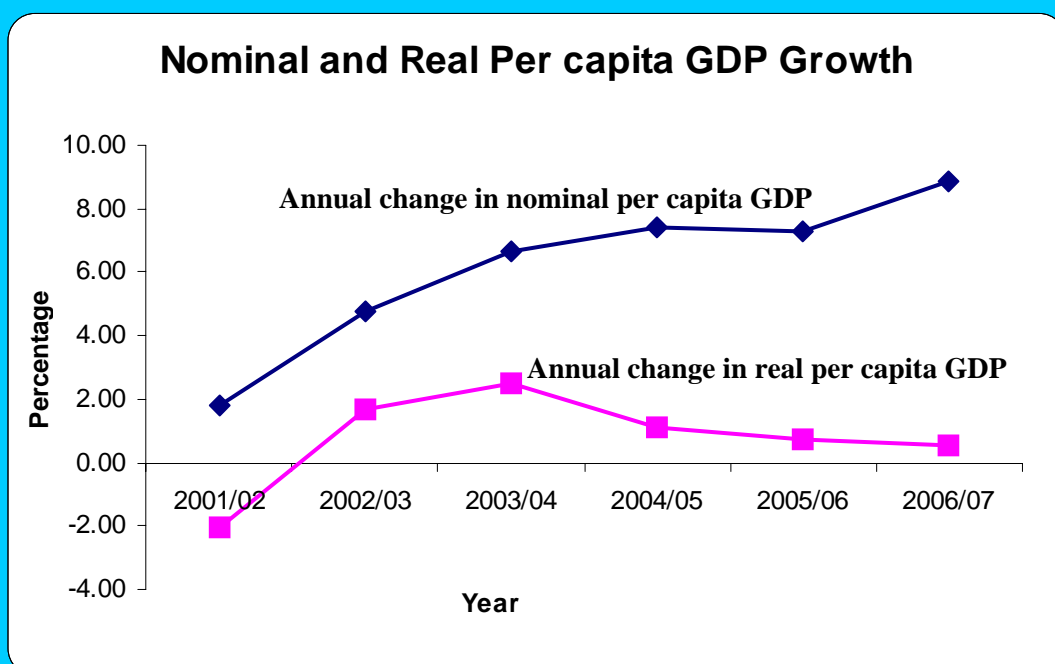


# NATIONAL ACCOUNTS OF NEPAL 2000 - 2007



Government of Nepal  
National Planning Commission Secretariat  
**Central Bureau of Statistics**  
Ram Shah Path, Kathmandu, Nepal

## Foreword

National Accounts presents macroeconomic picture of an economy and also accommodates, in course of time, the changes occurred in the economic behavior of an economy. The SNA 1993 is an effort towards incorporating these changes in the global economy. Since SNA 1993 is an internationally accepted accounting framework, Nepal is also expected to follow its recommendations. In this respect, this is an attempt to implement SNA 1993 in Nepal System of National Accounts (NSNA).

This publication presents a summary of national accounts aggregates, brief description of the methodology and main national accounts tables: Gross Output, Input, Gross Value Added by Economic Activities and also by institutional breakdown. A new series of Gross Domestic Product by Expenditure Category, Gross National Income, Gross National Disposable Income, Savings and other related macroeconomic indicators are presented in this publication. An attempt has been made to implement the recommendations of SNA 1993 while compiling these national accounts estimates. The details of the proceedings and methodologies will be followed with comprehensive manual on Nepal System of National Accounts.

Asian Development Bank, through a project has provided technical assistance to enhance the system of national accounts of Nepal. CBS would like to express hearty gratitude to the bank. Dr. Bishnu Dev Pant, Assistant Chief Economist, ADB deserves special appreciation for his initiation and contribution in materializing the implementation of the project. I would like to thank Ms. Estrada V. Domingo, Dr. Basu Dev Uprety, Dr. Dilli Raj Khanal and Dr. Deepak Rijal who sincerely devoted themselves in providing technical expertise at different stages of the project.

Thanks are due also to the United Nations Statistics Division (UNSD), Economic and Social Commission for Asia and Pacific (ESCAP), International Monetary Fund (IMF) especially Dr. Viet Vu, Ms. Youlia Antonova, Ms. Heidi Arboleda and Mr. Russel Freeman for their valuable technical inputs.

This publication is a collaborative effort of external experts and a team of national accounts sector specialists of Central Bureau of Statistics led by Dr. Rudra Suwal, Deputy Director and Chief of National Accounts Section. Mr. Gopal Prashad Khanal, Mr. Suman Raj Aryal, Mrs. Saroj Bhattarai, Mr. Surya Kumar Pandit; Statistical Officers were involved throughout the project period in their respective sectors. Mr. Jishnu Mohan Bhattarai, Mr. Shiba Raj Neupane worked in the initial stage and Mr. Ganga Ram Sapkota worked in later stage of the project. Other staffs of the Bureau who have devoted much of their time in data collection, processing and compilation are highly acknowledged. Mr. Rabi Singh and Mr. Uttam Narayan Malla, Deputy Director General provided guidance to steer the project in earlier and later stages respectively. My sincere thanks go to both of them.

