i) Commercial	-	-	-	10.00	-	-	10.00	-	-	-
(ii) Non-Commercial	-	-	-	-	-	-	10.00	-	-	-
<b>6. Housing</b>					11.35	12.85				
(i) Commercial	10.31	13.25	10.00	13.00	-	-	10.50	11.00	-	10.50
(ii) Non-Commercial	8.46	11.00	9.00	11.00	-	-	10.25	10.50	-	10.45
<b>7. Purchase of Securities</b>	11.05	12.75	11.00	12.00	-	-	11.00	12.00	-	11.50
<b>8. Personal Loan</b>	9.60	-	13.50	14.00	-	13.50	14.00	-	-	13.50
<b>9. Govt. Employee Loan</b>	9.64	-	9.50	11.00	-	9.75	9.50	-	-	9.65

For detail refer to respective bank's web site

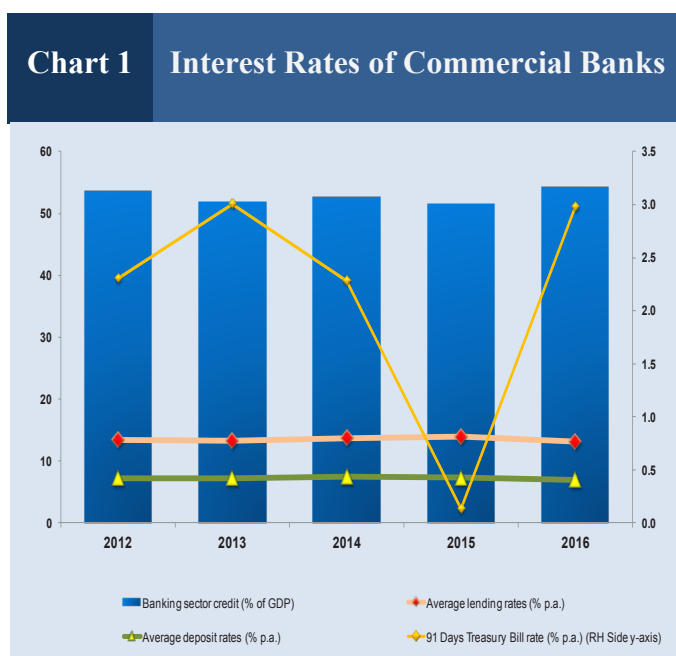
**Table 4** Lending Rates of Non-Banks after Implementation of MLR

Loans by Purpose	RICB		BIL		NPPF	
	Existing Rate	Revised Rate	Existing Rate	Revised Rate	Existing Rate	Revised Rate
<b>1. Trade</b>	14.00	12.50	-	-	-	-
<b>2. Manufacturing Industry</b>	13.75	12.00	14.00	12.00	-	-
<b>3. Service Industries</b>	-	-	14.00	12.00	-	-
<b>4. Transport</b>						
(i) Commercial	13.50	12.50	14.00	12.50	-	-
(ii) Non-Commercial	13.75	13.00	14.00	13.00	-	-
<b>5. Education Loan</b>	-	-	-	-	10.00	9.50
<b>6. Housing</b>						
(i) Commercial	13.50	12.00	14.00	12.00	13.19	12.49
(ii) Non-Commercial	-	-	14.00	12.00	11.00	9.81
<b>7. Purchase of Securities</b>	13.50	12.50	14.00	13.00	-	-
<b>8. Personal Loan</b>	14.00	13.00	15.00	14.00	-	-
<b>9. Corporate &amp; Institutional loan</b>	-	-	15.00	14.00	13.19	11.00

For detail refer to respective non-bank's web site

Under the Government Securities market, a treasury bills auction calendar for FY 2016/17 was issued in order to provide information to the investors well in advance to plan their investment in T-bills. Like in the past it is only few institutional investors who are active and dominate the purchase of Treasury Bills. Especially the banks are the active participants in purchasing the T-bills as they have the short term liquidity with them. It also shows that in the absence of short term investment avenues banks have been investing in the T-bills. T-Bill rates have remained low as compared to the past few months.

In recent month the T-bills rates have remained at an average of 2.23 percent compared to around 4 percent in the last couples of months. The T-bills rates have been fluctuating depending on the liquidity in the banking system. In the month of November 2016 two series of T-Bills R264 and R265 which was worth Nu.3.5 billion at the weighted average rate of 1.28 percent and 2.62 percent was issued. (See Table 19 in the Statistical Section for details of issue of T-Bills)



## Interest Rate Developments in India<sup>19</sup>

The Government of India and the Reserve Bank of India signed Monetary Policy Framework Agreement (MPFA) in February 20, 2015 to adopt flexible inflation targeting, defining price stability numerically as below 6 percent CPI inflation for 2015-16 (to be achieved by January 2016) and 4 +/- 2 percent for all subsequent years. The policy rate was reduced by 75 bps during 2015-16 and 25 bps during 2016-17 in support of an accommodative policy stance. The target for CPI inflation below 6 per cent by January 2016 has been met and the focus has shifted to attaining the inflation target of 5 per cent by the end of 2016-17.

<b>Table 5</b>		<b>Deposits and Lending Rates in India</b>				
		Percent per annum				
<b>Items</b>	<b>Jun-15</b>	<b>Sep-15</b>	<b>Dec-15</b>	<b>Mar-16</b>	<b>Jun-16</b>	
1. Policy Rate (Repo Rate)	7.25	6.75	6.75	6.75	6.5	
2. Median Term Deposit Rate	7.22	7.02	6.77	6.77	6.63	
3. Median Base Rate	9.95	9.9	9.65	9.65	9.65	
4. Weighted Average Lending Rate						
i) Outstanding Rupee Loans	11.61	11.53	11.31	11.2	11.19	
ii) Fresh Rupee Loans	11.03	10.77	10.59	10.47	10.45	

*Source: Reserve Bank of India Annual Report 2015/16*

<sup>19</sup> This section sourced from Reserve Bank of India Annual Report 2014/15

The reduction in the policy repo rate by 150 bps by the Reserve Bank during January 15, 2015 to April 05, 2016, the response in terms of median base rate of banks declined by 60 bps as against a higher decline of 92 bps in median term deposit rates, reflecting banks' preference to protect profitability in the wake of deteriorating asset quality and higher requirement of provisioning. The weighted average lending rate (WALR) on fresh rupee loans declined by 100 bps (up to June 2016), significantly more than the decline of 65 bps in WALR on outstanding rupee loans.

The Reserve Bank of India introduced the Marginal Cost of Funds based Lending Rate (MCLR) system for the scheduled commercial banks (excluding RRBs) with effect from April 1, 2016. Under the new system all new rupee loans sanctioned and credit limits renewed will be priced with reference to the MCLR. With the MCLR system, banks determined their benchmark lending rates which are linked to marginal cost of funds which is more sensitive to changes in the policy rate, unlike the earlier base rate system where banks had adopted different methodologies (average/marginal/blended principles) for computing their cost of funds. By introducing the MCLR system, it is expected that transmission to WALR to improve on the assumption that the marginal cost of funds is more sensitive to changes in the policy rate than the average cost of funds.

Going forward, the Reserve Bank of India has set a target for CPI inflation at 5 percent by March 2017 and eventually aims to move towards 4 percent CPI inflation by the end of 2017-18.

In order to strengthen the monetary policy framework, the Union Budget 2016-17 announced the establishment of Monetary Policy Committee (MPC) by amending the RBI Act, 1934, which will be vested with the responsibility of setting the policy rate. With the varied views, specialised experience and independence of opinion, it is expected to bring transparency to the overall decision-making process. And also the revised liquidity management framework is being implemented since April 2016 and is expected to smoothen the supply of durable liquidity over the year and progressively lower the average liquidity deficit in the system to a position closer to neutrality. The Reserve Bank will continuously assess the efficacy of MCLR *vis-à-vis* the earlier base rate system in terms of monetary policy transmission.



### Computation of Minimum Lending Rate (MLR)

The MLR is a single benchmark or minimum reference rate for lending of money across all financial institutions.

The MLR uses three cost parameters that are common across all banks. **A single MLR is computed by averaging the MLR of the individual banks.**

**Minimum Lending Rate = (i) Marginal Cost of Funds + (ii) Negative Carry Charges on CRR + (iii) Operating Costs**

- (i) **Marginal Cost of Funds** for a bank is the marginal cost of mobilizing all funds (such as deposits and borrowings) calculated as under:

For each type of fund = Interest rate x Percent Share to Total Funds

- (ii) **Negative Carry Charges on CRR:** the negative carry on the mandatory CRR which arises due to return on CRR balances being nil, will be calculated as under:

**Required CRR x (marginal cost) / (1 - CRR)**

The marginal cost of funds arrived at (i) above will be used for arriving at negative carry on CRR.

- (iii) **Operating Costs** for each bank is calculated as a function of total funds of the bank, calculated as under:

**(Operating Cost / Total Funds) x 100**

Since the MLR will be reviewed on a semi-annual basis, only the half-yearly operating cost will be accounted while computing the MLR.

#### I. Computation of Final Lending Rate

On the single common MLR, each financial institution will competitively add its expected spread – which is the Average Return on Net Worth (ARNW) – to arrive at the **median final lending rate**.

Financial institutions will compute their product-specific final lending rates by adding the following components on to the MLR: (i) **Credit Risk Premium**; (ii) **Tenor Risk Premium**; and (iii) **Business Strategy**.

- (i) The **credit risk premium** charged to the customer represents the default risk arising from loan sanctioned will be arrived at based on a standard credit appraisal model
- (ii) The **tenor risk premium** will not be borrower specific or loan class specific but will be uniform for all types of loans for a given tenor.

*The financial institutions can choose to apply either fixed or residual maturities for assessing their tenor risk premium depending upon the choice over fixed or flexible interest rate system.*

- (iii) The **business strategy** component will be arrived at by taking into consideration the market competitiveness and the financial institutions' business strategy. The business strategy will be computed based on a transparent policy approved by the Board.

## **II Review of MLR**

The MLR will be reviewed on a semi-annual basis, based on the end of June and December months' balance sheets. The reviewed MLR will be finalized and implemented within two months i.e. by the end of August and February respectively.

## TOURISM<sup>1</sup>

In 1974, coinciding with the coronation of His Majesty the Fourth King Jigme Singye Wangchuck many dignitaries from several countries were invited for the occasion making them the first batch of tourist to visit Bhutan. As a result of political stability, good governance and the country's pristine cultural heritage, the number of tourist arrivals has been increasing gradually year by year. The Government has pledged to achieve 200,000 tourists by the end of 11<sup>th</sup> five year plan.

The tourism sector in Bhutan is considered to have great potential for generating employment opportunities for the private sector with the important benefits of its spill-over impact on domestic hotels, airline, shops, consulting agencies and car hiring agencies. Increase in the tourist arrivals are mainly as a result of diversifying tourism from cultural and nature-based products into bird watching, flora and fauna, trekking, spirituality and wellness as well as opening up the previously protected areas for the visitors. In order to ensure minimal impact on Bhutan's socio-cultural and natural environment, Bhutan's tourism policy has been based on the theme "high value, low impact".

According to the TCB's Bhutan Tourism Monitor 2015, both international and regional tourist were keen to visit Bhutan for its pristine natural environment, Buddhism, unique traditions and culture, peace, Gross National Happiness and friendly people. International visitors were also attracted by the different kind of festivals, while regional visitors were drawn towards the favorable weather and climate.

The daily tariffs of USD 250 during the peak season (March, April, May, September, October and November) and USD 200 during lean season (January, February, June, July, August and December) was revised in 1989 since the daily tariffs were first set up in 1974. The minimum daily package covers a minimum of 3 star accommodation, all meals, a licensed Bhutanese tour guide, all internal transport, camping equipment and it also include all internal taxes and charges while USD 65 is payable as royalty for Royal Government of Bhutan.

<b>Break Down of Daily Tariff (USD)</b>	
<b>PEAK SEASON</b>	
Client pays per day	250.0
Less 10 % commission to overseas agent	25.0
<i>So Bhutan receives</i>	<i>225.0</i>
Less 35% agreed royalty to RGOB	65.0
Less 2% withheld tax	3.2
<i>Received by tour operator</i>	<i>156.8</i>
<b>LEAN SEASON</b>	
Client pays per day	200.0
Less 10% commission to overseas agent	20.0
<i>So Bhutan receives</i>	<i>180.0</i>
Less 35% agreed royalty to RGOB	65.0
Less 2% withheld tax	2.3
<i>Received by tour operator</i>	<i>112.7</i>
Source: Tourism Council of Bhutan.	

<sup>1</sup> Sources: Tourism Council of Bhutan; UN World Tourism Organization; News archives

## Recent Performance

Total visitor arrivals increased to 155,121 in 2015 from 133,480 in 2014 indicating a growth of 16.21 percent over 2014. Of the total visitors 57, 537 were international visitors and 97, 584 were arrivals from the regional markets (India, Bangladesh and Maldives). International tourist earnings for 2015 is reported as USD 71.04 million as compared to USD 73.2 million in 2014, a decrease by 2.95 percent. The decrease in earnings are mainly attributed to the bombing case in Bangkok and earthquake in Nepal, as both the countries serve as most preferred entry point used by the visitors. For the year 2015/16, Nu. 1161.77 million was paid to government as the royalties from tourism as compared to Nu. 1319.3 million in 2014/15, which is a decrease by 11.9 percent. Bhutan-Thailand friendship offer for the month of June, July and August 2014 has brought in significant amount of royalties for the fiscal year 2014/15, even though the daily tariffs was reduced to USD 65 per person. As of 2015/16, such offers were not there and the royalty collections declined.

**Table 1 Selected Tourism Indicators**

	2011	2012	2013	2014	2015
Tourist Arrivals	37,890	44,431	44,661	57,934	57,537
Of which: Cultural	28,893	44,102	32,156	50,020	48,895
Of which: Trekking*	3,467	3,252	3,573	23	3,331
% Change in arrivals	155.6	17.3	0.5	29.7	(0.7)
Gross receipts <sup>1</sup>	47.7	62.8	63.5	73.2	71.0
% Change in receipts	36.2	31.7	1.1	15.4	(3.0)
Contribution to Government revenue <sup>1</sup>	15.5	17.5	16.7	21.8	19.7
% Change in contribution	16.5	13.0	(4.7)	30.3	(9.7)

\* Includes both trekking only and trek-cultural combination. 1) in millions of USD; Government revenue includes royalty and 2% tax. Source: Tourism Council of Bhutan.

China dominated international arrivals in terms of numbers (16.3 percent of total international arrivals in 2015) followed by USA at 12.4 percent, Thailand at 6.6 percent, Germany and United Kingdom at 5.1 percent and Japan by 4.2 percent.

In terms of bed nights, Australian tourist had the largest number of bed nights<sup>1</sup> (9.41nights) followed by British, Germans and French (8 nights). The average length of bed night in 2015 was 6.93 nights compared to 6.4 nights in 2014. In terms of bed night by Dzongkhags, Paro recorded highest number by 32.85 percent, followed by Punakha and Bumthang at 25.1 percent and 15.67 percent respectively. The duration of stay by most of the Asian tourists are quite short, Japanese spent 4.88 nights, Thai spent 4.25 nights, Chinese spent 5.89 nights except for Malaysians who spent 6.21 nights.

<sup>1</sup> Bed nights measure the duration of stay in the country and have important implications for revenue generation.

In terms of total arrivals, the Asia and Pacific regions dominated the market with 48.87 percent from the regional perspective followed by Europe with 30.40 percent and North America by 18.35 percent.

<b>Table 2</b>	<b>Source of International Tourists by Region (% of total)</b>					
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Asia &amp; Asia Pacific</b>	<b>32.0</b>	<b>40.3</b>	<b>49.0</b>	<b>48.4</b>	<b>55.8</b>	<b>48.4</b>
<i>of which: Japan</i>	10.9	10.5	15.9	9.1	4.7	4.2
<i>China</i>	5.5	7.7	8.6	10.8	14.0	16.3
<i>Thailand</i>	3.2	6.0	8.1	7.9	20.9	6.6
<i>Australia</i>	4.8	4.7	4.4	4.6	3.5	3.2
<b>Europe</b>	<b>43.2</b>	<b>37.1</b>	<b>32.4</b>	<b>30.4</b>	<b>26.1</b>	<b>30.4</b>
<i>of which: Germany</i>	8.3	6.1	6.6	6.2	5.1	5.1
<i>United Kingdom</i>	6.5	7.5	5.6	5.2	4.6	5.1
<b>North America</b>	<b>22.6</b>	<b>20.0</b>	<b>16.4</b>	<b>18.6</b>	<b>15.4</b>	<b>18.4</b>
<i>of which: USA</i>	19.1	16.6	13.7	15.7	12.6	12.4
<b>South America &amp; Caribbean Islands</b>	<b>1.3</b>	<b>1.5</b>	<b>1.5</b>	<b>2.0</b>	<b>2.1</b>	<b>1.7</b>
<b>Middle East</b>	<b>0.5</b>	<b>0.9</b>	<b>0.5</b>	<b>0.4</b>	<b>0.5</b>	<b>0.4</b>
<b>Africa</b>	<b>0.4</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.3</b>	<b>0.3</b>
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

North America = USA, Canada & Mexico. Source: Tourism Council of Bhutan.

International tourist arrivals in 2015 increased by 4.6 percent according to the United Nations World Tourism Organization (UNWTO) 2016 edition, with 1186 million arrivals against 1133 million in 2014, an increase of 52 million over the previous year. Strong exchange rate fluctuation, decline in price of oil and other commodities, global concern about safety and security were three major factors that influenced the tourism flows in 2015. Americas and Asia Pacific both recorded close to 6 percent growth in international tourist arrivals, with Europe recording 5 percent and Middle East by 2 percent, while Africa recorded 3 percent decline in international arrivals. By subregion South-East Asia recorded a growth of 8 percent, Oceania, the Caribbean, Central America and Northern America all recorded 7 percent growth followed by North America and South America at 6 percent. The international tourist arrival forecast prepared by UNWTO in January 2016 points out that growth in international tourist arrivals will continue at a rate between 3.5 percent and 4.5 percent in 2016, which is in line with *Tourism Towards 2030* long-term projection of 3.8 percent growth a year for the period of 2010 to 2020. International tourist receipts increased to USD 1260 billion in 2015 from USD 1245 billion in 2014 taking into account exchange rate fluctuation and inflation.