Thanks are also due to the related government Ministries and Departments, Nepal Rastra Bank, and other non-government agencies in making available the requisite data for compiling the national accounts statistics.

We always welcome suggestions for improvements of the system of national accounts statistics of Nepal.

**Tunga S. Bastola**

Director General

July 2007

## **Steering Committee**

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7	Director (Balance of Payments)	Nepal Rastra Bank	Member
8	Director (Real Sector)	Nepal Rastra Bank	Member
9	Under Secretary (Macroeconomic Management)	National Planning Commission Secretariat	Member
10	Deputy Director (National Accounts)	Central Bureau of Statistics	Member Secretary

## Abbreviations

ASYCUDA	Automated System for Custom Data
BOP	Balance of Payments
CBS	Central Bureau of Statistics
CFC	Consumption of Fixed Capital
CIF	Cost Insurance and Freight
COFOG	Classification of the Functions of Government
CPI	Consumer Price Index
DDC	District development Committee
DOA	Department of Agriculture
DOC	Department of Customs
DOF	Department of Forest
FCGO	Financial Comptrollers General Office
FOB	Free on Board
GDP	Gross Domestic Product
GFCF	Gross Fixed Capital Formation
GNDI	Gross National Disposable Income
GNI	Gross National Income
GNS	Gross National Saving
GVA	Gross Value Added
MOAC	Ministry of Agriculture and Cooperatives
MOF	Ministry of Finance
NA	National Accounts
NAS	National Accounts Statistics
NLSS	Nepal Living Standards Survey
NPC	National Planning Commission
NPISG	Non-profit Institutions Serving Government
NSIC	Nepal Standard Industrial Classification
PCE	Private Consumption Expenditure
ROW	Rest of the World
SNA	System of National Accounts
UDLE	Urban Development through Local Effort
VDC	Village Development Committee
WPI	Wholesale Price Index

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### १. आधार वर्ष परिवर्तनको प्रचलन

मुलुकको उत्पादन, आय, उपभोग, बचत, लगानी (पूँजी निर्माण) जस्ता समष्टिगत सूचकहरू उपलब्ध गराउने राष्ट्रिय लेखा तथ्याङ्क सालबसाली रुपमा अनुमान गरी केन्द्रीय तथ्याङ्क विभागबाट प्रकाशित भइ आएको छ। हरेक वर्ष चालु आ.व. को प्रारम्भिक अनुमान, अघिल्लो वर्षको संशोधित अनुमान र २ वर्ष अघिको अन्तिम अनुमान तयार गरिन्छ। साथै अर्थतन्त्रको संरचनामा परिवर्तन भइ रहने र नयाँ नयाँ आर्थिक कृयाकलापहरू देखिइरहने संदर्भमा कुनै निश्चित समयावधिमा बृहत अध्ययन सर्वेक्षणहरूको आधारमा आधारवर्ष (Bench mark year) परिवर्तन गरी अनुमानका नयाँ श्रृंखला तयार गरिन्छ। त्यही प्रचलन अनुसार आर्थिक वर्ष २०००/२००१ (२०५७/५८) लाई नयाँ आधार वर्षको रुपमा स्थापित गरी राष्ट्रिय लेखा तथ्याङ्कको नयाँ श्रृंखला तयार गरी समष्टिगत सूचकहरू तयार गरिएका छन्। नेपालको राष्ट्रिय लेखा तथ्याङ्क इतिहासमा यस अघि आर्थिक वर्षहरू २०२१/२२, २०३१/३२, २०४१/४२ र २०५१/५२ लाई आधारवर्ष मानि राष्ट्रिय लेखाका श्रृंखलाहरू तयार गरिएका थिए।

### २. नयाँ श्रृंखलाको आवश्यकता

राष्ट्रिय लेखाका आँकडाहरू आर्थिक विश्लेषणका लागि आवश्यक मुख्य सूचकको रुपमा प्रयोग हुँदै आएका छन्। यसबाट देशको अर्थतन्त्रको बृहत खाका खिचन सकिने हुदा आर्थिक गतिविधिको चित्रण र विश्लेषण गर्न पनि सकिन्छ। यी आँकडाहरूबाट अर्थतन्त्रको स्वरूप (Composition) वनावट (Structure) तथा गति (Movement), आयतन (Volume) कोवारेमा जानकारी पाउन सकिन्छ। आर्थिक कृयाकलापहरूको विगतको स्थितिको विश्लेषणबाट भविष्यमा हुन सक्ने सम्भावनाहरूको भरपर्दो अनुमान तयार गरी उपयुक्त नीति तथा कार्यक्रमहरू वनाउन पनि राष्ट्रिय लेखाका आँकडाहरूको प्रयोग गरिन्छ। यसर्थ, अर्थतन्त्रको लेखाजोखा र योजना तर्जुमा, मूल्यांकन तथा अनुगमनको लागि भरपर्दो राष्ट्रिय लेखा तथ्याङ्कको माग हुनु स्वभाविक हो। यस संन्दर्भमा, विगतको राष्ट्रिय लेखा तथ्याङ्कका केही कमजोरीहरू औल्याइएका थिए जुन निम्नानुसार छन्:-