With the theme of “*Accessible Tourism*”, World Tourism Day 2016 was observed on September 27. UNWTO Secretary General Taleb D Rifai said, “*Accessibility for all should be at the center of tourism policies and business strategies not only as a human*

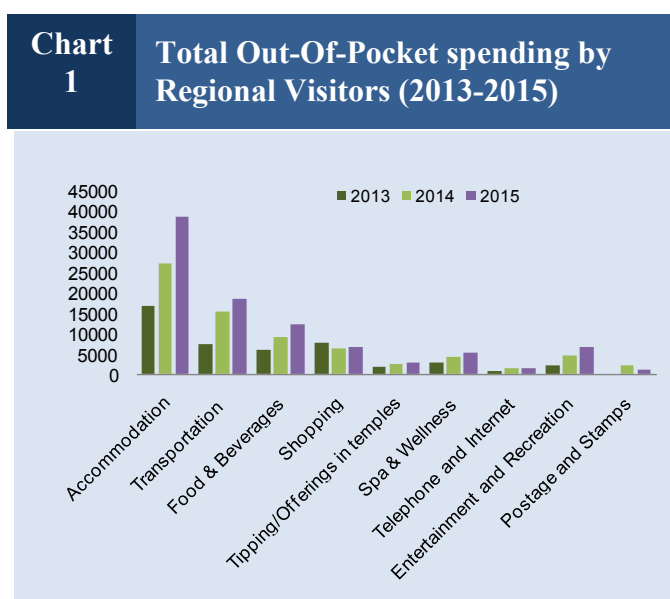
*right, but also as a great market opportunity. With the world's population ageing, all of us will benefit sooner or later from universal accessibility in tourism. As we celebrate World Tourism Day, let us recall that all of the world's citizens have the right to experience the incredible diversity this planet has to offer.*"<sup>1</sup> in his World Tourism Day message.

### Regional Tourists and Spending Patterns

Regional tourist from India, Bangladesh and Maldives has been recorded at 97,584 in 2015 out of the total international arrivals of 155,121 compared to 65,399 in 2014, an increase by 49.2 percent. These regional visitors include visitors for business, visiting friends/families, holiday and other purposes and are exempted from the payment of minimum daily tariff and does not require visa to enter the country.

Of the 97,584 total regional visitors, 89855 were from India (2014: 55,020), 7651 from Bangladesh (2014: 10,235) and 68 from Maldives (2014: 144). Majority of the regional visitors were on holiday, recording 78.2 percent, followed by 16.6 percent for business/official purposes, 3 percent for visiting friends/relatives and 2.1 percent for other purpose.

As per TCB's exit survey for out-of-pocket spending by regional visitors, expenditure increased to ₹ 92,638.9 in 2015 from ₹ 72,183.5 in 2014, an increase of 28.3 percent. Of the total out-of-pocket spending, visitors spent most on accommodation which is 41.7 percent share of the total out-of-pocket spendings. Expenditure on accommodation is followed by expenditure on tour and guides and food and beverages, while lowest spendings were on telephone and internet and postage facilities.



<sup>1</sup> Source: <http://wtd.unwto.org/content/official-messages-world-tourism-day-0>

## Developments, Challenges and Initiatives

In early 90's tour operators in Bhutan enjoyed the monopoly nature in tourism sector. From 1999, license processing for tour operators was liberalized and, this helped dilute the monopoly of the market. After the liberalization, number of tour operators has been increasing gradually as the tourism sector is viewed as one of the potential sectors for generating employment as well as a lucrative business which can be easily started.

One of the key challenges for the tourism sector in Bhutan continues to be that of seasonality (see Chart 2). Tourism in Bhutan is defined by two peak seasons within a calendar year (the second and last quarters), coinciding with religious festivals in the major towns of Thimphu, Paro, Punakha and Bumthang. The TCB has increased the lean season (where lower tariffs apply) from three months to six months to address seasonality problems and for better distribution of tourists.

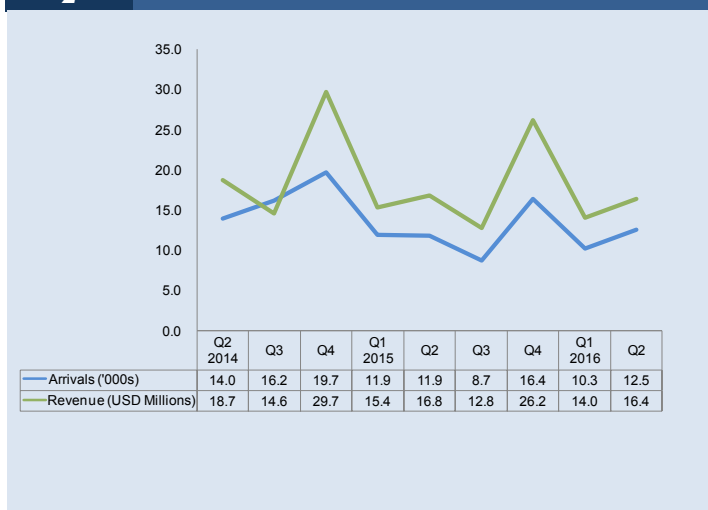
Another issue is the unequal distribution of hotels as most of them are located in western part of the country and the majority of constructions too are in the west. Numerous initiatives are underway to achieve more regional balance and improve accessibility. To diversify products and promote tourism in the east for regional balance and uniform distribution of benefits from tourism, the government has started work on widening the East-West highway.

Additionally, it is expected that domestic air services in Tashigang, Bumthang and Gelephu will help further

enhance accessibility and transportation, while enabling the spread of benefits from tourism to these regions as well. After completion, Gelephu domestic airport is expected to serve as a backup airport to Paro International airport during bad weather and emergency flight diversions. For most of the visitors, air transport was preferred for both entry and exit. Almost 60 percent of the international tourist entered via Bangkok and others via Bagdogra, Bodh Gaya, Dhaka, Gelephu, Guwahati, Samdrup Jongkhar, Singapore etc.

To commemorate 30 years of diplomatic relation between Bhutan and Japan, Bhutan gave special offers to Japanese tourists visiting Bhutan under the “Bhutan-Japan Friendship” offer initiative during the month of June-August 2016. The Japanese nationals visiting Bhutan have to pay only USD 65 daily royalty instead of the mandatory minimum USD 250. In addition, both the airlines offered 50 percent discount on airfares while hotels also offered 50 percent discount and flexibility of choice in other services. The initiative has helped attract Japanese tourists during the leaner months of June, July and August. In addition, the awareness of Kingdom of Bhutan increased among Japanese, after the visit of

**Chart 2** Quarterly Trends: Q2 2014-Q2 2016





His Majesty the King and Her Majesty the Queen to Japan in 2011. This has already led to increase in arrivals and developed positive perceptions on Bhutan.

With the introduction of ecotourism in 2010 and community based tourism across the country, the remote eastern regions like Merak and Sakteng, for instance were also benefited at large. Tourists visit these regions primarily to experience the unique lifestyle of the highlanders. With the help from the Sakteng Wildlife Sanctuary, most households constructed standard toilets attached to their houses to cater improved sanitation facilities. Diversification in products like opening up of previously protected areas, reserves and remote communities are aimed to promote Bhutan not just as a cultural but also as a trekking and environmental destination, focusing on community-based and eco-tourism products. With the “Decentralized Hands –on Exhibition” program at the community level, the tourists can enjoy first hand experiences, for instance like picking tea leaves with the farmers and buying tea from farmers. Every community has its own unique product for sale and exhibition.

In an effort to improve the tourism infrastructures and other areas of key focus, the government has established the **Royal Institute for Tourism and Hospitality**, the first such institute in the country, in Thimphu in 2010 to help build human resource capacity in the hospitality sector at an international standard followed by the establishment of **Bhutan International School of Hospitality and Tourism** in Thimphu. Further, to professionalise the industry by producing well-trained manpower for the hospitality sector, the **Bongde Institute of Hospitality and Tourism** also started operating at Paro from March 23, 2015. Other initiatives include proactive marketing campaigns by the TCB, involving collaboration strategies with international tour operators and active participation in numerous international tourism fairs and road shows. The government has pledged to achieve 200,000 tourist arrivals by the end of the 11<sup>th</sup> FYP and plans to promote tourism through support schemes for business associations like tour operators, hotels, guides and handicraft associations.

Table 3	International Tourist Arrivals by top 10 source markets (% of total)					
	2010	2011	2012	2013	2014	2015
<b>Total Arrivals</b>	<b>14,825</b>	<b>37,890</b>	<b>44,431</b>	<b>44,661</b>	<b>57,934</b>	<b>57,537</b>
<b>China</b>	4.87	77.15	8.59	10.81	14.00	<b>16.34</b>
<b>USA</b>	18.46	16.62	13.73	15.67	12.59	<b>12.40</b>
<b>Thailand</b>	2.81	5.95	8.14	7.90	20.89	<b>6.57</b>
<b>United Kingdom</b>	7.82	7.43	5.61	5.17	4.63	<b>5.14</b>
<b>Singapore</b>	2.56	3.61	3.63	4.59	2.97	<b>4.50</b>
<b>Germany</b>	8.90	6.12	6.52	6.20	5.13	<b>4.34</b>
<b>Japan</b>	8.53	10.55	15.82	9.03	4.67	<b>4.24</b>
<b>Australia</b>	4.91	4.74	4.39	4.62	3.52	<b>3.19</b>
<b>France</b>	5.23	4.21	4.19	3.52	2.82	<b>2.72</b>
<b>Malaysia</b>	1.31	2.11	2.95	4.60	3.57	<b>2.69</b>
<b>Others</b>	34.59	-38.48	26.43	27.89	25.22	<b>37.89</b>

## BHUTAN'S HYDROPOWER SECTOR\*

Our beloved fourth king, said *“Throughout the centuries the Bhutanese have treasured their natural environment and have looked upon it as the source of all life. This traditional reverence for nature has delivered us into the twentieth century with our environment still richly intact. We wish to continue living in harmony with nature and to pass on this heritage to our future generations”*. Under the visionary leaderships of the Fourth Druk Gyalpo and His Majesty the Druk Gyalpo of Bhutan, the Government is committed to ensure that all Bhutanese benefit from hydropower, through the revenue it generates and from the provision of electricity to households, by maintaining the richly environment intact.

As a source of energy that is clean and sustainable, hydropower has far-reaching implications on the overall wellbeing and prosperity of Bhutan, well in line with the country's overarching development philosophy of Gross National Happiness where Bhutan judge its success not by Gross Domestic Product, instead using an index that measures Gross National Happiness. According to the ‘carbon comparator’ tool developed by the **Energy and Climate Intelligence Unit (ECIU)**, Bhutan is now an unparalleled carbon sink, absorbing three times more CO<sub>2</sub> emissions than its 757,042 population produces, mostly through hydropower. Almost three quarters of Bhutan is covered in forests, often watered by snowmelt rivers, and Bhutan has pledged to reforest its land even further. Last summer, Bhutan set a world record for planting 49,672 tree saplings in one hour.

Bhutan's fast flowing rivers have been tapped to build run-of-river hydropower plants that have in turn driven economic growth and greatly boosted progress in meeting many of the country's socio-economic development objectives. The tapping of hydropower in Bhutan has also been a story of successful bilateral cooperation and energy trade between Bhutan and her most steadfast development partner – India.

### 1. Hydropower and the Economy

The hydropower sector started with the commissioning of the first mini hydropower plant in 1967. Then in 1988, the first mega hydropower plant, the 336 MW Chukha Hydropower project was commissioned raising the economic growth to 25.4% in the following year and the share of electricity to GDP rose to 19%. Later in 2006, another milestone in the power sector was achieved – the 1020 MW Tala hydropower project came on line, which again spiked the GDP growth rate to 19.7% in the following year and the share of electricity to GDP increased to 22%.

The Government recently identified Five Jewels for the economy – five focus areas where Bhutan has core competitive strengths: hydropower, agriculture, tourism, small enterprises, and minerals. The focus on hydropower has been broadened to include not just

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\* Sources : BEA, BPC, DGPC, MOEA, MOF, Media news archives, The State of the Tsa-Wa-Sum Address of the Prime Minister (June 2014).

efforts to accelerate construction of new hydropower plants but also to enhance the overall capacity in hydropower development.

The efforts have been made to integrate development of infrastructures within the vicinity of the projects. The best examples can be seen in Kholongchu and Nikachhu projects, where the benefits to the local economy has been ensured by incorporating the provisions of local employment, sourcing material and services from local suppliers and service providers in the main contract document. Such practice are said to be followed in the other upcoming projects as well.

Out of an estimated 24,000 megawatts (MW) of techno-economically feasible hydropower potential, a little over 1,600 MW, close to 7 percent of that potential is being harnessed so far. Hydropower is Bhutan's **largest export**, accounting for 32.4 percent of total exports and 8 percent of GDP in FY 2015/16.

<b>Table 1</b>		<b>Hydropower Exports and Revenue: 2006/07 – 2014/15</b>								
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	
<b>Total Exports (Nu. millions)*</b>	<b>6903.8</b>	<b>10123.1</b>	<b>10434.9</b>	<b>9953.2</b>	<b>10349.8</b>	<b>9798.3</b>	<b>10470.6</b>	<b>10247.9</b>	<b>11260.1</b>	
Chhukha Hydropower Plant	3759.3	3690.5	3638.5	3668.2	3616.2	3385.4	3379.8	3456.8	4015.5	
Dagachhu Hydropower Corp. Limited									196.6	
Kurichhu Hydropower Plant	473.3	352.4	330.5	305.8	300.7	283.7	251.5	284.0	215.3	
Tala Hydropower Plant	2671.1	6080.2	6465.9	5979.2	6432.8	6129.2	6839.3	6507.1	6832.7	
Annual Growth in Exports (%)	96.7	46.6	3.1	(4.6)	4.0	(5.3)	6.9	(2.1)	9.9	
Exports in % of GDP	17.0	20.5	19.1	16.3	14.3	11.5	10.7	9.7	9.4	
GDP (Nu. millions, Calendar year)	40673.5	49456.6	54744.3	61220.6	72496.6	84950.0	97453.0	105378.4	119545.8	
<b>Total Domestic Sales (Nu. millions)</b>	<b>867.3</b>	<b>806.5</b>	<b>873.3</b>	<b>981.2</b>	<b>780.1</b>	<b>770.9</b>	<b>812.5</b>	<b>1849.4</b>	<b>1990.8</b>	
Basochhu Hydropower Plant	372.9	387.6	381.9	380.3	393.2	374.5	376.9	403.8	418.4	
Chhukha Hydropower Plant	70.4	64.1	73.5	91.1	49.4	51.2	85.1	241.6	261.9	
Kurichhu Hydropower Plant	61.7	165.3	172.3	188.4	180.3	193.2	189.1	319.2	401.2	
Tala Hydropower Plant	362.3	189.5	245.6	321.4	157.2	152.0	161.5	884.8	909.4	
<b>Contribution to National Revenue (Nu. millions)</b>	<b>2641.0</b>	<b>2725.0</b>	<b>3795.5</b>	<b>3790.0</b>	<b>3817.9</b>	<b>3612.5</b>	<b>3705.2</b>	<b>4721.4</b>	<b>4787.1</b>	
Druk Green Power Corporation **	2641.0	2616.1	3532.9	3545.0	3471.8	3143.1	3279.7	4281.4	4275.1	
Bhutan Power Corporation	0.0	108.9	262.6	245.1	346.1	313.3	296.3	336.0	498.4	
Royalty	0.0	0.0	0.0	0.0	0.0	156.2	129.2	104.0	13.6	
% of National Revenue	26.0	21.9	26.8	24.1	21.5	17.5	17.3	20.0	19.1	
National Revenue (Nu. millions)	10147.5	12428.2	14158.5	15749.1	17729.1	20652.1	21448.5	23659.9	25026.84	

\* Net of imports. \*\* Includes dividends, transfer of profits etc from Department of Energy & Hydropower Projects before 2009/10. Source: Hydropower plants & DRC.

Export earnings of Chhukha, Kurichhu and Tala decreased significantly in 2015/16 while Dagachhu recorded an increased with Nu.952.8 million, resulting in a negative total annual export growth of 6 percent. Domestic sales increased slightly by 0.7 percent to Nu.2003.9 million.

Hydropower is exported to India at Nu.2.25 per unit from Chhukha (the export tariff for Chhukha was increased in February 2014 with retrospective effect from January 2013. The last revision was from Nu.1.5 to Nu.2 per unit with effect from January 1, 2005). The export tariff for Kurichhu and Tala are currently set at Nu.1.80 per unit (tariff for Kurichhu was increased from Nu.1.75 per unit from January 1, 2008 and is now pegged to the Tala export tariff). The export tariff for Dagachhu has been set at Nu.2.9 per unit. The DGPC sells power for domestic consumption to the Bhutan Power Corporation Limited (BPC) – 15 percent of the total annual generation, known as royalty energy, is provided to the BPC for onward distribution at subsidized rates to low and medium voltage consumers. Domestic sale beyond the 15 percent royalty energy is sold at Nu.1.20 per unit.

The BPC's power tariff for domestic consumers has been structured as follows:

	Tariff / Charge (Nu/kWh)		
	1 Oct 2013 – 30 Jun 2014	1 Jul 2014 – 30 Jun 2015	1 Jul 2015 – 30 Jun 2016
<b>Low Voltage</b>			
LV Block I (rural domestic) (0-100 kWh)			
LV Block I (others) (0-100 kWh)	0.98	1.12	1.28
LV Block II (all) (>100-300 kWh)	1.86	2.13	2.45
LV Block III (all) (>300 kWh)	2.46	2.82	3.23
LV Bulk	2.56	3.07	3.68
<b>Medium Voltage</b>			
Energy Charge	1.98	2.19	2.43
Demand Charge (Nu/kWh/month)	155	195	235
<b>High Voltage</b>			
Energy Charge	1.67	1.81	1.96
Demand Charge (Nu/kWh/month)	130	155	180
Wheeling	130	155	180

Source: Bhutan Power Corporation Ltd; website = <http://www.bpc.bt/utilities/electricity-tariffs/>  
Note: 1 unit = 1kWh; 1 million units (MU) = 1GWh.