१. नेपालको राष्ट्रिय लेखाका तथ्याङ्क पछिल्लो अन्तर्राष्ट्रिय मापदण्ड र विधि अनुसार तयार हुन नसकेको।
२. पछिल्ला समयहरूमा अर्थतन्त्रमा आएका आर्थिक गतिविधिहरू समावेश हुन नसकेको।

३. राष्ट्रिय लेखा तयार गर्नका लागि आवश्यक पर्ने विविध क्षेत्रका तथ्याङ्कहरु नियमित र समयमा उपलब्ध हुन नसकेको ।
४. आर्थिक उत्पादनका क्षेत्रमा आएको प्रविधिको परिवर्तन (Technology Change ) अनुसार कतिपय लागत तथा उत्पादन (Input output ) बीचको सम्बन्धमा भएको परिवर्तनलाई राष्ट्रिय लेखा प्रणालीमा समाहित गर्न नसकिएको ।
५. कतिपय क्षेत्रहरुबाट प्राप्त तथ्याङ्कको गुणस्तर राम्रो नभएको कारणले यी तथ्याङ्कहरु प्रयोग गरी तयार गरिएको राष्ट्रिय लेखाका आँकडाहरु पनि कमजोर रहेको ।
६. आर्थिक विश्लेषण तथा नीति अनुगमनको लागि आवश्यक पर्ने सूचकहरु पर्याप्त मात्रामा उपलब्ध हुन नसकेको तथा राष्ट्रिय लेखा अनुमानका आँकडाहरु सीमित भएको ।

राष्ट्रिय लेखा तथ्याङ्कमा देखिएका यी कमजोरीहरुलाई ध्यान दिई आर्थिक वर्ष २०६२/६३ ( जनवरी २००५) मा एशियाली विकास बैकको प्राविधिक तथा वित्तिय सहयोगमा "Strengthening the National Accounts System of Nepal " कार्यक्रम संचालन गरिएको थियो । यस कार्यक्रमका मूल उद्देश्यहरु निम्न थिए :

१. नेपालको राष्ट्रिय लेखाका तथ्याङ्क प्रणालीमा सुधार गर्न आर्थिक क्षेत्र उपक्षेत्रका आधार स्तम्भहरु (Benchmark) अध्यावधिक गर्ने ।
२. राष्ट्रिय लेखा प्रणालीलाई अन्तर्राष्ट्रिय मान्यता तथा मापदण्ड अनुसार बनाउन राष्ट्रिय लेखा प्रणालीको अन्तर्राष्ट्रिय निर्देशिका (1993 SNA) सम्भव भएसम्म अनुसरण गरी नेपालको राष्ट्रिय लेखाका आँकडाहरुलाई अन्तर्राष्ट्रिय रुपमा तुलनायोग्य बनाउने ।
३. नेपालको राष्ट्रिय लेखाका प्रणालीलाई क्रमशः त्रैमासिक रुपमा तयार गर्ने क्रमको थालनी (Initiate) गर्ने ।
४. राष्ट्रिय लेखाका आँकडाहरुको विधिगत व्याख्या तथा तथ्याङ्कका श्रोतहरुको विवरण सहितको एक निर्देशिका पुस्तिका (Manual) तयार गर्ने ।

### ३. प्रयुक्त तथ्याङ्कका श्रोतहरु :

राष्ट्रिय लेखाको नयाँ श्रृंखला तयारीका लागि सर्वेक्षणहरु, गणनाहरु, प्रशासनिक रिकर्डहरुबाट प्राप्त तथ्याङ्कहरु पुनः प्रशोधन, सम्पादन तथा आवश्यक ठाउँमा पुनः विश्लेषण समेत गरी प्रयोग गरिएका छन् । जसमध्ये, नयाँ सर्वेक्षणहरु, गणनाहरु तथा अध्ययन प्रतिवेदनहरु तल दिइएका छन् ।



यस अधिका श्रृंखलामा समावेश नभएका कृयाकलापहरूमध्ये ३० वटा नयाँ कृयाकलापहरूको सर्वेक्षण गत वर्ष संचालन गरिएका थिए जुन निम्नानुसार छन्:-