## 2. Institutional Set-up and Overview of Current Hydropower Plants

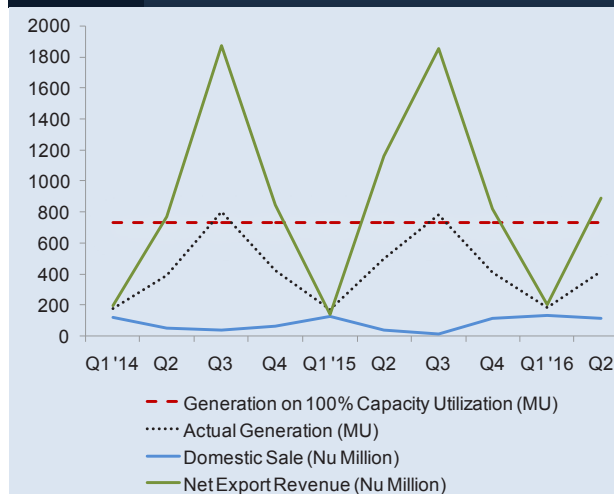
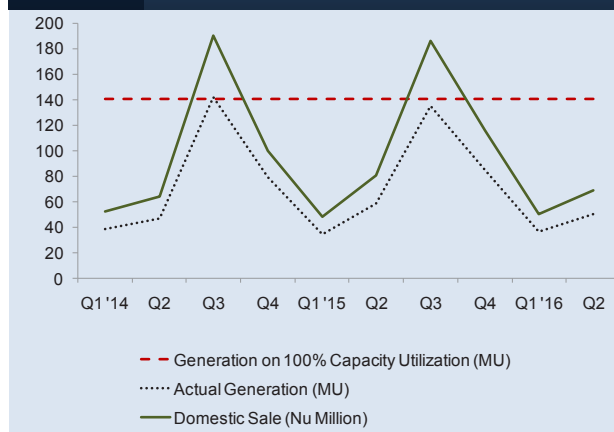
Bhutan's hydropower sector comprises of the following institutional stakeholders:

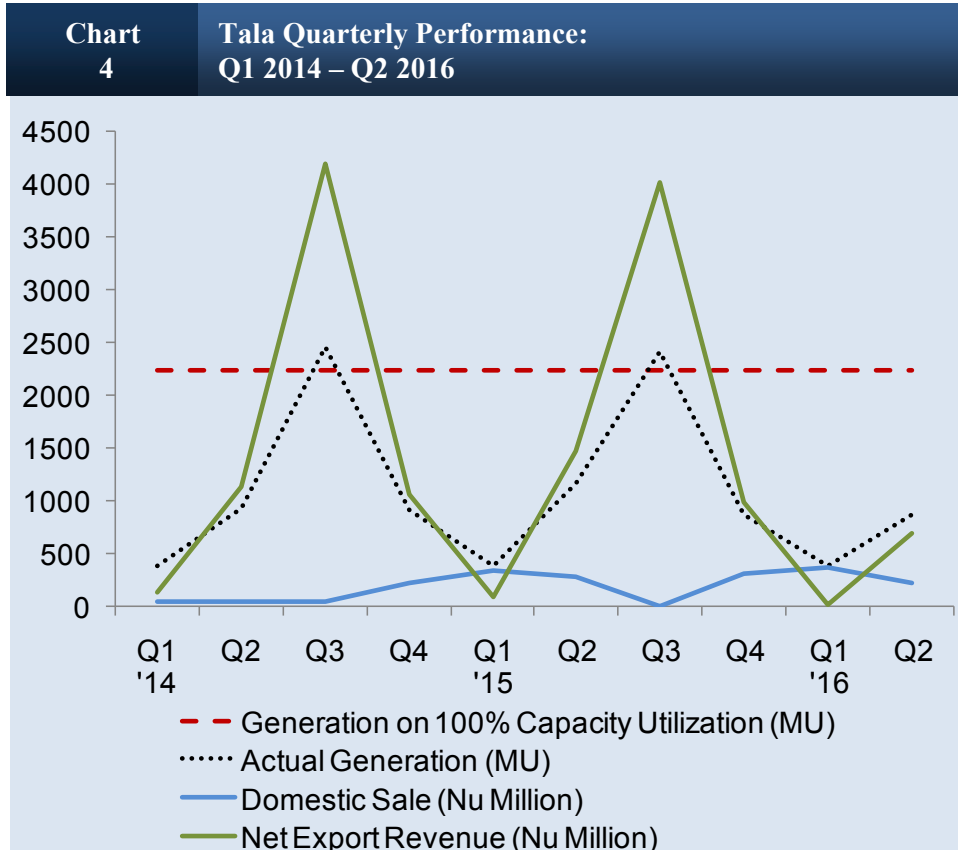
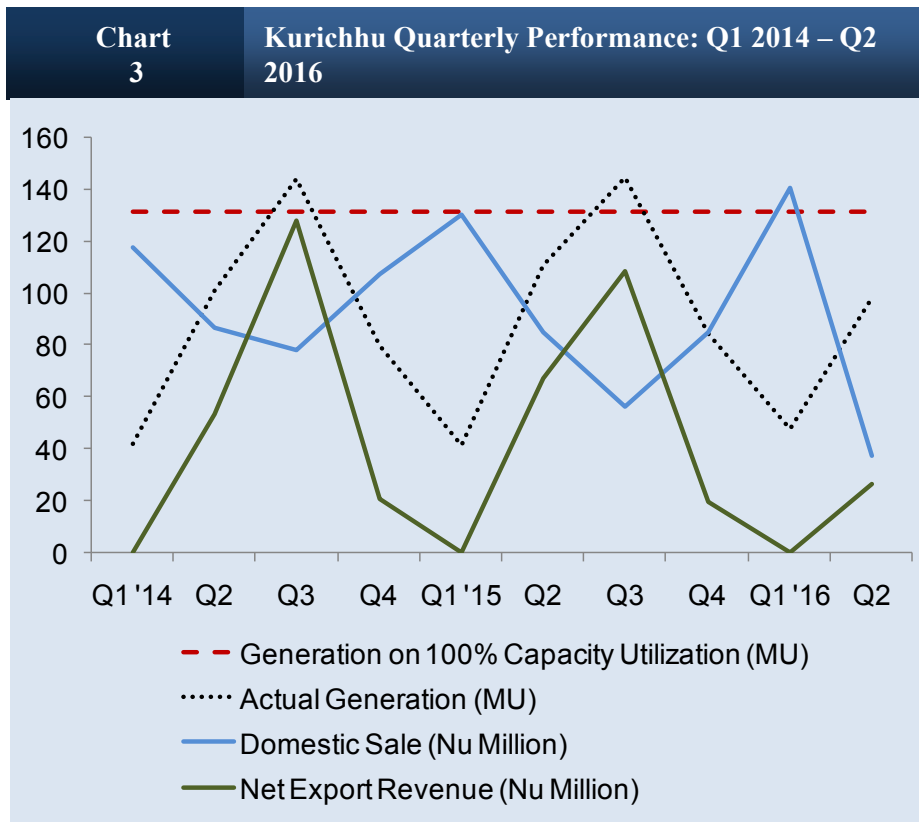
- **Department of Hydropower and Power Systems and Department of Renewable Energy** (both under the Ministry of Economic Affairs) - The government's policy and planning body for the entire energy sector.
- **Bhutan Electricity Authority** (fully autonomous since January 2010) - A regulatory body to regulate the electricity supply industry. The BEA also regulates the domestic pricing of electricity (excepting any long-term agreements that the Bhutan Power Corporation Limited may have signed with domestic companies in order to encourage the growth of the domestic industry).
- **Bhutan Power Corporation Limited** - A public utility company mandated with the domestic provision of adequate, reliable and affordable electricity. The BPC is 100 percent owned by Druk Holding and Investments.
- **Druk Green Power Corporation Limited** - A wholly-owned corporate entity of the government placed under Druk Holding and Investments, responsible for the promotion, development and management of Bhutan's hydropower resources. The DGPC was incorporated on January 1, 2008, through the amalgamation of the erstwhile Chhukha, Kurichhu, and Basochhu hydropower corporations, while it took over Tala in April 2009.

**Table 2 Summary of Operations: Major Hydropower Plants**

	Basochhu (Upper)	Basochhu (Lower)	Chhukha	Kurichhu	Tala	Dagachhu **
<b>Installed Capacity</b>	24MW	40MW	336 MW	60 MW	1020 MW	126MW
<b>Export Tariff per unit</b>	-	-	Nu.2.25*	Nu.1.8	Nu.1.8	Nu. 2.95
<b>External Financing</b>	Govt. of Austria 37.74% Grant 48.96% Loan	Govt. of Austria 2.80% TA Grant 90.7% Soft Loan 2.79 % interest	Govt. of India 60% Grant 40% Loan	Govt. of India 60% Grant 40% Loan 10.75% interest	Govt. of India 60% Grant 40% Loan 9% interest	ADB; Govt. of Austria; NPPF
<b>External Loan Outstanding as of September 2016</b>	Nu.389.400 Mn*	Nu. 934.361 Mn*	Debt fully paid back by Dec. 2007	Debt fully paid back by Dec. 2015	INR 3356.477 Mn	USD 84.468 Million & Euro 33.378 million (excl. NPPF loan)
<b>Construction Schedule</b>	Nov. 1997- Oct. 2001	Mar. 2002 - Sep. 2004	1974 - 1988	Sep. 1995 - May 2002	Oct. 1997 - Mar. 2007	Oct 2009 - Feb 2015
<b>Project Cost</b>	Euro 30.23 Mn + Nu.192.84 Mn (RGOB) (Total Nu.1.44 Bn)	Euro 31.95 Mn + Nu.33.97 Mn (RGOB) (Total Nu.1.84 Bn)	Nu.2.5 Bn	Nu.5.6 Bn (GOI) + Nu.40 Mn additional contribution from RGOB	Nu.42.35 Bn	Nu.13,215.52 million
<b>Initial Outlay &amp; Estimated Cost</b>	Euro 25.44 Mn	Nu.1.42 Bn		Nu.2.50 Mn	Nu.14.08 Bn (1993 prices)	Nu. 8.16 Bn

\*\* Owned by DGPC (59%), Tata Power Company Ltd, India (26%) & NPPF (15%) \* Export tariff for Chhukha was revised from Nu.2 to Nu.2.25 per unit in Feb. 2014 with retrospective effect from 1 Jan 2013.

**Chart 1 Chhukha Quarterly Performance: Q1 2014 – Q2 2016****Chart 2 Basochhu Quarterly Performance: Q1 2014 – Q2 2016**



### 3. News and Milestones in the Hydropower Sector during the past five years

- **December 20-21, 2012:** The **agreement** for the development of the four hydropower projects (Bunakha, Kholongchhu, Wangchhu storage and Chamkharchhu I) under **joint venture** mode were finalized and signed during the 10<sup>th</sup> empowered joint group meeting between relevant Bhutanese and Indian officials in New Delhi, India.
- **March 2014:** The RGOB and GOI signed the **protocol** to the 2006 agreement in the field of hydropower generation.
- **April 22, 2014:** The RGOB and GOI signed an **inter-governmental agreement** on the construction of four new hydropower projects in the country on joint venture basis: **Kholongchhu** (600 MW), **Wangchhu** (570 MW), **Chamkharchhu** (770 MW), and **Bunakhachhu** (180 MW).
- **April 25, 2014:** The **Tangsibji Hydro Energy Limited** (THyE), a 100 percent subsidiary company of DGPC was incorporated as a special purpose vehicle for the implementation of the 118 MW **Nikachhu** Hydropower Project. The Cabinet approved the DPR and implementation of the project on March 04, 2014.
- **June 1, 2014:** The second extension of the **MOU** between Druk Green Power Corporation Limited and **Electricity Generating Authority of Thailand** (EGAT) was signed at Paro on June 1, 2014 to develop a mutually beneficial relationship through **exchange of technology** on operation and maintenance of the hydropower plants by cooperative efforts between the two organizations. The **original MoU** was signed on **February 5, 2009** and later, the first extension of the MoU was signed on February 4, 2011.
- **June 16, 2014:** The Prime Minister of India, Mr. Narendra Modi laid the foundation stone for the 600 MW **Kholongchhu** Hydropower Project during his first state visit to Bhutan after assuming Prime Ministership. The Kholongchhu Hydropower Project was **incorporated** on **June 12, 2015** under the Companies Act of the Kingdom of Bhutan, 2000.
- **October 22, 2014:** The **Bhutan Hydropower Services Limited** (BHSL) commenced commercial operations. BHSL was incorporated on October 23, 2012 after a joint venture agreement was signed between DGPC and Alstom on June 6, 2012 to set up a state-of-art hydropower service center) in Sarpang.
- **February 21, 2015:** The **first 63 MW unit** of the **Dagachhu** Hydroelectric Project was commissioned coinciding with the 35<sup>th</sup> Birth Anniversary of His Majesty the King. A total generation of 14.3 MW was recorded.



- **April 14, 2016:** The Jigme Wangchuck Power Training Institute (JWPTI) was inaugurated. The institute was set up to meet the human resource requirements of the hydropower sector.
- **June 15, 2016 :** Works on the Detailed Project Report (DPR) for Druk Bindu Hydroelectric Power Project (DBHPP) in Tendu, Samtse kick-started.

#### 4. Hydropower Strategy and Projects in the Pipeline

Hydropower projects developed in partnership with India are being done so through two modes of investment – an **inter-governmental (IG)** undertaking with the government of India and through **joint venture** undertakings with Indian public sector companies. Additionally, the Druk Green Power Corporation (DGPC) will also make its own additional investments in medium-sized projects.

A draft memorandum of understanding on the trilateral collaboration among Bhutan, Bangladesh and India is being shared and soon Bangladesh will be able to invest in the Bhutanese power sector, the 1,125MW Dorjilung hydropower project to re-import the electricity via India soon.

##### 4.1 Inter-governmental Undertakings

Except for the composition of grants and loans, the IG model follows the model implemented so far in the construction of the Kurichhu and Tala plants wherein the two governments establish an authority that gets 100 percent financing from India to undertake the construction of projects. After completion, the projects will be handed over to the DGPC.

Six projects have been identified under the IG model: Punatsangchhu I (1200 MW), Punatsangchhu II (1020 MW), Mangdechhu (720 MW), Sankosh storage (2560 MW), Amochhu storage (540 MW), and Kuri-Gongri reservoir (2640 MW). Out of the six, construction has commenced on the Punatsangchhu I, Punatsangchhu II, and Mangdechhu projects.

##### 4.2 Joint Venture Undertakings

On April 22, 2014, the RGOB and GOI signed an inter-governmental agreement on the construction of four new hydropower projects in the country on joint venture basis. Under the joint venture mode, Indian public sector undertakings will partner with the DGPC to develop hydro projects. Four projects have been identified under this mode: **Bunakha** storage (180 MW), **Kholongchhu** (600 MW), **Wangchhu** storage (570 MW) and **Chamkharchhu I** (770 MW). The NHPC Limited India, Satluj Jal Vidyut Nigam limited, Tehri Hydro Development Corporation Limited and the National Thermal Power Corporation have been identified as the joint venture partners of DGPC. Of the four projects, the foundation stone for Kholongchhu was laid by India's Prime Minister, Mr. Narendra Modi on June 16, 2014.

**Ownership** of the JV companies will be on a **50:50** basis between the DGPC and the respective Indian partners. The projects will pay royalty of 12 percent for 12 years, and 18

percent thereafter, including a concession period of 30 years. During the construction period, the management team of the projects will have one government nominee each of the two governments. The projects will be established under **70:30 debt-equity ratio**. Of the 30 percent equity, the Indian government would contribute the 15 percent, while the DGPC would contribute the remaining 15 percent. However, the DGPC's 15 percent equity would be in the form of a grant from India.

### 4.3 DGPC Investments under its Sustainable Hydropower Policy

Apart from developing hydropower projects through financial assistance from India under the IG and JV modes, the DGPC also promotes self-undertaken projects in medium-sized plants to build human resource capacity in the hydropower sector. Under this strategy the DGPC will partner with domestic and external investors to raise financing for and to manage the projects. Several projects have already been identified, including **Dagachhu** (126 MW), **Nikachhu** (208 MW), **Gamri** (100 MW), **Nyera Amari I & II** (473MW) and **Tsibjalumchhu Diversion Scheme** (93GWH).

The first 63 MW unit of the Dagachhu Hydroelectric Project was commissioned on February 21, 2015. Upon approval by the Government on March 4, 2014 for construction of the Nikachhu hydropower project, a special purpose vehicle – the Tangsibji Hydro Energy Limited was formed on April 25, 2014 to undertake its construction and final operations.

Project	Capacity (MW)	DPR Schedule	Construction Schedule	Development Model
1 Punatsangchhu-I	1200	Completed	2008-2019	IG
2 Punatsangchhu-II	1020	Completed	2010-2018	IG
3 Mangdechhu	720	Completed	2010-2018	IG
4 Sankosh Storage	2560	Jul 2008 - Sept 2010	Awaiting	IG
5 Kuri-Gongri Reservoir	2640	Apr 2014 -Apr 2016	DPR on hold	IG
6 Amochhu Storage	540	Completed	In abeyance	IG
7 Wangchhu	570	Completed	Awaiting	JV with Indian PSU
8 Bunakha Storage	180	Completed	Awaiting	JV with Indian PSU
9 Kholongchu	600	Completed	2015-2022	JV with Indian PSU
10 Chamkharchhu-I	770	Completed	Awaiting	JV with Indian PSU
11 Dagachhu	126	Completed	2009-2015	PPP (DGPC, NPPF & TPCL)
12 Nikachhu	118	Completed	2015-2019	PPP
13 Kuri-I(Dorjilung-formerly Rotpashong)	1230	Apr 2013-Dec 2015	DPR on Hold	PPP
14 Nyera Amari-I & II(Integrated)	442	Jul 2015-Jul 2017	DPR on Hold	PPP

Source: DGPC

#### 4.4 Hydropower and Employment

The Construction Development Corporation Ltd (CDCL) recently recruited 27 Bhutanese with experience in hydropower project works in its first hydropower related activity, including a geologist, engineers, surveyors, operators and technicians. The CDCL will be the first Bhutanese construction company to embark on hydropower project construction works and will recruit the labour force as and when the tunnelling contract works are signed with any of the upcoming hydropower projects.

Considering the enormous demand for human resources from the hydropower sector the Jigme Wangchuck Power Training Institute (JWPTI) was established in Dekling, Sarpang, and was consecrated in April 14, 2016. Besides the hydropower sector, trainees from JWPTI will also be able to find jobs in other energy sectors such as wind, solar and biogas. The Institute is offering vocational trainings in masonry, plumbing, mechanical and carpentry etc. Currently, there are 240 trainees undergoing vocational training in masonry, plumbing, mechanical and carpentry. The institute also offers customized courses for various organizations.

To provide repair and maintenance services to all hydropower plants in the country, the Bhutan Hydropower Services Ltd was also established in the same area.

Till now, the preparation of pre-feasibility reports (PFRs) and detailed project reports (DPRs), an integral part of hydropower development process, is being carried out by non-Bhutanese but now to give preferences to Bhutanese and local consulting firms, the ministry of economic affairs has recently offered the PFRs and DPRs works to DGPC, who in turn recruits its own people and Bhutanese expertise.

As per the Druk Green Power Corporation and Bhutan Power Corporation, at least 6,500 people are expected to be required by the hydropower sector between 2015 and 2020.

Table 4

## Summary of Operations: Major Hydropower Plants under Construction

	PUNATSANGCHHU-I	PUNATSANGCHHU-II	MANGDECHHU	DAGACHHU
Date Contract Signed	July 28, 2007	April 30, 2010	April 30, 2010	July 20, 2009
Financier	Govt. of India	Govt. of India	Govt. of India	ADB & RZB Loan & DGPC, TPCL, & NPPF
Commencement of Construction	November 11, 2008 (Pre-construction activities: November 1, 2007)	December 17, 2010	March 2012 (major packages); pre-construction works started in 2010/11	October 1, 2009
Date of Completion	Extended to July 2019 due to movement/distress in the right bank hill slope at dam site.	August 2018	January- March 2018	20th Feb-2015
Energy Capacity upon Completion	1200 MW	1020 MW	720 MW	126 MW
Terms of Finance	40% Grant 60% Loan (10 % interest)	30% Grant 70% Loan (10% interest)	30% Grant 70% Loan (10% interest)	40% Equity 60% Loan
Initial Budget Outlay and Estimated Cost	Nu. 31,074.90 million for Generation Works. Nu. 4,073.20 million for Transmission works upto Bhutan- India border (Dec 2006 price level)	Nu. 37,778.01 million	Nu. 28,963.000 million (Base cost without IDC) at March, 2008 price level.	Nu. 8,160 million
Cost of Construction	Nu.84,996.04 million for Generation works, Nu.8,759.61 million for Transmission works upto Bhutan-India border (Dec. 2013 price level)	Nu. 72,906.200 million (revised cost estimates at March 2015 price level approved on July 13, 2016)	1st Revised Cost: Nu. 40,206.30 million at March 2014 price level (without IDC). 2nd Revision at March 2016 price level under process	Nu.12,516.98 million(Projection)
Equity Disbursed till date	n.a.	n.a.	n.a.	Nu. 4,132.00 million
Grant Disbursed Till Date	Nu.25,494.313 million	Nu.13,555.044 million	Nu. 8,036.267 million	Nil
Loan Disbursed Till Date	Nu. 42,543.687 million	Nu. 31,628.436 million	Nu. 28,289.333 million	Nu. 7,974.757 million
Total Funds Utilised Till Date	Nu. 65,830.656 million	Nu. 41,144.043 million	Nu. 29,321.432 million	Nu. 12,456.658 million

Source: Respective Hydropower Project Authorities; latest updates as of 2016.

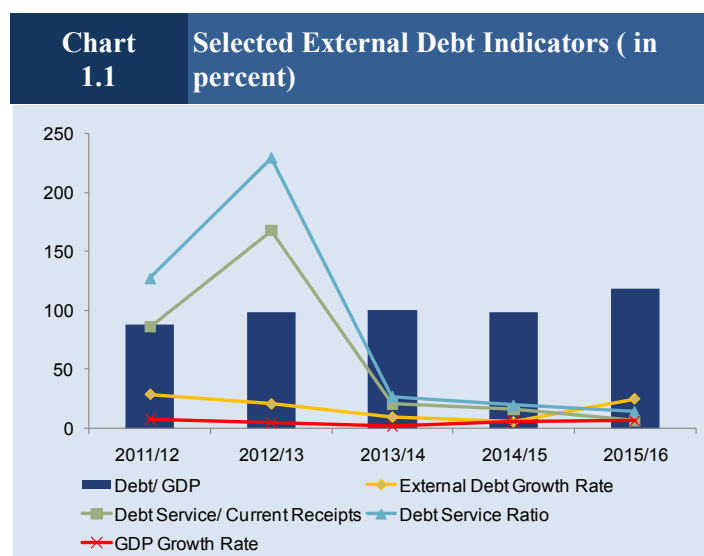
## BHUTAN'S EXTERNAL DEBT: A Status Report, FY 2015/16

### 1. EXTERNAL DEBT

#### Total External Debt

Bhutan's outstanding external debt stock recorded an increase of 24.9 percent to USD 2.3 billion between June 2015 and June 2016. With a 42.1 percent growth in Rupee debt, 73.7 percent of the total outstanding debt is denominated in Indian Rupee debt and the remaining 26.3 percent in convertible currency debt.

The present stock of external debt comprises of USD 609 million of convertible currency debt and ₹ 115.4 billion of Indian Rupee debt. Of the total convertible currency loans, only 2.8 percent (USD 17 million) constituted long term private commercial borrowings by the Bhutanese private sector. Disbursements towards the Punatsangchhu I and II and the Mangdechhu hydropower projects continued to boost Rupee loan inflows. A total amount of ₹ 6.7 billion was also availed under the RBI SWAP arrangement during the last quarter of the FY 2015/16. The total cumulative amount disbursed as of FY 2015/16 amounted to ₹ 42.5 billion, ₹ 27.5 billion and ₹ 28.3 billion, respectively for the three projects.



Additional statistical tables featuring Bhutan's external debt are presented in the Statistical Section.

#### External Debt Indicators 2015/16

This status report covers the external loans of the public and private sector.

Total Debt (USD millions): 2315.6

Debt /GDP ratio: 118.6

Debt service ratio: 14.5

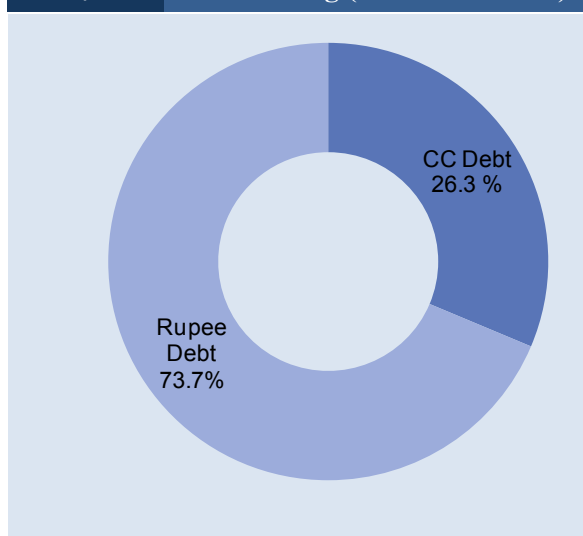
- ❖ Long term external debt (with an original maturity of more than one year),
- ❖ Short term external debt (with an original maturity of less than one year).

Except for the loans availed through the overdraft facility with Indian commercial banks and through the swap facility with the Reserve Bank of India, all external loans of Bhutan are long term.

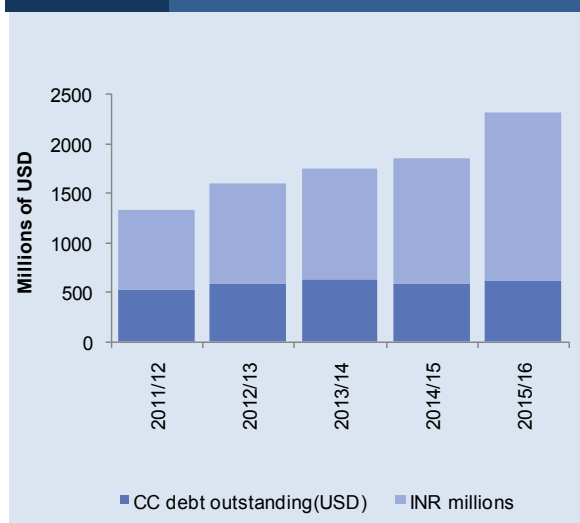
The debts outstanding as of June 2016 are all long term loans of the public and private sector of Bhutan. External loans of the private sector account for less than 1 percent of the country's total outstanding external debt.

Data on public and publicly guaranteed external loans are sourced from the Department of Public Accounts, Ministry of Finance. The Department also furnishes information on budgetary external grants. External loans of the private sector are captured through the RMA's BOP Enterprise Surveys.

**Chart 1.2** Composition of External Debt Outstanding (End FY 2015/16)



**Chart 1.3** External Debt Outstanding

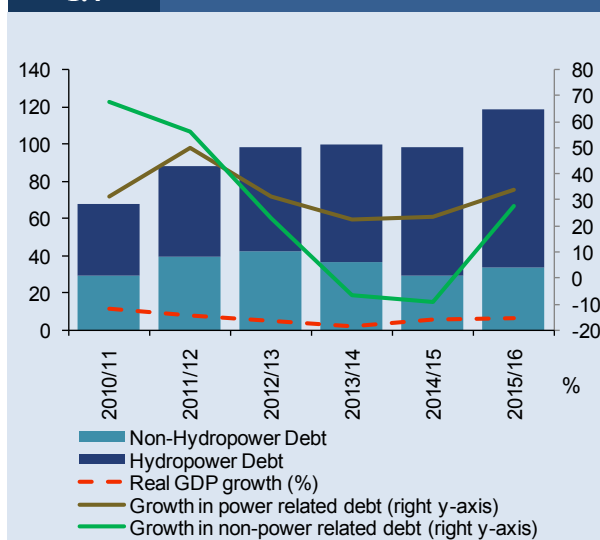


The total rupee debt servicing for the year 2015/16 amounted to ₹ 4.1 billion, out of which ₹ 0.3 billion was on account of the GOI line of credit. Debt servicing for convertible currency debt during the year amounted to USD 29.8 million

Overall debt servicing on both convertible currency and Indian Rupee debt for 2015/16 was USD 92.1 million as compared to USD 139.1 million in 2014/15 bringing the external debt service ratio, to 14.5 percent in 2015/16 as compared to 19.8 percent in 2014/15.

As of June 2016, Bhutan's total debt outstanding stood at 118.6 percent of GDP. The major disbursements in the year continued to be towards hydropower ( ₹ 11.1 billion for Puna-I, ₹ 6.5 billion for Puna-II and ₹ 12.4 billion for Mangdechhu). A total amount of ₹ 6.7 billion was also availed under the RBI SWAP arrangement during the year.

**Chart 1.4** Debt Outstanding as % of GDP



**Table 1.2 Selected External Debt Indicators**

Year	In Percent						
	Debt Service/ Current Receipts	Interest/ Current Receipts	Debt/ Current Receipts	Debt/ GDP	Convertible Currency Debt/ Total Debt	Rupee Debt/ Total Debt	Debt Service Ratio
2000-01	10.3	3.5	430.0	60.9	50.2	49.8	4.7
2001-02	11.6	3.5	910.8	108.7	67.9	32.1	4.9
2002-03	19.8	7.1	1245.9	86.0	51.0	49.0	7.3
2003-04	9.2	4.0	646.5	96.9	48.5	51.5	7.2
2004-05	16.8	8.1	665.6	96.1	44.8	55.2	12.2
2005-06	8.6	4.5	336.3	96.7	47.3	52.7	7.9
2006-07	3.0	1.6	108.0	63.7	42.6	57.4	3.7
2007-08	15.0	5.5	115.6	55.7	30.1	68.8	18.3
2008-09	24.3	5.2	89.8	56.3	35.5	69.5	30.9
2009-10	23.4	6.0	93.2	55.3	30.7	67.3	30.7
2010-11	38.8	4.7	109.1	67.8	32.6	69.3	51.7
2011/12	85.9	5.2	140.4	88.4	39.3	60.7	127.1
2012/13	167.7	7.6	191.3	98.4	36.1	63.9	229.2
2013/14	20.7	5.2	199.1	100.3	35.8	64.2	27.1
2014/15	15.9	4.8	218.3	98.9	31.3	68.7	19.8
2015/16	6.4	4.0	270.8	118.6	26.3	73.7	14.5

1. Figures for debt service and interest payments are calculated on a cash basis.

2. Current receipts exclude official transfers (grants) and receipts of INGOs.

3. Debt-GDP figures are calculated using calendar year GDP figure (example, CY 2010 GDP figure used to calculate ratios for FY 2010/11. Nu. values of debt are used.

4. Debt Service Ratio is equal to total debt service payments in percent of the total exports of goods and services.

5. Differences in data in this table compared to past published time series data are due to revisions in the balance of payments and GDP data.



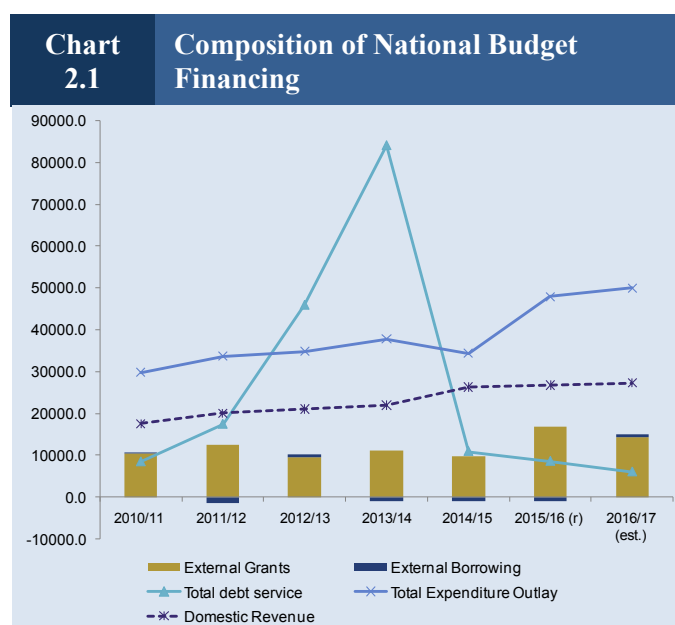
## 2. EXTERNAL DEBT AND THE BUDGET

The Royal Government has followed a cautious fiscal approach to development, a cornerstone of which has been the policy to meet current expenditures through domestic revenue collections. On the other hand, a major part of the resource gap to finance capital expenditure has been sought through grants and external borrowings on concessionary terms.

	2015/16 (revised)	2016/17 (estimates)
<b>Financing the Budget Deficit</b>		
<b>Fiscal Deficit (-) / Surplus (+)</b>	<b>-4219.3</b>	<b>-8375.7</b>
<b>a) Net External Borrowing</b>	<b>-801.5</b>	<b>744.2</b>
i. Borrowings	2239.1	3567.3
ii. Repayments	3040.6	2823.1
<b>b) Resource Gap</b>	<b>-5020.8</b>	<b>-7631.5</b>

*Source: Department of National Budget.*

The revised budget outlay for FY 2015/16 was marked up to Nu.48 billion. Of this amount, current expenditures accounted for 49.9 percent and capital expenditures, the residual 50.1 percent (Nu. 25.8 billion). Revised estimates for domestic revenue mobilization for 2015/16 was placed at Nu.26.3 billion, sufficient to meet current expenditures totaling Nu. 23.9 billion. Furthermore, as in the past, grant aid and concessional loans from India and other bilateral and multilateral sources supplemented domestic revenues to finance the government's capital expenditure.



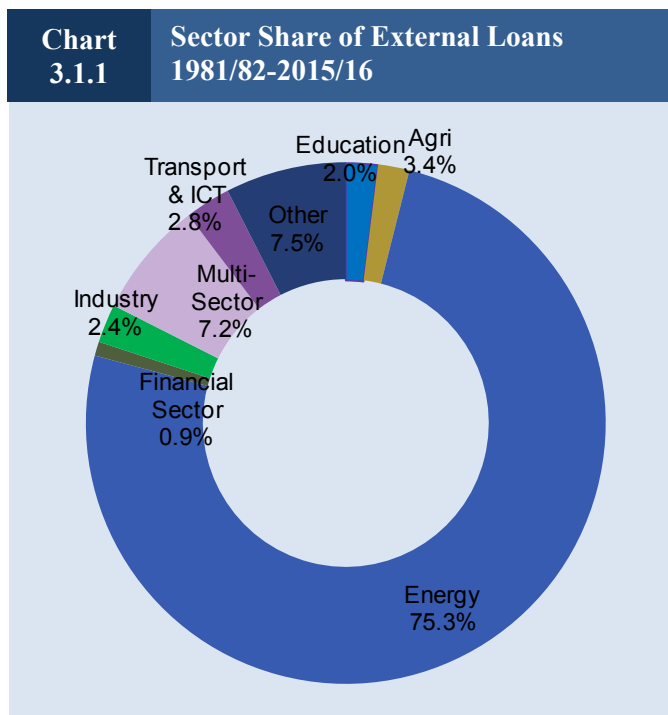
According to budget estimates for FY 2015/16, the total debt service is estimated at Nu. 6.6 billion, of which more than 95 percent are on account of external debt service.

### 3. CLASSIFICATION OF EXTERNAL DEBT

#### 3.1. Sectoral Disbursements

Bhutan's first concessional loan can be traced to 1981/82 with the first SDR loan disbursement from IFAD for the development of the Small Farms Project. Debt service payments are still being made on this loan. Since then, an equivalent of USD 900.4 million convertible currency and ₹ 279.6 billion Indian Rupee loans have been disbursed to Bhutan by various foreign governments, international multilateral, bilateral, and private financing agencies.

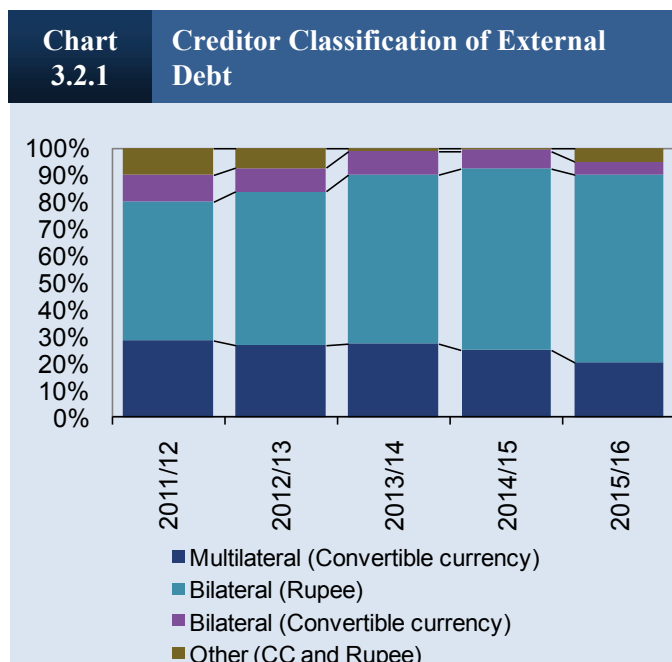
In terms of the cumulative sector-wise allocation, as of June 2016, 40.8 percent of the total external loans were disbursed to the energy sector, equivalent to USD 2.1 billion. Disbursement towards the multi sector category accounted for 5.3 percent of the total disbursement and 1.3 percent each was disbursed towards agriculture and forestry, transport and ICT, and industry during the year



#### 3.2. Creditor Classification

For the year ending June 2016, the GOI was Bhutan's largest creditor with 69.4 percent of overall external debt at Nu. 108.7 billion. GOI is followed by the ADB with USD 253.1 million, the World Bank with USD 185 million and the Government of Austria with USD 72.7 million (Table 3.2.1).