१. कृषिजन्य उत्पादनका संगठित प्रतिष्ठानहरू	१५. केवल टी.भी. सम्बन्धी सेवा
२. सामुदायिक वन	१६. संगठित रियल स्टेट
३. सहकारी संस्थाहरू	१७. भाडा लगाउने संस्थाहरू
४. उत्खनन् सम्बन्धी कृयाकलापहरू	१८. इन्टरनेट सेवा प्रदायक संस्थाहरू
५. साना जलविद्युत् प्रतिष्ठान	१९. कानूनी सेवा प्रदायक संस्थाहरू
६. निर्माण वनावट सम्बन्धी	२०. लेखा परिक्षक संस्थाहरू
७. रेष्टुराँ, बार तथा क्याण्टिन सम्बन्धी कृयाकलाप	२१. विज्ञापन एजेन्सी
८. यान्त्रिक ( स्थल ) यातायात	२२. रोजगार सेवा संस्थाहरू
९. ट्राभल तथा ट्रेकिङ. एजेन्सीहरू	२३. निजी शिक्षण संस्थाहरू
१०. गोदाम तथा पारवहन सम्बन्धी कृयाकलाप	२४. भाषा शिक्षण / तालिम संस्थाहरू
११. ढुवानी सेवा	२५. निजी क्लिनिक तथा स्वास्थ्य संस्थाहरू
१२. निजी हुलाक सेवा	२६. चलचित्र घर
१३. च्याफ्टीड. सेवा	२७. रेडियो तथा टेलिभिजन
१४. निजी संचार सेवा	२८. ड्राइ क्लिनर्स तथा धुलाइ सेवा
	२९. च्याउ खेती

### अन्य गणना, अध्ययन प्रतिवेदन तथा वित्तीय विवरणहरू

माथि उल्लेखित सर्वेक्षण तथा अध्ययनका अतिरिक्त निम्न गणना / सर्वेक्षण / अध्ययन र प्रशासनिक रेकर्डहरू समेत प्रयोग गरिएका छन् ।

१. राष्ट्रिय जनगणना २०५८
२. राष्ट्रिय कृषि गणना २०५९
३. औद्योगिक गणना २०५९
४. नेपाल श्रम शक्ति सर्वेक्षण २०५६
५. नेपाल जीवन स्तर सर्वेक्षण २०६२
६. भुक्तान सन्तुलन तथ्याङ्क
७. सरकारी आय व्यय विश्लेषण

८. वित्तीय क्षेत्रका विस्तृत विवरणहरु
९. गैर वित्तीय क्षेत्रका विस्तृत विवरणहरु
१०. आर्थिक क्षेत्रसंग सम्बन्धित विविध सरकारी तथा गैर सरकारी प्रशासनिक रेकर्डहरु तथा प्रतिवेदनहरु
११. अन्य अध्ययन, सर्वेक्षणहरु (Trade Margin, Bio-gas, Nursing Home, Non-mechanized Transport, Cut Flower, Bee Keeping etc.)

#### ४. आधार वर्ष आ.व. २०५७/५८ मा परिवर्तन गर्नु पर्नाका कारणहरु

यस पटकको नयाँ श्रृंखलाका लागि आर्थिक वर्ष २०५७/५८ लाई आधार वर्षको रूपमा लिइएको छ। नेपालको प्रमुख गणनाहरु जनगणना, कृषि गणना, औद्योगिक गणनाहरु आधारहरु आधारवर्षको नजिक रहेको, अन्तर्राष्ट्रिय तुलनाका लागी आ.व. २०५७/५८ (२०००/०१) लाई लिन अन्तर्राष्ट्रिय सिफारिस भएको र विभिन्न क्षेत्रहरुका तथ्याङ्कको उपलब्धता आदि कारणले गर्दा यस वर्षलाई आधार वर्ष मानिएको हो। वास्तवमा राष्ट्रिय लेखा तथ्याङ्क विधिमा परिर्माण गर्नु पर्ने, नयाँ अवधारणा र परिभाषा अंगाल्नु पर्ने साथै नयाँ वर्गिकरणहरु प्रयोगमा ल्याउनु पर्ने भएकोले पनि नयाँ श्रृंखलाको आवश्यकता भएको हो। हालसम्म नेपालले अनुसरण गरी आएको राष्ट्रिय लेखा प्रणाली सन् १९६८ को प्रणालीमा आधारित थियो जुन विश्वका प्रायः सबै मुलुकले १० वर्ष अघिनै छाडेर SNA 1993 मा स्थानान्तरण गरिसकेका छन्। यस अर्थमा नेपालले पनि SNA 1993 मा प्रवेश गर्नु पर्ने आवश्यकता थियो। मूलतः नेपालको सन्दर्भमा SNA 1993 मा प्रवेश गर्नु भनेको उत्पादनको अवधारणा र परिभाषामा केही अघि बढ्नु हो। जस्तो: घरायसी महिलाले पानी बोक्नु, जंगलबाट दाउरा संकलन गर्नु, फुर्सदमा बत्ती कात्नु, धुप बाट्नु वा मल बोक्नु र अन्य स-साना कृषि कार्य गर्नु आदि। यस्ता कृष्याकलापहरु उत्पादनका नयाँ श्रृंखलामा समावेश गरिएका छन्। यस्तै, प्रस्तुतीमा पनि यस अघि समग्र आर्थिक कृष्याकलापहरुलाई नौ प्रमुख वर्गमा सबभाजन गरिएको थियो भने अब पन्ध्र वर्गमा विभाजन गरी तदनुरूपका उत्पादन, मध्यवर्ती उपभोग र मूल्य अभिवृद्धिका अनुमानहरु तयार गरिएका छन्।

#### ५. राष्ट्रिय लेखा तथ्याङ्क सम्बन्धी प्रमुख आर्थिक सूचकहरु

राष्ट्रिय लेखा सुदृढीकरण कार्यक्रमबाट प्राप्त भएका हालसम्मका प्रमुख नतिजाहरु (समष्टिगत आर्थिक सूचकहरु) निम्न अनुसार छन् :

## ६. राष्ट्रिय लेखा तथ्याङ्कका प्रमुख नतिजा तालिकाहरु:

तालिका १ : औद्योगिक वर्गीकरण अनुसार कुल उत्पादन (Gross output by Industrial Division): वस्तु तथा सेवा उत्पादन गर्ने प्रमुख आर्थिक क्षेत्रहरुलाई अन्तराष्ट्रिय औद्योगिक वर्गीकरण (International Standard Industrial Classification, ISIC) अनुसार वर्गीकरण गरी वस्तु तथा सेवाको कुल उत्पादन (Gross output) प्रचलित मूल्यमा प्रस्तुत गरिएको छ । जस अनुसार आ.व. ०६३/६४ मा सबै भन्दा बढी कुल उत्पादन कृषि क्षेत्रबाट ३००३३.४ करोड र त्यसपछि क्रमशः उद्योग क्षेत्रमा १८५३३.१ करोड यातायात क्षेत्रमा १४१७६.१ करोड र व्यापार क्षेत्रमा ११४५९.१ करोड बराबरको कुल उत्पादन भएको छ । आ.व. ०६३/६४ मा सबै क्षेत्रबाट कुल उत्पादन आधारभूत मूल्यमा ९९५१३.६ करोड अनुमान गरिएको छ ।

तालिका २: औद्योगिक वर्गीकरण अनुसार मध्यवर्ती उपभोग : (Intermediate Consumption by Industrial Division) वस्तु तथा सेवाको उत्पादनको लागि प्रयोग हुने लागतका (Intermediate Consumption) अनुमानहरु तालिका २ मा प्रस्तुत गरिएको छ । जस अनुसार आ.व. ०६३/६४ मा सबै भन्दा बढि मध्यवर्ती उपभोग उद्योग क्षेत्रमा १३३४४.३ करोड छ भने कृषि, यातायात तथा संचार तथा निर्माणमा क्रमशः ७५०८.८ करोड ६०४२.० करोड तथा ४५५८.१ करोड रहेको छ । आ.व. ०६३/६४ को प्रचलित मूल्यमा कुल मध्यवर्ती उपभोग रु.४२१३३.१ करोड अर्थात कुल उत्पादनमा ४२.३४ प्रतिशत अनुमान गरिएको छ ।

तालिका ३-४ : औद्योगिक वर्गीकरण अनुसार कुल मूल्य अभिवृद्धि (प्रचलित र स्थिर मूल्यमा): औद्योगिक वर्गीकरण अनुसार सबै भन्दा बढि मूल्य अभिवृद्धि कृषि क्षेत्रमा ०६३/६४ को प्रचलित मूल्यमा २२५२४.६ करोड अनुमान गरिएको छ र सोही अवधिमा त्यस पछि क्रमशः व्यापारमा रु.९६२८.४ करोड, यातायात तथा संचारमा रु. ८१३४.१ करोड अनुमान गरिएको छ । कुल मूल्य अभिवृद्धि आ.व. ०६३/६४ मा ७१९४७.७ करोड अनुमान गरिएको छ । आर्थिक वर्ष ०५७/५८ को मूल्यमा कूल मूल्य अभिवृद्धिका अनुमानहरु प्रस्तुत गरिएका छन् । वित्तीय मध्यस्थताको अनुमान तथा करका विवरणहरु पनि समावेश गरी उत्पादकको मूल्यमा कुल गार्हस्थ्य उत्पादनको वृद्धि दरको आँकडाहरु तालिका ४ मा प्रस्तुत गरिएका छन् । जस अनुसार आ.व. ०५७/५८ देखि आ.व.