Convertible currency multilateral debt outstanding has increased over the years to USD 474.2 million or 20.5 percent of overall external debt as of the year 2015/16. A creditor-wise classification of Bhutan's external debt is presented in Table 3.2.1 and 3.2.2.



<b>Table 3.2.1</b>		<b>External Debt Outstanding by Individual Creditor Category</b>						
							End of period	
Creditor Category	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	
<b>A. Convertible Currency Debt</b> (USD millions)	<b>380.5</b>	<b>338.0</b>	<b>524.7</b>	<b>579.3</b>	<b>629.5</b>	<b>581.2</b>	<b>609.0</b>	
<b>I. Multilateral</b>	<b>285.4</b>	<b>203.0</b>	<b>383.8</b>	<b>431.1</b>	<b>479.9</b>	<b>460.7</b>	<b>474.2</b>	
Asian Development Bank	149.7	203.0	214.4	222.9	259.8	259.2	253.1	
IFAD	27.8	0.0	33.7	35.9	37.9	36.1	36.1	
World Bank (IDA)	107.7	0.0	135.6	172.2	182.3	165.4	185.0	
<b>II. Bilateral</b>	<b>87.2</b>	<b>135.0</b>	<b>132.2</b>	<b>141.9</b>	<b>145.7</b>	<b>119.8</b>	<b>117.8</b>	
Government of Austria	57.9	91.3	85.0	94.6	98.2	81.0	72.7	
Government of Denmark	10.3	10.3	7.4	6.0	4.4	2.2	0.7	
JBIC/JICA	18.9	33.3	39.9	41.4	43.0	36.7	44.3	
<b>III. Other</b>	<b>7.9</b>	<b>0.0</b>	<b>8.7</b>	<b>6.3</b>	<b>3.9</b>	<b>0.7</b>	<b>17.0</b>	
<b>B. Rupee Debt</b> (INR millions)	<b>22777.9</b>	<b>34062.3</b>	<b>45550.9</b>	<b>61341.7</b>	<b>67870.2</b>	<b>81183.6</b>	<b>115393.8</b>	
Government of India	21277.6	27647.5	38546.3	54369.0	66595.9	80196.3	108677.0	
SBI and PNB	1500.3	4914.8	5156.0	0.0	0.0	0.0	0.0	
RBI				5409.9	0.0	0.0	6716.8	
Consortium of Indian Banks		1500.0	1848.6	1562.9	1274.3	987.4	0.0	
<i>(In Percent of Total Convertible Currency/Rupee Outstanding Debt)</i>								
<b>Convertible Currency Creditors</b>								
ADB	39.3	60.1	40.9	38.5	41.3	44.6	41.6	
Government of Austria	15.2	27.0	16.2	16.3	15.6	13.9	11.9	
Government of Denmark	2.7	3.1	1.4	1.0	0.7	0.4	0.1	
IFAD	7.3	0.0	6.4	6.2	6.0	6.2	5.9	
JBIC/JICA	5.0	9.9	7.6	7.1	6.8	6.3	7.3	
World Bank	28.3	0.0	25.8	29.7	29.0	28.5	30.4	
Others	2.1	0.0	1.7	1.1	0.6	0.1	2.8	
<b>Rupee Creditors</b>								
Government of India	93.4	81.2	84.6	88.6	98.1	98.8	94.2	
SBI & PNB	6.6	14.4	11.3	0.0	0.0	0.0	0.0	
RBI				8.8	0.0	0.0	5.8	
Consortium of Indian Banks		4.4	4.1	2.5	1.9	1.2	0.0	

Note: Debt data published by the RMA include the total external debt of the country (public + private), and are therefore not comparable to data published by the Ministry of Finance which covers only public debt.

Source: Department of Public Accounts, RMA & private sector enterprises.

<b>Table 3.2.2</b>		<b>External Debt Outstanding by Creditor Category</b>						
							Millions of USD	
Creditor Category	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	
I. Bilateral (Convertible currency)	87.2	135.0	132.2	141.9	145.7	119.8	117.8	
II. Bilateral (Rupee)	400.3	574.0	684.5	910.7	1108.2	1257.9	1607.3	
III. Multilateral (Convertible currency)	285.4	203.0	383.8	431.1	479.9	460.7	474.2	
IV. Other (CC and Rupee) <sup>1</sup>	141.8	124.4	133.1	123.1	25.1	16.2	116.3	
<b>Total External Debt</b>	<b>771.2</b>	<b>1036.3</b>	<b>1333.7</b>	<b>1606.8</b>	<b>1759.0</b>	<b>1854.6</b>	<b>2315.6</b>	
Percentage Share of Total External Debt								
Bilateral (Convertible currency)	11.3	13.0	9.9	8.8	8.3	6.5	5.1	
Bilateral (Rupee)	51.9	55.4	51.3	56.7	63.0	67.8	69.4	
Multilateral (Convertible currency)	37.0	19.6	28.8	26.8	27.3	24.8	20.5	
Other (CC and Rupee)	18.4	12.0	10.0	7.7	1.4	0.9	5.0	

Note: Debt data published by the RMA include the total external debt of the country (public + private), and are therefore not comparable to data published by the Ministry of Finance which covers only public debt. Furthermore, the RMA uses Calendar Year GDP figures for all ratios to the GDP.

Source: Department of Public Accounts, RMA & private sector enterprises. 1) Includes CC private non-publicly guaranteed debt, RBI SWAP, and the SBI Overdraft Facility (publicly guaranteed debt).

### 3.3. External Debt by Currency Composition

Rupee denominated debt comprises of 73.7 percent of Bhutan's external debt portfolio. Meanwhile the share of other concessional and SDR-denominated debt from the ADB, IFAD and the World Bank remains at about one-third of the total debt.

Table 3.3.1		External Debt Outstanding by Currency				
Currency	2010/11	2011/12	2012/13	Percent of Total External Debt		
				2013/14	2014/15	2015/16
SDR	19.6	28.8	26.8	27.3	24.8	20.6
US Dollar	0.0	0.4	0.2	0.1	0.0	0.0
Indian Rupees	67.4	60.7	63.9	64.2	68.7	74.0
Euro	9.8	6.9	6.3	5.8	4.5	3.5
Kuwaiti Dinar	0.0	0.0	0.0	0.0	0.0	0.0
Norwegian Kroner	0.0	0.3	0.2	0.1	0.0	0.0
Yen	3.2	3.0	2.6	2.4	2.0	1.9

**Table 3.3.2 Creditors Ranked by Cumulative Disbursement: 1981/82-2015/16**

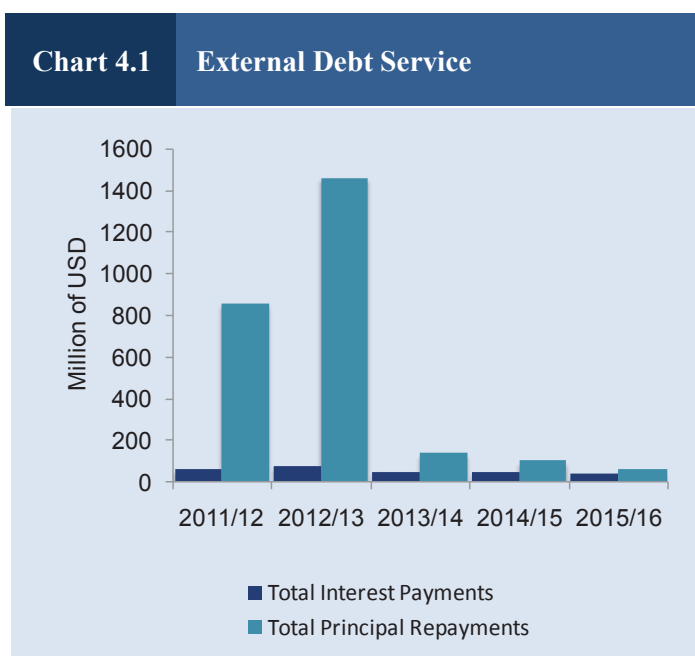
Millions of USD									
<b>Creditor</b>	Agriculture & Forestry	Education	Energy	Financial Sector	Industry	Multi-Sector	Transport & ICT	Other	<b>Total</b>
Government of India*			2160.4		5.0			210.8	<b>2376.2</b>
Asian Development Bank	5.9	11.9	105.0	23.6	0.8	51.2	49.1		<b>247.5</b>
World Bank	13.3	51.1			7.2	182.1			<b>253.7</b>
KFAED				4.7	23.0				<b>27.7</b>
Government of Austria			111.5						<b>111.5</b>
Government of Denmark							16.9		<b>16.9</b>
IFAD	44.6								<b>44.6</b>
Mitsui & Co. (Japan)							1.7		<b>1.7</b>
EFIC Australia							0.8		<b>0.8</b>
West LB Ltd.							22.6		<b>22.6</b>
Others			52.1		41.4			31.0	<b>124.5</b>
<b>Total</b>	<b>63.8</b>	<b>63.0</b>	<b>2429.0</b>	<b>28.3</b>	<b>77.4</b>	<b>233.3</b>	<b>91.1</b>	<b>241.8</b>	<b>3227.8</b>

\* The exchange rate used for conversion is based on the FY average and also the simple average of FY averages for the 15-year group (1981/82 - 1995/96).

#### 4. DEBT SERVICE

Debt servicing (repayment of principal plus interest) on both convertible currency and Indian Rupee debt for 2015/16 was USD 92.1 million. A total amount of ₹ 4.1 billion (principal and interest) on account of rupee debt, and USD 29.8 million for convertible currency debt was recorded during the review year. The total Rupee debt service on account of hydropower debt for Tala and Kurichhu amounted to about ₹ 2.8 billion.

Bhutan's debt service ratio measured as a percent of the export earnings from goods and services decreased to 14.5 percent in 2015/16 from 19.8 percent in 2014/15. The overall debt service as a percentage of current receipts (which excludes official transfers and International NGO & International Organization receipts) also decreased from 15.9 percent in 2014/15 to 6.4 percent in 2015/16 (Table 4.1). The external debt for the Dungsam cement Corporation Limited and Kurichhu Hydroelectric project were fully liquidated during the first quarter of 2015.



#### 5. GRANT ASSISTANCE

Grant aid from the Government of India and other international donors have traditionally financed on average over one-third of the fiscal outlay. In 2015/16, grant support is estimated to have financed 30.2 percent of the total expenditure. The GOI has been Bhutan's largest grant donor since 1990/91. It makes up for 87.4 percent of total grants during the year which grew at 48.7 percent. A total of Nu.12.7 billion was received from the GOI during the year followed by UNDP with 1.6 percent ( Nu. 233.7 million) and UNICEF with 1.1 percent (Nu. 159 million).

**Table 4.1 Bhutan's Debt Service Payments by Creditor Category**

Creditor Category	End of period							
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	Interest Principal	Interest Principal	Interest Principal	Interest Principal	Interest Principal	Interest Principal	Interest Principal	Interest Principal
	<i>Millions of USD</i>							
I. Multilateral (Convertible Currency)	2.2	2.7	3.5	4.0	4.5	4.9	5.1	5.5
	4.6	5.8	6.5	6.8	6.9	8.6	9.9	11.1
II. Bilateral Convertible Currency	1.2	5.9	2.2	3.4	2.4	3.5	3.9	3.4
	3.0	3.9	5.9	5.6	5.5	5.8	7.3	9.0
III. Convertible Currency Commercial Debt	0.8	1.8	0.9	0.6	0.4	0.3	0.2	0.5
	0.8	1.9	2.5	2.3	2.5	2.4	2.2	0.3
IV. Rupee Debt	33.5	36.1	40.3	47.6	62.1	35.9	32.9	25.7
	128.6	124.2	324.2	843.7	1449.0	117.6	77.6	36.5
Total Interest Payments	37.6	46.6	46.8	55.6	69.4	44.6	42.1	35.1
Total Principal Repayments	137.1	135.8	339.1	858.5	1463.8	134.3	97.0	57.0
<b>Total Debt Service</b>	<b>174.7</b>	<b>182.4</b>	<b>385.9</b>	<b>914.0</b>	<b>1533.2</b>	<b>178.9</b>	<b>139.1</b>	<b>92.1</b>
	<i>(ratios)</i>							
Debt Service Ratio*	30.9	30.7	51.7	127.1	229.2	27.1	19.8	14.5
Debt Service/Current Receipts**	24.3	23.4	38.8	85.9	167.7	20.7	15.9	6.4
Interest Payments/Current Receipts	5.2	6.0	4.7	5.2	7.6	5.2	4.8	4.0
Debt Service/Gross Reserves	25.9	24.0	48.5	135.6	167.2	17.9	14.5	8.2

Source: Department of Public Accounts, RMA & private sector enterprises.

\*: Debt service payments as a percentage of total exports of goods and services.

\*\* : Current receipts include receipts from the export of goods and services, income and transfers, excluding official grants and receipts of International NGOs & international organizations. Inconsistencies may occur due to rounding.



**Table 5.1 Individual Grant Donors: 2003/04-2015/16**

Donor										Nu in Million
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Government of India	3081.2	4671.1	4394.9	6439.5	7882.8	9003.4	4693.4	9233.4	7974.3	12667.9
European Union						1.6		297.1	274.7	86.6
UNDP	109.9	63.8	116.8	124.4	97.1	132.1	118.0	130.5	259.0	233.7
UNICEF	0.0	47.3	69.0	135.2	93.1	92.8	104.0	150.4	148.2	159.9
Swiss Dev. Cooperation	61.0	35.7	70.2	22.2	65.6	90.6	34.4	175.8	122.1	73.0
DANIDA	454.7	462.5	513.1	734.8	448.8	552.7	570.0	410.1	103.1	0.0
WHO	26.2	18.4	25.6	24.3	50.5	132.1	103.1	85.3	79.0	52.5
Govt of Austria	66.0	6.3	212.2	159.0	75.2	124.3	119.9	195.3	28.0	91.9
Asian Development Bank	5.6	21.5	195.9	0.0	522.8	1104.0	2270.9	0.0	0.0	0.0
World Bank	662.9	42.0	190.5	0.0	371.8	58.4	199.5	0.0	0.0	0.0
Others	586.9	563.4	724.2	1269.7	890.1	1165.3	1201.3	720.2	755.4	1122.4
<b>Total</b>	<b>5054.3</b>	<b>5931.9</b>	<b>6512.3</b>	<b>8909.0</b>	<b>10497.7</b>	<b>12457.2</b>	<b>9414.8</b>	<b>11398.1</b>	<b>9743.9</b>	<b>14487.9</b>
	Percentage Change on the Previous Year									
<b>Total</b>	<b>-6.8</b>	<b>17.4</b>	<b>9.8</b>	<b>36.8</b>	<b>17.8</b>	<b>18.7</b>	<b>-24.4</b>	<b>21.1</b>	<b>-14.5</b>	<b>48.7</b>

Source: Department of Public Accounts.

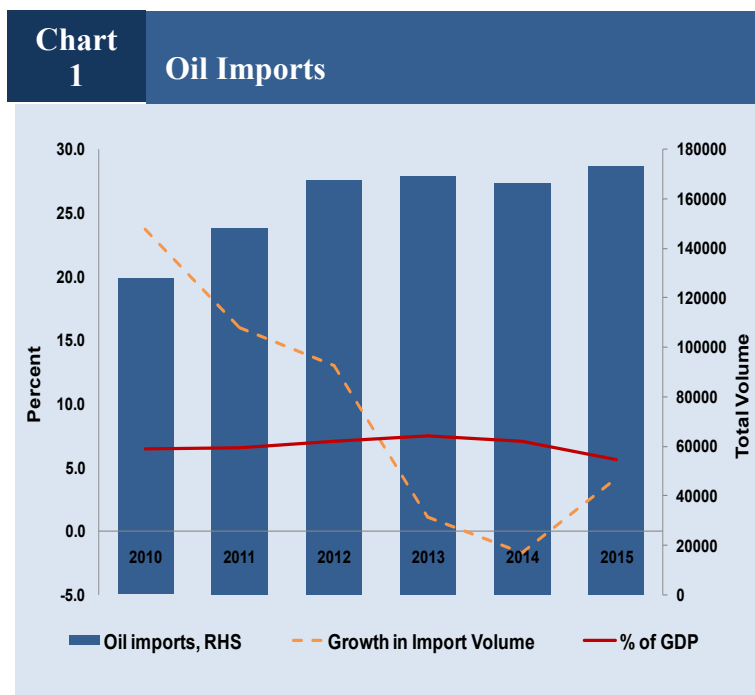
## SUMMARY OF PETROLEUM IMPORTS AND PRICES IN BHUTAN

Demand for all petroleum and related products increased by 4.1 percent in 2015 from negative 1.1 percent in 2014, as a result of increase in motor vehicle imports (*Total of 5889 motor vehicles were imported as of June 2015 compared to 1676 in 2014*) and decline in global oil prices. Although, Bhutan has potential in harnessing hydropower, its dependency on fossil fuels continued and fluctuation in price will have direct or indirect impact on the economic activities.

In terms of value imports, growth declined drastically from 7.0 percent in 2014 to negative 12.6 percent in 2015. Due to decrease in global oil price, resulting from increase of global oil supply and improved energy efficiency, the pass-through impact of lower global oil prices has resulted into lower value imports in Bhutan. According to the IMF, oil prices fell by roughly 50 percent in 2015 relative to 2014 (in annual average terms)

Bhutan imports most of its finished products of petroleum such as diesel, petrol, kerosene, lubricating oils, and LPG from India. Prices for such products in Bhutan are determined by factors such as, transportation cost, shrinkage allowance, dealer's commission, depot surcharge, and product transit insurance. In addition, a 5.0 percent sales tax and a 5.0 percent green tax are also levied.

Bharat Petroleum and Indian Oil Corporation Limited, India are the main sources from which Bhutan imports its petroleum and related products. Within the country, distribution of petroleum products is done with the help of four different domestic private dealers (Bhutan Oil Corporation, Bhutan Oil Distributor, Druk Petroleum Corporation Limited and Damchen Petroleum Distributors).