०६३/६४ अवधिको वास्तविक औषत वार्षिक वृद्धि दर आधारभूत मूल्यमा १.९५ प्रतिशत अनुमान गरिएको छ ।

तालिका ५-६ : संस्थागत क्षेत्र अनुसार कुल उत्पादन तथा मूल्य अभिवृद्धि संस्थागत क्षेत्र अनुसार कुल उत्पादन, मध्यवर्ती उपभोग तथा कुल मूल्य अभिवृद्धिका अनुमानहरु प्रचलित तथा स्थिर मूल्यमा प्रस्तुत गरिएका छन् । प्रमुख ४ संस्थागत क्षेत्रहरु वित्तिय संस्था, गैर वित्तिय संस्था, सरकार र घर परिवारमा विभाजन गरी प्रस्तुत गरिएका आँकडा अनुसार आ.व. ०६२/६३ मा सबै भन्दा बढि मूल्य अभिवृद्धि घर परिवार क्षेत्रबाट २८८३८.१ करोड र त्यसपछि गैर वित्तिय संस्थागत क्षेत्र, सरकार र वित्तिय क्षेत्रबाट क्रमशः २५२७७.६ करोड, ४२८९.४ करोड र १९६२.२ करोड प्राप्त भएका छन् । त्यस्तै प्रकारले तालिका नं. ६ मा यिनै अनुमानहरु आ.व. ०५७/५८ को स्थिर मूल्यमा प्रस्तुत गरिएका छन् ।

तालिका ७-८ : खर्चको प्रकार अनुसार कुल गार्हस्थ्य उत्पादन खर्च विधि (Expenditure Approach) अनुसार तयार गरिएका छन् । जस अनुसार, कुल उपभोग, अन्तर्गत सरकारी तथा व्यक्तिगत उपभोगका विवरणहरु र व्यक्तिगत खर्च अन्तर्गत खाद्य, गैर खाद्य तथा सेवा सम्बन्धी उपभोगका अनुमानहरु समावेश छन् । त्यस्तै प्रकारले नाफा नकमाउने संस्थाहरुको उपभोग पनि समावेश गरी घर परिवारको वास्तविक उपभोगको अनुमानहरु तालिकामा देखाइएको छ । कुल उपभोगमध्ये सरकारी उपभोगलाई व्यक्तिगत तथा सामुहिक दुई किसिमको समुहमा विभाजन गरिएको छ । व्यक्तिगत उपभोगमध्ये सबै भन्दा बढि खाद्य वस्तुको उपभोगमा खर्च भएको देखिन्छ । जस अनुसार खाद्य वस्तुमा गरिएको खर्चको हिस्सा ५९.० प्रतिशत रहेको छ भने गैर खाद्य र सेवा क्षेत्रको हिस्सा क्रमशः २८.७ प्रतिशत र १२.३ प्रतिशत रहेको छ । कुल पूँजी निर्माण अन्तर्गत कुल स्थिर पूँजी निर्माण, सरकारी तथा गैर सरकारी क्षेत्रको पूँजी निर्माणका अनुमानहरु तयार गरिएका छन् । स्टकमा परिवर्तनको (Change in Stock) अनुमान लेखाको शेष (Residual) रुपमा प्राप्त गरिएको छ । वस्तु तथा सेवाको आयात तथा निर्यातको छुट्टा छुट्टै अनुमान गरी खुद वस्तु तथा सेवाको मूल्यको अनुमान प्रचलित तथा स्थिर दुवै मूल्यमा प्रस्तुत गरिएका छन् । वस्तु तथा सेवाको खुद निर्यात पछिल्ला वर्षहरुमा अत्यधिक रुपमा ऋणात्मक (-११६८७६ करोड) रहेको देखिन्छ । आ.व.०६३/६४ मा कुल गार्हस्थ्य उत्पादनमा खुद निर्यातको हिस्सा १३.६ प्रतिशत रहेको देखिएको छ ।

तालिका ९-१० : कुल राष्ट्रिय आय तथा बचत (Gross National Income and Saving): तलब ज्याला (Compensation of employees) वस्तु तथा सेवाको उत्पादनमा लागेको कर संचालन बचत (operating Surplus) तथा मिश्रित आम्दानी उत्पादनका साधनबाट प्राप्त आय, कुल राष्ट्रिय आय, ट्रान्सफर आय, कुल उपभोग, गार्हस्थ्य वचत, कुल पूँजि निर्माण तथा ऋण लिने तथा दिने स्थिति (Lending/borrowing position) सम्बन्धि आँकडाहरु प्रचलित मूल्य तथा स्थिर मूल्यमा प्रस्तुत गरिएका छन् । आर्थिक वर्ष ०६३/६४ मा कुल गार्हस्थ्य उत्पादनमा तलब ज्यालाको हिस्सा ४१.८ प्रतिशत र संचालन बचत तथा मिश्रित आम्दानी ६९.१८ प्रतिशत हुने अनुमान गरिएको छ । आ.व. ०६३/६४ मा कुल राष्ट्रिय आय तथा कुल खर्च योग्य आय (Disposable Income) प्रचलित मूल्यमा क्रमशः रु. ६५१४२.६ करोड र ७७७५७.२ करोड हुने अनुमान गरिएको छ । सोही अवधिमा साधन र श्रोतको बचत १४२२.५ करोड हुने अनुमान गरिएको छ ।

तालिका ११ : राष्ट्रिय लेखाका शूचकहरुको सार संक्षेप (Summary of National Accounts Aggregates) प्रतिव्यक्ति कुल गार्हस्थ्य उत्पादन, प्रतिव्यक्ति कुल राष्ट्रिय आय, खर्च योग्य आय, प्रतिव्यक्ति कुल गार्हस्थ्य उत्पादनको वास्तविक बृद्धिदर, अमेरिकन डलरमा प्रतिव्यक्ति आय, राष्ट्रिय बचत दर, वस्तु तथा सेवाको आयात तथा निर्यातको कुल गार्हस्थ्य उत्पादनमा हिस्सा आदि प्रमुख आर्थिक शूचकहरु प्रस्तुत गरिएका छन् ।

तालिका १२ : प्रमुख क्षेत्र अनुसार आर्थिक परिसूचकहरु (Macroeconomic Indicators by Broad Industry Group) कूल गार्हस्थ्य उत्पादनको बार्षिक बृद्धिदर, डिफ्लेटर, बनावट (Composition) आदि आँकडाहरु देखाईएका छन् ।

यी प्रमुख तालिकाहरुको अतिरिक्त आर्थिक सूचकहरु तयार गर्दा प्रयोग गरिएका क्षेत्रगत आँकडाहरु, सूचकाङ्कहरु, अन्य दर तथा अनुपातका विवरणहरु विभिन्न तालिकाहरुमा अनुसूचीको रुपमा प्रस्तुत गरिएका छन् ।

## ***PART (A)***

### ***Methodology of the new series of the National Accounts Statistics of Nepal***

#### **1. Introduction**

Central Bureau of Statistics (CBS) is a central statistical organization of the government of Nepal regulated by the Statistical Act 1958. As per this act, CBS is responsible for the collection and delivery of different socio-economic statistics in the country. CBS, as mandated by the act, has been engaged in compilation and publication of national accounts statistics since last four decades. Compilation of national accounts statistics started in early 1960's following the 1953 UNSNA recommendations. Since then CBS has been publishing the national accounts statistics on a regular basis.

National accounts statistics of Nepal certainly has limitations regarding, the coverage, quality and methodology. As an attempt to improve the estimates, revisions were done periodically in the past and accordingly, the base years were shifted from 1964/65 to 1974/75, first ever in the history of Nepalese national accounts. The second revision of the national accounts series was undertaken in 1993 through Strengthening the National Planning Commission (NPC) Project and that has shifted the base year to 1984/85. Some revisions were made during the project by updating some benchmark data with the help of new surveys and studies. The revised series published by NPC/CBS in June 1994 covered the period of 1984/85 to 1994/95. The revision were made following the concepts, classifications and presentations recommended by 1968 UNSNA and very limited accounts were presented due to the time and resource constraints of the project. Therefore, subsequent releases on national accounts series also have been limited to GDP by economic activities at current/constant prices, and some derived macroeconomic aggregates.

Because of the dearth of the database and accounts, the national accounts statistics has often become debatable and questionable. Unless the compilation is based on sound database and estimation methods consistent with current international standards and practices, the issue remains unresolved. In order to address the problem of national accounts statistics of Nepal, some of the possible improvement is made under the program 'Strengthening the National

Accounts System of Nepal 2005-07'. The program was launched with some specific objectives of improving the national accounts statistics.

***Rebasing the national accounts estimates with new benchmark***

Benchmarking of national accounts estimates has become prime need for improving the quality of national accounts statistics. The levels of transactions of many economic activities were based on old surveys and studies. Because of the outdated benchmarks, the changes in the structure of output, input, value added, and capital formation of such economic activities were not revealed. Moreover, the changes in the economy occurred with newly emerged economic activities were not properly covered in the accounting system due to data gap in these areas. As a result, estimates were becoming less reliable and inconsistent.

Realizing the fact, Central Bureau of Statistics initiated the work on benchmarking the national accounts estimates exploring and using the available data from different sources. Data collected from major statistical operations such as Population Census 2001, Agriculture Census 2001, Manufacturing Census 2002, Nepal Labor Force Survey 1999, Nepal Living Standard Measurement Survey (NLSS) 2003 are used intensively to update the level and structure of the accounts. In addition, some fresh surveys covering different areas of the economy are conducted and their results are used to update and establish new national accounts benchmarks.

***Moving to 1993 SNA***

As the system of national accounts of Nepal is based on international guidelines, the methodological changes taken place internationally needs to be accommodated accordingly. Therefore, Central Bureau of Statistics carried out different activities for implementing 1993 system of national accounts. To implement the system, an assessment of the situation in the context from the old system (1968 SNA) to a new system (SNA 1993) was made. The methodology and data sources of Nepal System of National Accounts (NSNA) compilation have been reviewed and updated to the extent possible following the SNA 1993 guidelines. Similarly, concepts, definitions and also classifications recommended by the SNA 1993 have been followed.