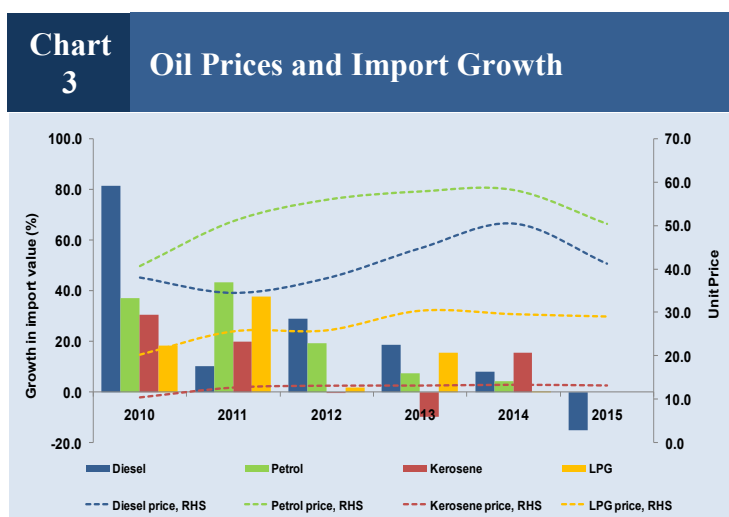
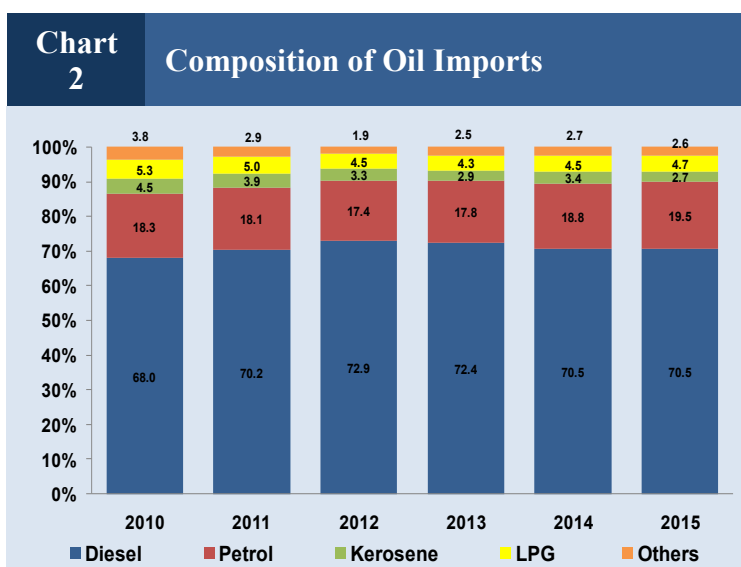
As of December 2015, diesel still account for the highest share at 70.5 percent of oil imports followed by petrol at 19.5 percent and LPG at 4.7 percent. The remaining imports comprised of kerosene, ATF (jet fuel) and lubricating oils.

Total volume of oil imports from India in 2015 has increased, while the total value of imports has decreased mainly on account

of frequent price changes. Total value of USD 114.9 million (Nu. 7.4 billion) petroleum and related products were imported in 2015, against USD 138.2 million (Nu.8.4 billion) in 2014 (*Refer Table 1, Summary of Bhutan's Import of Major Oil Products*).

The import of major fuel products in 2015 constituted 5.6 percent of GDP,<sup>23</sup> while overall fuel imports comprised 13.7 percent of the total merchandise imports from India. The use of fuel in Bhutan is largely limited to the transport and services sectors while any oil price fluctuations are transmitted to and impact most other imported goods and services. Assessing the impact of oil prices on Bhutan's consumer price index (CPI), CPI inflation was recorded at 3.3 percent in the second quarter of 2016, down from 5.2 percent during the same quarter in 2015. As of June 2015, the CPI inflation of *electricity, gas and other fuels*, which constitutes 4.5 percent of the expenditure basket, was recorded at 7.2 percent (year-on-year). The CPI inflation of fuels and lubricants was recorded at negative 1.1 percent (year-on-year) as of June 2016.

Oil prices in Bhutan vary with the fluctuation in prices in India. The average price of diesel as of June 2016 was Nu.52.9 per liter, slightly lower than June 2015 when the price was Nu.53 per liter of diesel. The average price of diesel during 2016 was highest in the month of June 2016 at Nu.54.40 per liter. Petrol prices also fluctuated during the year and fell to Nu.58.3 per liter as of June 2016



<sup>23</sup> CY 2015 nominal GDP figure of Nu.132021.3 million, National Statistics Bureau.

(highest during 2016) from Nu.64.2 in June 2015.

Kerosene and liquefied petroleum gas (LPG) continue to be subsidized by the GoI and the current subsidy on LPG cylinder ranges from INR 450 to 600 per cylinder, while the kerosene subsidy is set at INR 30 to 35 per liter. Revisions in the price of fuel products at source immediately impact prices in Bhutan although the increase is relatively lower in Bhutan due to special tax concessions.

### Box 1: Import of Motor Vehicles

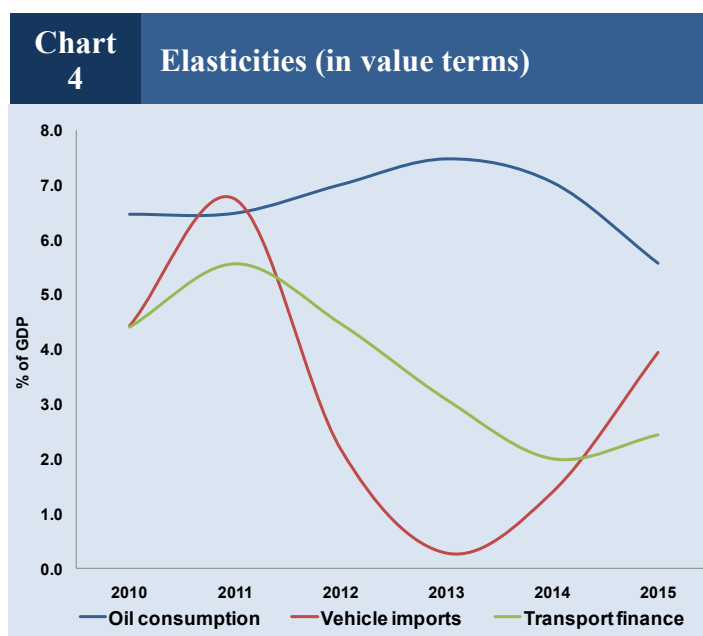
The number of motor vehicles registered in the country as of June 2015 increased to 73,815 from 69,602 in 2014 recording 6.1 percent growth. In value terms, imports of motor vehicles increased significantly and stood at Nu.5.2 billion as of June 2015 compared to Nu.7.1 billion in 2014. Since September 1, 2014 the restrictions imposed on housing and vehicle loans were lifted, and as a result the total value of motor vehicle imports during 2014 also increased, and it is expected to increase further with recent revision of interest rate of financial institutions, given that there are no policy changes from the Government.

Item	Nu. In millions					
	2014			2015		
	Total	India	COTI	Total	India	COTI
<b>Import of Motor Vehicles</b>	<b>1,675.3</b>	<b>1,281.2</b>	<b>394.1</b>	<b>5,216.5</b>	<b>3,955.0</b>	<b>1,261.5</b>
<i>of which:</i>						
<b>1. Passenger Vehicles</b>	<b>1,008.8</b>	<b>685.0</b>	<b>323.8</b>	<b>3,302.2</b>	<b>2,054.4</b>	<b>1,247.8</b>
<i>Motor vehicles (for 10 persons or more)</i>	<i>171.9</i>	<i>42.1</i>	<i>129.8</i>	<i>380.8</i>	<i>74.1</i>	<i>306.7</i>
<i>Motor vehicles for personal transport</i>	<i>836.8</i>	<i>642.8</i>	<i>194.0</i>	<i>2,825.9</i>	<i>1,900.4</i>	<i>925.4</i>
<i>Motorcycles (including mopeds)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>95.5</i>	<i>79.9</i>	<i>15.6</i>
<b>2. Heavy Duty Motor Vehicles</b>	<b>666.5</b>	<b>596.2</b>	<b>70.3</b>	<b>1,914.3</b>	<b>1,900.6</b>	<b>13.7</b>
<i>Tractors</i>	<i>24.9</i>	<i>24.9</i>	<i>-</i>	<i>39.2</i>	<i>25.8</i>	<i>13.4</i>
<i>Vehicles for the transport of goods</i>	<i>514.3</i>	<i>514.3</i>	<i>-</i>	<i>1,702.4</i>	<i>1,702.4</i>	<i>-</i>
<i>Special purpose vehicles<sup>1</sup></i>	<i>47.5</i>	<i>11.7</i>	<i>35.9</i>	<i>29.6</i>	<i>29.6</i>	<i>-</i>
<i>Work trucks<sup>2</sup></i>	<i>38.3</i>	<i>3.9</i>	<i>34.5</i>	<i>0.3</i>	<i>0.1</i>	<i>0.3</i>

Source: Department of Revenue and Customs. Does not include the import of vehicle parts.

1) Includes crane lorries, mobile drilling vehicles, fire fighting vehicles, concrete mixers, road sweepers, spraying lorries, mobile workshops, etc. 2) For use in factories, airports etc. Includes those for lifting/handling equipment used in warehouses, docks, airports, short distance transport of goods etc.

Of the total number of 73,815 registered vehicles as of June 2015, Thimphu alone registered 39,329, followed by 26,364 in Phuentsholing, 4191 in Samdrup Jongkhar, 3674 in Gelephu and remaining 257 in Mongar. Of these total registrations, light vehicles constituted the highest at around 61.82 percent (excluding Taxis) with two wheelers coming in second highest at around 13.93 percent. The remaining registered motor vehicles were heavy vehicles, power tillers, tractors and heavy earth moving vehicles with the lowest registered being tractors at less than one percent.



Trend analysis shows a clear relationship among fuel consumption, vehicle import and transport finance. The elasticities calculated in terms of the percentage of nominal GDP reveals that the fuel consumption elasticity decreased from 7.1 percent in 2014 to 5.6 percent in 2015.

Likewise, the elasticity for transport finance increased slightly from 2.0 percent in 2014 to 2.4 percent in 2015. On the other hand, for elasticity of vehicle imports, there was significant

increase from 1.4 percent in 2014 to 4.0 percent in 2015.

As evident from the graph above, although vehicle imports continued to have increased during 2015 with the lifting of import restrictions by the government in September 2014, counter-intuitively the oil consumption did not follow the same trend during the period, possibly due to a time lag factor. In view of the past trends, the effect of increase in vehicle imports in 2015 may consequently lead to increase in import of fuel in the near future.

As shown in table, although there was an increase in vehicle imports, which grew by 211.4 percent, transport finance during the year grew only by 34.6 percent *possibly* due to more *stringent* guidelines such as the housing and motor vehicle loans guidelines being issued with the lifting of the ban. Lower transport finance during 2015 also reflects stricter requirement for financing the sector loan.

End of period	2013	2014	2015
	Nu. in Million		
Oil consumption	7882.3	8432.7	7371.5
Vehicle Imports	305.8	1675.3	5216.5
Transport Finance	3246.9	2390.1	3216.4
% change from the previous year			
Oil consumption	15.3	7.0	(12.6)
Vehicle Imports	(85.6)	447.8	211.4
Transport Finance	(25.5)	(26.4)	34.6

With the view to address the issue of increasing imports of motor vehicles and the growing fuel import bill, the government in recent years has revised sales tax, customs duty and green tax on vehicles with a 5 percent green tax on diesel and petrol still in effect.

<b>Table 1 Summary of Bhutan's Import of Major Oil Products: 2004-2014</b>											
<b>Quantity and Value</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Diesel (KL)*	51544.0	52923.0	58892.0	57839.0	65336.0	86930.0	104053.9	122161.0	122567.80	117364.80	122175.40
<i>Value in millions of Nu.</i>	1266.9	1475.6	1597.5	1679.4	1827.2	3275.8	3582.3	4618.5	5480.76	5916.86	5028.87
Petrol(KL)	13795.0	15216.0	16781.0	17393.0	19709.0	23422.5	26761.1	29094.0	30195.20	31289.20	33880.60
<i>Value in millions of Nu.</i>	450.5	570.0	603.2	604.4	694.7	951.2	1364.2	1626.8	1746.16	1819.94	1705.86
Kerosene (KL)	12545.0	14370.0	10207.0	5252.0	5427.0	5780.0	5727.0	5547.0	4990.00	5694.00	4611.00
<i>Value in millions of Nu.</i>	105.2	115.8	84.7	44.2	46.4	60.6	72.7	72.7	65.56	75.83	60.69
LPG (MT)	4472.0	4980.4	5405.5	5724.7	5856.8	6834.2	7410.9	7470.2	7335.82	7546.54	8113.14
<i>Value in millions of Nu.</i>	74.4	90.1	98.2	124.5	116.8	138.2	190.1	193.3	223.35	223.74	236.10
Aviation Turbine Fuel (KL)	1145.0	801.0	1080.0	828.0	1008.0	1332.0	1455.0	2070.0	3168.00	3546.00	3330.00
<i>Value in millions of Nu.</i>	31.0	27.6	36.9	38.3	32.4	50.1	74.1	121.7	197.06	217.61	144.70
Lubricating Oils (MT)	3414.0	3934.1	3297.4	3767.8	1096.7	758.1	2287.7	1170.6	1058.51	993.10	1222.02
<i>Value in millions of Nu.</i>	123.9	135.8	147.0	180.4	126.8	132.3	211.8	200.7	169.42	178.68	195.30
Furnance Oil (MT)	1656.0	2421.0	2292.0	1892.0	4848.0	2757.0	564.0	12.0	0.00	0.00	0.00
<i>Value in millions of Nu.</i>	29.8	51.1	53.3	56.9	119.0	85.2	21.0	0.6	0.00	0.00	0.00
<b>Total volume (KL)</b>	<b>88,571.0</b>	<b>94,645.5</b>	<b>97,955.0</b>	<b>92,696.6</b>	<b>103,281.5</b>	<b>127,813.7</b>	<b>148,259.6</b>	<b>167,524.9</b>	<b>169,315.3</b>	<b>166,433.6</b>	<b>173,332.2</b>
<b>Total value (Nu. millions)</b>	<b>2,081.5</b>	<b>2,465.9</b>	<b>2,620.7</b>	<b>2,728.2</b>	<b>2,963.3</b>	<b>4,693.4</b>	<b>5,516.2</b>	<b>6,834.3</b>	<b>7,882.3</b>	<b>8,432.7</b>	<b>7,371.5</b>
<b>(% of Total Oil Imports by Volume)</b>											
Diesel	58.2	55.9	60.1	62.4	63.3	68.0	70.2	72.9	72.4	70.5	70.5
Petrol	15.6	16.1	17.1	18.8	19.1	18.3	18.1	17.4	17.8	18.8	19.5
Kerosene	14.2	15.2	10.4	5.7	5.3	4.5	3.9	3.3	2.9	3.4	2.7
LPG	5.0	5.3	5.5	6.2	5.7	5.3	5.0	4.5	4.3	4.5	4.7
ATF(Jet fuel)	1.3	0.8	1.1	0.9	1.0	1.0	1.0	1.2	1.9	2.1	1.9
Lubricating Oils	3.9	4.2	3.4	4.1	1.1	0.6	1.5	0.7	0.6	0.6	0.7
Furnance Oils	1.9	2.6	2.3	2.0	4.7	2.2	0.4	0.0	0.0	0.0	0.0
<b>(% of Total Oil Imports by Value)</b>											
Diesel	60.9	59.8	61.0	61.6	61.7	69.8	64.9	67.6	69.5	70.2	68.2
Petrol	21.6	23.1	23.0	22.2	23.4	20.3	24.7	23.8	22.2	21.6	23.1
Kerosene	5.1	4.7	3.2	1.6	1.6	1.3	1.3	1.1	0.8	0.9	0.8
LPG	3.6	3.7	3.7	4.6	3.9	2.9	3.4	2.8	2.8	2.7	3.2
ATF(Jet fuel)	1.5	1.1	1.4	1.4	1.1	1.1	1.3	1.8	2.5	2.6	2.0
Lubricating Oils	5.9	5.5	5.6	6.6	4.3	2.8	3.8	2.9	2.1	2.1	2.6
Furnance Oils	1.4	2.1	2.0	2.1	4.0	1.8	0.4	0.01	0.00	0.00	0.00

Source: POL Section, Ministry of Economic Affairs.

N.B: It is assumed that MT=KL. Figures are based on information submitted by the POL dealers in Bhutan. \* Speed and Hi-Speed are also included under Diesel.

## KEY HIGHLIGHTS ON MEDIUM-TERM ECONOMIC OUTLOOK AND CHALLENGES

(Extract Taken from the July, 2016 Monetary Policy Statement)

### I. Macroeconomic Review<sup>24</sup>

**Macroeconomic conditions have improved since the slowdown brought about by the 2012 Indian Rupee shortages.** While real GDP growth was initially forecast to increase to 6.8 percent in FY 2014/15, revised estimates indicate a growth of 5.2 percent<sup>25</sup>. Growth has nonetheless rebounded from less than 4 percent in the two preceding years and is projected to continue on an upward trajectory of recovery.

**Inflation has also moderated considerably,** from the high of 13.5 percent in the second quarter of 2012 to 6.6 percent in FY 2014/15, and further to 3.3 percent in the first three quarters of FY 2015/16. While the slowdown in credit in 2013 and 2014 has been partly reversed in 2015 because of the removal of restrictions on housing and transport loans, **credit growth remains contained at below 15 percent.**

**On the fiscal front too, the fiscal outcome for FY 2014/15 was much stronger than initially projected<sup>26</sup>.** The fiscal deficit of 4.2 percent of GDP in FY 2012/13 turned into a surplus of 3.8 percent and 1.5 percent of GDP respectively, in FY 2013/14 and FY 2014/15.

**In the balance of payments, the current account deficit continues to remain elevated.** The initial projection for FY 2014/15 of the current account deficit of 26.3 percent of GDP has been revised upward to 28.8 percent of GDP, driven by larger than expected imports. Historically, net inflows in the capital and financial account, made up largely of grant and loans, have financed the current account deficit, with a resulting buildup in the country's international reserves. While reserves were initially expected to increase to USD 1.1 billion by June 2015, the larger than expected current account deficit has pushed reserves to USD 958.5 million as of June 2015.

Going forward, the medium-term outlook (FY 2015/16 – FY 2017/18) has been revised based on both the outcomes of FY 2014/15 as well as new developments in the last year.

<sup>24</sup> Comparisons between initial projections and revised estimates/projections are based on the March 2015 and April 2016 projection results of the MFCC/MFCTC, respectively. The March 2015 projections were featured in the 2015 Monetary Policy Statement of the RMA. All ratios to the GDP use fiscal year GDP, which are derived by averaging two calendar year GDPs. In contrast, other publications of the RMA use calendar year GDP in all ratios; and therefore figures may vary slightly.

<sup>25</sup> The revised real GDP growth was lower because initial projections assumed better outcomes in the secondary sector (mining & quarrying, manufacturing, electricity and water, and construction).

<sup>26</sup> The initial projection for FY2014/15 was a deficit of 2.3 percent of GDP. However, current and more so, capital expenditures were much lower than budgeted. A possible reason was that since FY 2014/15 was the second year of the 11<sup>th</sup> five-year plan, the focus was on preparatory works and mobilization of resources.



## II. Medium-term Outlook

Despite a slightly lower than expected outcome in FY 2014/15, real GDP growth is projected to increase from 5.2 percent to 7.0 percent in FY 2015/16, stimulated and driven by an increased momentum of activities in mining, construction and services. The partial commissioning of the Punatsangchu II and Mangdechhu hydropower projects is expected to accelerate growth to 12.4 percent in FY 2017/18.

**In terms of inflation, Bhutan's inflation is expected to remain below the inflation in India in the medium term with added benefits from India's adoption of flexible inflation targeting.** Inflation in India is currently within the 4 ±2 percent band while headline CPI inflation is projected to moderate in 2016-17 to around 5 percent, although an unfavorable monsoon and an expected public sector wage increase pose upside risks. Globally too, inflation has been declining as a result of lower prices for oil and other commodities, including food, which has a larger weight in the consumer price indices of emerging market and developing economies (IMF World Economic Outlook, April 2016).

**On the fiscal front, according to the National Budget Report presented to the summer session of the National Assembly 2016, a fiscal deficit of 3.0 percent of GDP is expected in FY 2015/16, further increasing to 5.3 percent by FY 2016/17, driven by capital spending,** projected to increase by close to 70 percent in FY 2015/16. By FY 2017/18 however, with the end of the 11<sup>th</sup> five-year plan, the fiscal deficit is projected to fall to less than 1 percent of GDP.

In the external sector, the current account deficit is expected to increase further in FY 2015/16 before decreasing slightly as a result of increased hydropower exports from the partial commissioning of Punatsangchu II and Mangdechhu.

**However, the overall trade deficit is still expected to persist due to the large and sustained growth of overall imports that are not offset by the increase in hydro exports. As a result, the current account deficit is expected to remain elevated, averaging 26.2 percent over the medium-term.**

Official inflows in the form of capital transfers (grants for hydropower development) and external loans of the Government are expected to continue to finance the current account deficit. The net surpluses in the capital and financial account are anticipated to be slightly larger than the current account deficit, resulting in a gradual buildup of reserves over the medium-term.

## III. Assessment of Key Challenges

**The RMA views the current account deficit as the biggest challenge for the economy over the medium-term.** Addressing this challenge will require monetary and fiscal measures as well as other sector-specific policies and reforms. In particular, the stance of both monetary and fiscal policies can directly impact the magnitude and direction of the current account deficit.

- From the **monetary policy** front, credit growth has a direct impact on the current account deficit because we are highly import dependent and therefore a large portion of any credit extended by the financial sector translates into imports and subsequent

pressures on the external sector (rising current account deficit and pressures on gross international reserves). While credit for investment and productive sectors may initially raise the deficit, over the medium- to long-term, returns and benefits are expected to accrue that will ultimately correct the deficit. However, on the other hand, excessive credit growth to finance consumption will cause the deficit to deteriorate to unsustainable levels, resulting in potential crisis situations.

- From the **fiscal policy** front, large increases in expenditure and expansion of the fiscal deficit also translate into increased imports and external sector pressures. As the largest economic sector, the Government is best placed to intervene on both the resource mobilization front as well as on focusing investment and expenditure towards productive sectors. In addition, the Government can also introduce taxation measures to contain consumption. While monetary policy works largely via its influence on aggregate demand, fiscal policy has a direct impact on supply side dynamics to boost domestic productive capacity and employment.

**Beyond the medium-term, the accelerated growth in GDP and a turn-around in the current account deficit are being anticipated because of the commissioning of several hydropower projects.** On the one hand, the construction and development of the projects are currently being fully financed through external financing (Indian Rupees and convertible currency) while the completion of these projects is expected to boost export revenues and reserves. During the construction phase however, if spillovers to other sectors in the form of increased demand for transport and housing, and other auxiliary services are not managed properly, there will be additional build-up of pressures in the current account.

**Focused interventions to ensure that spillovers are managed effectively will require the coordinated and concerted efforts of many authorities as well as the community in which the project is being developed.** On our part, the RMA will support the Government in all initiatives that are aimed at addressing the challenges, in addition to ensuring appropriate credit policies that will be central to help stakeholders take advantage of the spillovers from hydropower development.

#### **IV. Renewed Focus on Reserve Management**

The management of reserves, in particular of Indian Rupee reserves, remains one of the key challenges for the RMA because of the persistently high current account deficit. Addressing the challenge of the current account deficit will require **longer-term structural measures and policies aimed at channeling investments into productive sectors, diversifying the economy, increasing productivity and building the domestic supply and production base.**

In the meantime, because of its relative flexibility and ease of use, reserve management can be used as a policy tool to maintain adequate buffers for financing the current account deficit. However, reserve management is at best only a short-term tool, unsustainable over the long run and so, must be complemented by longer term government policies that improve the supply side dynamics.

Reserve Cover of Essential Imports	2012	2013	2014	2015	2016				
					Jan	Feb	Mar	Apr (p)	May (p)
CC Reserves (in USD millions)	752.5	821.8	852.5	814.1	785.2	784.9	828.2	828.0	841.6
Total Reserves: CC+INR (in USD millions)	776.8	895.0	1032.8	1040.0	999.8	1022.3	1171.4	1093.1	1051.2
Essential Imports (in USD millions)	449.0	469.3	456.4	452.5	479.6	479.6	479.6	479.6	479.6
Reserve Cover of Essential Imports (months)	20.8	22.9	27.2	27.6	25.0	25.6	29.3	27.3	26.3

(p) - provisional data. Reserve positions in each calendar year are the average of month-end positions for all months in the year. Values of essential imports for 2016 are estimates.

The Constitution of the Kingdom of Bhutan mandates the overarching framework to guide reserve management. Foreign currency reserves have been maintained at levels well above the constitutional requirement of covering the cost of one year's **essential imports**<sup>27</sup>.

In addition, the RMA also maintains a **daily liquidity buffer of Indian Rupee reserves** at a consistent and comfortable level to meet all balance of payments requirements and to maintain public confidence in the Ngultrum-Rupee parity.

The Ngultrum has been pegged at par to the Indian Rupee ever since its introduction in 1974. With the continuing dominance of bilateral trade (over 80 percent of total imports and close to 90 percent of total exports) and financial flows (for economic developmental aid and loans for hydro power projects) from India, the pegged exchange rate continues to be the best choice of exchange rate policy – an anchor for macroeconomic stability – guiding fiscal and monetary developments in Bhutan.

### **Maintaining the stability of the exchange rate peg of the Ngultrum to the Indian Rupee remains one of the cornerstones of RMA's monetary and reserve management policy.**

The 2012 Indian Rupee shortages not only exposed the vulnerabilities of our heavily import-dependent structure but also revealed challenges related to the composition and management of reserves. While on the one hand, a comfortable level of convertible currency reserves was being maintained, on the other hand, several expensive Indian Rupee loans were availed to meet the shortages. We have historically been very cautious in using our convertible currency reserves because our export earnings are limited and the buildup of CC reserves has been driven through grants and concessional borrowings. We have also been cautious in terms of holding Indian Rupees because the Rupee is not convertible, despite the dominance of bilateral trade with India.

An important policy imperative for the RMA is to address this challenge by exploring arrangements to allow the convertibility of the Indian Rupees into US dollars in order to comfortably allow the RMA to hold higher levels of Indian Rupee reserves and actively manage the composition of reserves between the Rupee and other freely convertible currencies. In addition, the RMA is also exploring viable investment avenues for the investment of our Indian Rupee reserves in Government of India securities.

<sup>27</sup> Essential imports were defined by the Indian Rupee Taskforce constituted in 2012. Based on the 2012 definition, the RMA has updated the value for essential imports for the years 2013, 2014 and 2015 using data from the trade statistics publications of the Ministry of Finance. Henceforth, the RMA will undertake periodic reviews of the definition of essential imports in consultation with relevant stakeholders, bearing in mind the original sacrosanct reasons for having the requirement in the Constitution.

While the Government is better suited to implement supply-side policy measures to boost domestic capacity and promote exports, the RMA is also considering active interventions to encourage the inflow of foreign exchange.

**The RMA's renewed focus on reserve management is based on a twin-approach of efficiently and effectively managing existing reserves as well as providing incentives to encourage foreign exchange inflows.**

As a first step, the RMA will implement within the year, appropriate regulations, infrastructure and incentives to encourage inward remittances by Bhutanese living and working abroad.

Secondly, the RMA is also putting in place appropriate systems to monitor foreign exchange flows, in particular to review the performance of foreign exchange earners such as exporters and FDI companies. Assessments of whether exporters and FDI companies have a net benefit on the economy as foreign exchange earners and through the inflow of net export proceeds have not been carried out so far and will provide a fair basis on which to review existing policies that provide incentives and exemptions while also ensuring the formulation of better targeted policies.

#### **V. Strategic Finance: Directing Credit to Productive Purposes**

Annual growth in credit to the private sector had averaged 33 percent in the five years leading up to the 2012 Indian Rupee shortages. While the growth has now been contained at below 15 percent, **credit remains concentrated in a few sectors** – housing, trade/commerce and personal loans – **while also largely financing consumption related imports**. Pressures on reserves, Indian Rupee reserves in particular, have abated to a large degree, but these pressures remain, with the trade and current account deficit expected to remain elevated at over 20 percent of GDP in the medium term.

While inflation has moderated as a result of the sharp decline in global commodity prices and the outlook remains favourable, **growth performance is being driven by hydropower** – with the commissioning of three major projects by FY 2018/19. Even as hydropower boosts export earnings and drives growth, the performance of the non-hydro sector is not visible in the growth projections. Despite increased hydro export earnings, the overall trade deficit is still expected to persist because of a large and sustained growth in overall imports that are not offset by the increase in hydro exports. As a result, the current account deficit is expected to remain elevated and risks of persistent pressure on reserves remain.

Against this backdrop, the task for the RMA is to ensure that **credit is allocated to productive purposes and excessive credit growth for consumption is curtailed**, all the while ensuring the stability of our exchange rate peg.

The most important first step for the RMA is to ensure **an interest rate structure that encourages competition and professionalism among the financial institutions, for a balanced approach of engaging in financial intermediation – resulting in favorable lending to productive sectors while also considering real interest rates for depositors**. Therefore, the RMA continues to look for the best approach of determining the setting of interest rates in the financial market. As part of this endeavor, the RMA is reviewing the

current Base Rate system, given the associated rigidities that have become apparent since its implementation in September 2012, and developing a new approach to address the rigidities.

**The new approach is being designed to be simple, transparent, and market driven—allowing room for healthy competition among the financial institutions, while being based on forward-looking parameters.**

While the new approach may bring about a new level of interest rates, the RMA expects a time-frame of up to over one year before visible impacts are seen and the objectives of the approach are realized. **If the new approach results in a lowering of interest rates over time, the RMA will use other supplementary policy tools to contain credit and reduce pressures on the current account.** Such supplementary policy tools include the use of prudential regulations and directed lending strategies.

As the oversight authority of the financial sector, the RMA is responsible for licensing, regulating and supervising the financial institutions and financial service intermediaries. Regulations such as the macro- and micro-prudential regulations are not only aimed at promoting good governance and ensuring the prudence, stability and integrity of the financial system against potential systemic risks, but can also be used as a tool to regulate the quantum and direction of credit, whether towards productive sectors or to contain import-heavy consumption.

**Both micro- and macro-prudential tools will be used to support the RMA’s pro-growth monetary policy stance, in particular, to limit both the quantum and price of credit that finances consumption with large import implications.** On the other hand, lending for productive sectors will be allowed under relatively relaxed regulations.

The following macro-prudential regulations have already been implemented:

- Minimum Ceiling on Leverage Ratio
- Loan to Value and Loan to Income ratios
- Debt to Equity ratio
- Distribution of Profit
- Disclosure Requirement
- The margin requirement component of the “time varying capital provisioning and margin requirement” regulation

The following are in place to be implemented, when required:

- Counter-cyclical capital buffer
- Sectoral capital requirement
- The time varying capital provisioning component the “time varying capital provisioning and margin requirement” regulation

Next, in the context of **directed lending**, notwithstanding the absence of a nationally articulated priority sector lending policy, the RMA anticipates its role in any directed lending strategy to be in the field of credit and finance, while the provision of fiscal incentives and other market support schemes such as credit guarantees and interest subsidies may rest under the ambit of the Government.

From this perspective, the RMA is already considering **an integrated approach to financing strategic/productive sectors through the promotion of specialized institutions such as microfinance institutions and CSI banks**, under the umbrella of a broader financial deepening strategy. Within the broad financial deepening strategy, the RMA aims to promote financial inclusion, direct credit to productive sectors and design an overall guiding framework for the development and direction of Bhutan’s financial system.

Progress under this strategy, related in particular to the twin objectives of promoting financial inclusion and financing productive sectors, include the following:

- Under the regulation for non-deposit taking microfinance institutions issued in 2014 (“Regulations for Microloan Institutions in Bhutan”), two institutions were registered in 2016, while the RMA is also actively involved in advocacy and awareness to register more non-government organizations that are involved in such micro-lending activities.
- Regulations for deposit-taking microfinance institutions have been drafted and are awaiting the review and consideration of the RMA Board.
- Agent Banking Rules and Regulations are being drafted to increase financial services outreach and to promote financial inclusion to the unbanked and under-banked population without risking the safety and soundness of the banking system; and to encourage institutions to use agents in the provision of banking services in order to reduce the cost of financial services.

Finally, in line with the Government’s efforts to promote cottage and small scale industries, the RMA will also consider the CSI sector (erstwhile defined under the small and medium enterprise or SME sector) as a strategic sector for improving access to financial services.

## VI. Way Forward

**The policy imperative is to coordinate monetary and fiscal policies to achieve the broader national growth and development objectives.** The RMA’s monetary policy measures will be focused on the prudent management of reserves and credit. On the reserves front, the RMA’s renewed focus on reserve management will be based on the twin-objective of effectively managing existing reserves as well as providing incentives to encourage foreign exchange inflows. On the credit front, the RMA will support credit to growth drivers while increasing vigilance over and limiting credit for unproductive, heavy import driven consumption.

Measures adopted by the RMA must be complemented by appropriate fiscal policy interventions and other broad cross-cutting reforms. The Government must ensure support for investment and productive expenditure as well as taxes on consumption, being mindful of the external sector pressures that a large fiscal deficit can cause if proper mechanisms are not put in place well on time.



## Medium-term Macroeconomic Forecasts FY 2015/16 – FY 2017/18

Particulars	2014/15 (prov)	2015/16 (projections)	2016/17	2017/18
<b>Output and Prices</b>				
Nominal GDP at market prices (mn. of Nu, fiscal year)	125184.8	139999.4	157628.1	184449.6
Real GDP (annual % change)	5.2	7.0	7.7	12.4
Agriculture & Allied	2.7	3.3	3.5	3.6
Industry	4.0	8.3	8.7	19.3
<i>Manufacturing</i>	5.7	7.8	9.9	9.9
<i>Electricity &amp; water</i>	-1.5	1.7	3.0	45.4
<i>Construction</i>	7.8	15.6	13.4	2.1
Services	8.1	8.1	8.3	8.4
CPI (annual % change)	6.4	4.4	4.6	5.1
<b>Balance of Payments and Reserves (mn. of Nu)</b>				
Current account balance	-36084.7	-43590.5	-43701.9	-36250.4
<i>(in % of FY GDP)</i>	-28.8	-31.1	-27.7	-19.7
Merchandise exports	35901.8	36307.8	36812.7	45697.9
<i>(growth in %)</i>	6.9	1.1	1.4	24.1
Merchandise imports (c.i.f.)	61923.4	71887.1	72536.9	74521.3
<i>(growth in %)</i>	12.0	16.1	0.9	2.7
Trade balance (% of FY GDP)	-20.8	-25.4	-22.7	-15.6
<i>Current and capital grants</i>	20855.2	32093.5	29683.4	35393.5
<i>of which, Budgetary Grants</i>	9193.0	16448.0	13766.7	18254.3
Financial account balance	-23886.1	-23742.5	-27067.5	-30421.6
Overall balance (mn. of Nu)	-560.4	1544.1	2259.4	19327.2
International Reserves (mn. of USD)	958.5	937.3	967.6	1262.5
<i>(months of essential imports)</i>	25.3	24.1	23.5	28.9
<i>(months of merchandise imports)</i>	11.8	10.0	10.3	13.1
<b>National Budget (mn. of Nu)</b>				
	<i>Actual</i>	<i>Revised</i>	<i>Budget</i>	<i>Projection</i>
Total Resources	36231.1	43735.0	41605.9	44090.5
<i>(in % of FY GDP)</i>	28.9	31.2	26.4	23.9
Domestic revenue	25141.0	26293.7	27247.2	28434.8
<i>(in % of FY GDP)</i>	20.1	18.8	17.3	15.4
Grants	9955.0	16988.0	14338.7	15655.7
Total expenditure	36475.8	49712.8	51884.4	47613.3
Current	21032.0	23909.5	25387.0	26923.2
Capital	15443.8	25803.3	26497.3	20690.1
Net Lending	-2552.7	-1758.5	-1902.8	-2090.3
Fiscal balance	1896.8	-4219.3	-8375.7	-1432.5
<i>(in % of FY GDP)</i>	1.5	-3.0	-5.3	-0.8

Data as of the FY ending June, including GDP which is also on FY basis. Source: MFCTC, Ministry of Finance (projections as of April 2016) and IMF. 1) Fiscal projection source: Ministry of Finance. 2) BOP data source: RMA. 3) GDP data source: National Statistics Bureau. 4) CPI Inflation data source: IMF. Calendar year essential imports have been projected using an inflation of 6% (upper band of India's inflation target).



## AUDIT AND INTERNAL CONTROL SYSTEM IN RMA

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The Internal Audit Department (IAD) at RMA provides an independent and objective assurance to the Board and the management that the systems and controls are working as intended, policies are complied with and the objectives of the organization are met. All the activities of the RMA are subject to periodic review by the Internal Audit, External Audit and Royal Audit Authority. These audit processes assist the management in prevention and detection of fraud, improvement of the security and internal control system, enhancement of governance processes, reduction of risk and promoting effective and efficient utilization of the resources by applying the best systematic audit approaches.

The IAD undertakes audit of all the departments in RMA as per its risk- based annual plan approved by the Governor where high risk areas are audited more frequently (2 times in a year), medium risk areas are audited once every year and low risk areas are audited once in two years. In addition to the scheduled audit, the Internal Audit also performs ad-hoc audits and special investigations in order to prevent fraud and reduce risk. While carrying out the audit, the Internal Audit is guided by its Internal Audit Manual.

The Audit Committee Charter (ACC) was approved by the Board of Directors of the Royal Monetary Authority of Bhutan at its 84<sup>th</sup> BOD meeting held on November 26, 2012. The ACC provides authority to the Audit Committee of the RMA (as outlined in the RMA Act 2010 under Chapter IV section 65) to undertake its roles and responsibilities in accordance with the terms outlined in the Charter. The RMA Audit Committee (RAC) is the apex Board Level Committee which oversees the overall functions of the IAD and the External Audit. The RAC comprises of three members appointed by the Board and the Chairperson of the RAC is one of the Board members. The RAC appoints the Director of the IAD as its Member Secretary. All reports and recommendations of the internal, external and Royal Audit along with the subsequent management responses are actively reviewed and deliberated during the RAC meeting on a quarterly basis. The RAC provides direction to the Internal Audit Department on further actions that needs to be taken up to ensure timely rectification of the issues and further improvement in the overall operations. In addition, the RAC also monitors and ensures the integrity of the RMA's periodic financial statements and the reporting process, evaluates the effectiveness of the internal controls systems and oversees both internal audit and external audit functions. The RAC make recommendations to the Board on areas of improvement or the actions needed if it's monitoring and reviewing activities reveal cause of concerns.

The IAD reports to the RAC and the Governor on completion of every audit. It also carries out quarterly follow-up on the outstanding issues pertaining to audit carried out by internal, external and Royal Audit and submits quarterly activity and follow-up report to the Governor and the RAC to ensure that adequate corrective actions are taken within a reasonable timeframe.

## INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Royal Monetary Authority of Bhutan

### 1. Report on the Financial Statements

We have audited the accompanying financial statements of **Royal Monetary Authority of Bhutan** ("the Authority"), which comprise the Balance Sheet as at June 30, 2016, the Statement of Income & Expenditure, and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information annexed thereto, all of which we have signed under the reference to this report.

### 2. Management Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bhutanese Accounting Standards (BAS) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### 3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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#### 4. Opinion

In our opinion, the financial statements *give a true and fair view of* the financial position of the Authority as at June 30, 2016, and of its financial performance for the year then ended.

#### 5. Emphasis of matter

Without qualification to the opinion expressed above, attention is drawn to the following:

The Authority is in the process of implementing and adopting Bhutanese Accounting Standard (BAS). They have taken an action plan to complete the total adoption by 2019. This year the Authority has not followed BAS in preparing their financial statements.

#### 6. Report on Other Legal and Regulatory Requirements

As stipulated in serial number 5 of the Terms and conditions, read with clause 9 of Attachment B of the letter of appointment of the Royal Audit Authority, we have also set out in **Annexure-I**, certain matters as "Minimum Audit Examination and Reporting Requirements", to the extent applicable, as stipulated in Schedule XIV to the Companies Act of the Kingdom of Bhutan and a Management Report set out in **Annexure-II** highlighting certain issues for Management's attention and consideration.

Further to our comments in the Annexure I and II referred above, we report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Authority so far as appears from our examination of the books.
- c) The statement of Balance Sheet, the Statement of Income & Expenditure, Statement of Changes in Equity dealt with by this report have been prepared in accordance with accounting principles generally accepted and are in agreement with the books of accounts.
- d) In our opinion, the statement of Balance Sheet, the Statement of Income & Expenditure, Statement of Changes in Equity, comply with provisions of the Royal Monetary Authority Act of Bhutan, 2010.


Place : Kolkata

Dated : 23/09/2016

For S. K. Mallick & Co.

Chartered Accountants

(Firm Registration No. 324892E)

  
[Srijit Mukherji]

Partner

Membership No.50688





**ROYAL MONETARY AUTHORITY OF BHUTAN**  
**BALANCE SHEET AS AT 30TH JUNE,2016**

CAPITAL AND LIABILITIES	Schedule No.	(Amount in Nu. Ch.)	
		As at 30th June 2016	As at 30th June 2015
<b>Capital and Reserves</b>			
Capital	25	800,000,000.00	800,000,000.00
General Reserve		2,000,000,000.00	2,000,000,000.00
Revaluation Reserve		16,682,820,191.03	13,504,090,208.43
Retained Earning		409,500.00	
Profit And Loss		880,843,339.76	796,855,011.60
Special Reserve (Return on Deposit of Kuwait Central Bank)		5,333,462.53	-
Other Reserves	27	243,249.74	243,249.74
<b>Total Capital and Reserves</b>		<b>20,369,649,743.06</b>	<b>17,101,188,469.77</b>
<b>Foreign Liabilities</b>			
Due to IMF	28	2,058,661,844.06	1,004,873,996.95
Due to Government	29	224,559,439.84	1,323,874,845.21
Due to International Institutions	30	10,832,721,855.84	3,827,143,365.54
Interest Accrued	31	119,567,113.97	30,153,457.21
COI Standby Credit Facility	46	7,000,000,000.00	7,000,000,000.00
<b>Total Foreign Liabilities</b>		<b>20,235,510,253.71</b>	<b>13,186,045,664.91</b>
<b>Domestic Liabilities</b>			
Currency in Circulation	34	9,670,921,856.00	9,332,188,018.00
Due to Banks	36	18,131,994,240.87	16,916,618,533.45
Due to Government		252,081,885.24	126,000,000.00
Sweepings Accounts of Banks	37	9,723,415,837.23	6,329,824,032.64
Due to other Financial Institutions	38	507,278.10	507,278.10
Other Liabilities	43	1,714,845,422.73	1,713,829,650.89
<b>Total Domestic Liabilities</b>		<b>39,493,766,520.17</b>	<b>34,418,967,513.08</b>
<b>Total Capital and Liabilities</b>		<b>80,098,926,516.94</b>	<b>64,706,201,647.76</b>
<b>ASSETS</b>			
<b>Foreign Assets</b>			
Cash in Hand	01	569,881,645.59	423,010,627.65
Balances with Banks -India	02	235,350.50	235,820.73
Balances with Banks -Abroad	03	2,052,033,287.22	2,834,203,096.27
Term Deposits -India	04	18,553,756,914.00	9,587,039,444.00
Term Deposits -Abroad	05	55,463,789,791.45	48,311,243,832.92
Long Term Investment Securities -Abroad	09	2,487,182,263.65	1,135,160,591.36
Non-Monetary Gold and Silver	10	13,733,139.60	-
Accrued interest on Foreign Investment	11	291,866,311.77	242,946,274.23
<b>Total Foreign Assets</b>		<b>79,432,478,703.78</b>	<b>62,533,839,687.16</b>
<b>Domestic Assets</b>			
Cash in Hand	12	41,918.00	399,383.00
Balances with Banks	13	266,594,535.07	1,696,877,076.41
Other Financial Assets	19	33,172,096.88	26,306,424.65
Accrued Interest	20	143,667.61	2,020,117.12
<b>Total Domestic Assets</b>		<b>299,952,217.56</b>	<b>1,725,603,001.18</b>
<b>Non Financial Assets</b>			
Fixed Assets (Refer Sch 2)		78,672,276.68	90,462,021.60
Inventories	22	111,992,060.77	121,357,265.00
Other Assets	23	124,831,258.15	183,939,672.82
Equity Contribution	49	51,000,000.00	51,000,000.00
<b>Total Non Financial Assets</b>		<b>366,495,595.60</b>	<b>446,758,959.42</b>
<b>Total Assets</b>		<b>80,098,926,516.94</b>	<b>64,706,201,647.76</b>

Significant Accounting Policies -Sch.1  
Notes on Accounts -Sch.3

As per our report of even date  
For S.K.Mallick & Co.  
Chartered Accountants  
ICAI FRN. 324892E

Place: KOLKATA  
Date: 23/09/2016 M.No 050688

(Srijit Mukherji)  
Partner



Chairman

Director

Director

Director

Director

Director

Director

**ROYAL MONETARY AUTHORITY OF BHUTAN**  
**STATEMENT OF INCOME & EXPENDITURE FOR THE YEAR ENDED 30th JUNE, 2016**  
 (Amount in Nu. Ch.)

	Schedule No.	Current Year	Previous Year
<b>Income</b>			
Interest on Foreign Investment	1	670,466,825.41	693,332,934.49
Interest on Rupee Investment	2	817,453,171.50	850,717,268.49
Interest on Staff Loans	3	1,330,555.45	683,164.70
Interest on Domestic Investment	4	153,301.30	152,728.81
Interest on Ways and Means Advance from RGoB	41	2,839,941.88	10,001,937.92
Royalty from Commemorative Coins	5	2,462,925.17	807,251.07
Gain or Loss on sale of Foreign Currencies	6	50,887,801.20	33,985,138.96
Commission and Fees	7	4,945,126.61	7,095,871.82
Income from other sources	9	7,710,667.53	1,526,180.34
Other Income	10	673,498.14	4,292,435.17
<b>Total Operating Income</b>		<b>1,558,923,814.19</b>	<b>1,602,594,911.77</b>
<b>Expenses</b>			
Interest expense on foreign Deposits	11	62,764,826.54	59,327,099.18
Commission and fees paid-Foreign Banks	15	6,329,042.84	4,541,868.84
Commission and fees paid-Domestic Banks	16	50.00	50.00
Security Printing and Minting	19	113,707,881.36	113,997,878.04
Salaries, allowances and other staff cost	20-22	84,098,984.44	88,013,926.86
Staff Superannuation Fund	23	9,068,402.37	4,065,951.63
Director's fees & expenses	24	819,055.00	567,030.00
Auditors' fees & expenses	25	446,027.00	594,870.00
Rent & Insurance	26	1,214,034.51	837,297.50
Electricity, Water and other Charges	27	1,470,041.80	1,338,388.00
Postage & Telecommunication	28	4,568,529.06	4,366,313.79
Remittances of Notes and Coins	29	366,730.00	465,090.00
Stationery & Supplies	30	1,480,444.77	1,294,848.59
Publications	31	298,900.00	407,925.00
Computer Software	32	327,380.92	-
Agency & Contractual Services	33	6,455,781.15	5,210,306.62
Miscellaneous expenses	34	12,817,941.90	5,074,834.64
Depreciation ( Refer Sch 2)	35	19,934,738.02	24,036,788.00
Repairs & Maintenance	36	5,456,739.88	6,053,237.43
Write off - Fixed Assets	37	191,323.90	-
<b>Total Operating Expenses</b>		<b>331,816,855.46</b>	<b>320,193,704.12</b>
<b>Surplus / (Deficit)</b>		<b>1,227,106,958.73</b>	<b>1,282,401,207.65</b>
<b>Less:</b>			
<b>Transfer to Special Reserve</b>			
Cost of Monetary Policy Tools (Ref. Note no. 11 of Sch.3)	11	349,761,583.97	456,575,342.00
Prior Period Adjustment (Refer Note no.39)	39	(3,497,965.00)	(7,548,552.00)
<b>Net Surplus / (Deficit) Transferred to Balance Sheet</b>		<b>880,843,339.76</b>	<b>833,374,417.65</b>

As per our report of even date

For S.K.Mallick & Co.  
Chartered Accountants  
Chartered Accountants  
ICAI FRN. 324892E

(Srijit Mukherji)  
Partner  
M.No 050688



Place: KOLKATA  
Date: 23/09/2016

Chairman

Director

Director

Director

Director

Director

Director

## ABBREVIATIONS AND SYMBOLS

### Abbreviations

ADB	Asian Development Bank
ACU	Asian Clearing Union
AFI	Alliance for Financial Inclusion
APG	Asia Pacific Group on Money Laundering
ARNW	Average Return on Net Worth
ATM	Automated Teller Machine
AML/CFT	Anti-Money Laundering and Combating the Financing of Terrorism
BEA	Bhutan Electricity Authority
BDBL	Bhutan Development Bank Limited
BHP	Basochhu Hydropower Plant
BHSL	Bhutan Hydropower Services Limited
BICMA	Bhutan InfoComm and Media Authority
BIL	Bhutan Insurance Limited
BNBL	Bhutan National Bank Limited
BOBL	Bank of Bhutan Limited
BOP	Balance of Payments
BPC	Bhutan Power Corporation
BPFFS	Budget Policy and Fiscal Framework Statement
BPM6	Balance of Payments Manual (Sixth edition)
CC	Convertible Currency
CDCL	Construction Development Corporation Limited
CHP	Chhukha Hydropower Plant
COTI	Countries Other Than India
CPI	Consumer Price Index
CRR	Cash Reserve Ratio
CSI	Cottage and Small Scale Industries
CY	Calendar Year (Jan-Dec)
DANIDA	Danish International Development Agency
DCCL	Dungsam Cement Corporation Limited
DGPC	Druk Green Power Corporation
DHPCL	Dagachhu Hydro Power Corporation Limited
DHI	Druk Holding and Investments
DMB	Deposit Money Bank
DPNBL	Druk PNB Bank Limited
DPRs	Detailed Project Reports
DRC	Department of Revenue and Customs
DSPBL	Drukyl Securities Broker Private Limited
DWAL	Druk Wang Alloys Ltd.
ECIU	Energy and Climate Intelligence Unit
FATF	Financial Action Task Force

FDI	Foreign Direct Investment
FI	Financial Institution
FIRMA	Financial Institutions Ratio Management and Analysis System
FIU	Financial Intelligence Unit
FSA	Financial Services Act
FSDAP	Financial Sector Development Action Plan
FY	Fiscal Year (July-June)
FYP	Five Year Plan
GBRL	GIC-Bhutan Re. Limited
GDP	Gross Domestic Product
GEPF	Government Employees Provident Fund
GOI	Government of India
GPMS	Government Performance Management System
GVA	Gross Value Added
ICT	Information and Communication Technologies
IDA	International Development Association (World Bank)
IFAD	International Fund for Agricultural Development (UN)
IIP	International Investment Position
IMF	International Monetary Fund
INR	Indian Rupee
IPO	Initial Public Offering
JBIC	Japan Bank of International Cooperation
JICA	Japan International Cooperation Agency
JV	Joint Venture
KHP	Kurichhu Hydropower Plant
LPG	Liquid Petroleum Gas
M0	Reserve Money
M1	Narrow Money
M2	Broad Money
MFCC	Macroeconomic Framework Coordination Committee
MFCTC	Macroeconomic Framework Coordination Technical Committee
MFSM	Monetary and Financial Statistics Manual
MLR	Minimum Lending Rate
MOEA	Ministry of Economic Affairs
MOF	Ministry of Finance
MOLHR	Ministry of Labour and Human Resources
MOU	Memorandum of Understanding
MPC	Monetary Policy Committee
MPFA	Monetary Policy Framework Agreement
MW	Megawatt
NBFI	Non Bank Financial Institution
NFA	Net Foreign Assets
NGO	Non Governmental Organization



NPL	Non Performing Loans
NPPF	National Pension and Provident Fund
NRB	Non-Resident Bhutanese
NSB	National Statistics Bureau
NTTFC	National Transport and Trade Facilitation Committee
ODF	Overdraft Facility
OIN	Other Items Net
PNB	Punjab National Bank
PPI	Producer Price Index
PPN	Purchasing Power of Ngultrum
PPP	Public Private Partnership
RAMP	Reserve Advisory Management Program
RBI	Reserve Bank of India
REDCL	Rural Enterprise Development Corporation Limited
RGOB	Royal Government of Bhutan
RICBL	Royal Insurance Corporation of Bhutan Limited
RMA	Royal Monetary Authority of Bhutan
RNR	Renewable Natural Resources
RSEBL	Royal Securities Exchange of Bhutan Limited
SAARC	South Asian Association for Regional Cooperation
SAARCFINANCE	Network of SAARC Central Bank Governors and Finance Secretaries
SBI	State Bank of India
SDC	Swiss Agency for Development and Cooperation
SDR	Special Drawing Rights
SEACEN	South East Asian Central Banks
SME	Small and Medium Scale Enterprise
SWIFT	Society for Worldwide Inter-Bank Financial Telecommunications
TA	Technical Assistance
TBL	T Bank Limited
TCB	Tourism Council of Bhutan
THP	Tala Hydropower Plant
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNICEF	United Nations International Children's Emergency Fund
UNWTO	United Nations World Tourism Organization
USD	US Dollars
UTB	Unit Trust of Bhutan
WALR	Weighted Average Lending Rate
WEO	World Economic Outlook
WHO	World Health Organization
WPI	Wholesale Price Index

**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
()	negative
₹	Indian Rupee

*Note: Discrepancies in the totals are due to rounding.*

## READERS' FEEDBACK ON THE ANNUAL REPORT

Dear Reader:

We welcome comments or suggestions that will help us improve the content and format of the Annual Report. Please contact us at the following address:

Officiating Director  
Research and Statistics Department  
Royal Monetary Authority of Bhutan  
P.O. Box 154  
Thimphu  
Bhutan

You can also email us at: [rsd@rma.org.bt](mailto:rsd@rma.org.bt)

Please visit our website [www.rma.org.bt](http://www.rma.org.bt) for information on the RMA and to access all of our publications.

The [RMA Publication User Survey](#) is also attached at the end of this report and can be accessed online on the RMA website.

Thank you.

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Please take a few minutes to answer the following questions to help improve the quality and accessibility of RMA's publications.

### Q1. Are you a frequent reader of RMA publications?

Yes ( ) No ( )

### Q2. How do you usually gain access to RMA publications?

Website ( ) Hardcopy ( ) Others - please specify ( ) \_\_\_\_\_

### Q3. Which RMA publications do you usually use?

Monthly Statistical Bulletin ( )  
Quarterly Selected Economic Indicators ( )  
Annual Report ( )  
Monetary Policy Statement ( )  
Other – please specify ( ) \_\_\_\_\_

### Q4. Which sections of the RMA publications do you find most useful?

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### Q5. On a scale of 1 to 5, where 1 = “extremely dissatisfied” and 5 = “extremely satisfied”, how would you rate your level of overall satisfaction with RMA publications?

1 ( ) 2 ( ) 3 ( ) 4 ( ) 5 ( )

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1. Strongly disagree 2. Disagree 3. Undecided 4. Agree 5. Strongly Agree

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Yes ( ) No ( ) Sometimes ( )

### Q8. If you have any additional comments and/or suggestions to improve the quality of RMA publications, please write them here.

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**Thank you very much! On completing this survey, kindly send it to the Research and Statistics Department, Royal Monetary Authority of Bhutan, by email, fax or post.**

The questionnaire can also be accessed online at [www.rma.org.bt](http://www.rma.org.bt)

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