## 2. Methods and Data Sources

### *Gross Domestic Product by Kind of Economic Activities:*

GDP is the total value of goods and services produced in a period after deducting the cost of goods and services involved in the process of production. In other words, it is equal to the sum of gross value added (GVA) of all resident production units of the economic territory.

### *GVA = Output – Intermediate Consumption*

Output is the value of goods and services produced. This includes market production, production for final use and non-market production. Output is related to the unit of production. Output, therefore consists only of those goods or services that are produced within an establishment that becomes available for use outside that establishment.

Intermediate consumption is the value of goods and services consumed as inputs in the production process excluding fixed assets. The goods and services may be either used up or transformed in the production process. The consumption of fixed assets does not include in intermediate consumption which is recorded separately as consumption of fixed capital.

### *Valuation of GDP*

GDP can be valued in several ways. The common valuation technique as recommended by the SNA is used – current prices, constant prices, basic prices, producers' prices, purchasers prices for the compilation of national accounts estimates. However, producers price is used through out in case otherwise not specified.

GDP at current price is measured at the value prevailing at the time the production takes place. Transactions are valued at the actual price agreed upon by the tranactors. Market prices are the basic reference for valuation in the system. If market price is not available, valuation is made as of the cost incurred in the process of production. The current price estimates record the changes in the level of activity and prices.

Constant price is a measure of estimates at a price of the reference period. The purpose of these types of estimates is to remove price effects (inflation) and derive volume of real transactions. The common methods of obtaining constant price estimates are deflation and



volume extrapolation. In the new series, the estimates of constant price is made using year 2000/01 as a base period. The constant price values are all expressed in values of 2000/01 Nepalese Rupees.

Basic price is the amount received by the producer from the purchasers for a unit of output excluding any tax assessed on the output (i.e., tax on products) and including any subsidies on the output that the producer receives. It also excludes any transport and trade margins invoiced separately by the producer.

Producer price is the basic price plus taxes on the output invoiced to the purchaser less subsidies received by the producer from the government.

Purchasers' price is the amount paid by the buyer for a unit of output less any taxes invoiced by the seller but deductible by the purchaser. It includes any transport and trade margins paid separately by the purchaser to take delivery in the required time and location.

### **3. Economic Activities:**

The classification of economic activities used in the new series is based on the Nepal Standard Industrial Classification (NSIC) which is prepared within the broad framework of the International Standard Industrial Classifications (ISIC Rev.3). The criteria for delineating the class, group, division and section are made on the basis of the importance of the activities in the economy and also the availability of data at that level.

#### **3.1 Agriculture, Forestry and Logging**

The growth of crops, trees, livestock or fish which is organized, managed and controlled by producing institutions or mostly household in the context of Nepal is covered in this group. Output in agriculture is measured as being produced continuously over the entire period of production and not simply at the moment of time when the process is completed, i.e., when the crops are harvested or animals slaughtered. Agriculture industry is grouped into four major groups- a. growing of cereals and other crops b. growing of vegetables c. horticulture specialties and nursery products d. farming of animals. Information on vegetables, horticulture and nursery products are gathered from the Department of Agriculture (DOA) and Ministry of Agriculture and Cooperatives (MOAC). A survey was conducted by Central

Bureau of Statistics (CBS) in 2003 to collect information on the details of input and output of nursery products.

The benchmark data for major cereal crops particularly area under crops by types is obtained from Agriculture Census 2001 and yield rates data from MOAC. MOAC and Department of Livestock provided data on fruits, nuts, beverages, and spice crops and livestock products. Case studies conducted by MOAC in different time period for different agriculture products are used for estimating inputs for these products. The constant price estimates is derived using quantity index of agriculture products as a volume extrapolator.

Department of Forest provided data for the estimates of forest products – firewood, log, medicinal products and other forest related products. Case studies conducted by DOF in different time period are the source of data for input, output and capital formation. Study on community forestry conducted by DOF and CBS is used for the estimates of GVA and other national accounts aggregates. However, there is very little information available on the price of forest products and hence, several exercises were done to adjust the price and the valuation of such forest based products. Changes in the quantity of forest products are used to derive estimates at constant prices.

### **3.2 *Fishing***

The estimates of fish products are obtained from the data sources of MOAC. Production of both, ponds fishes and catch of natural rivers are included in the estimation. Based on small scale studies conducted by CBS in 2003, information on the cost structure of fish farming is incorporated for estimating gross value added. The change in the quantity of fish products over the years is used as volume extrapolator for the estimates of GVA at constant prices.

### **3.3 *Mining and Quarrying***

The estimates of output of the mining products are based on the administrative records provided by Department of Mining and Geology. The total volume of mining products is relatively small. The input structure of the mining activities is also taken from the records of Department of Mining. Information on quarrying activities is derived from the share of quarrying products in construction. The cost composition of the construction activities by

type is obtained from the benchmark survey on construction composition 2005. A study on quarrying activities conducted in 2005 provides the input output structure of quarrying activities. The estimates of value added at constant prices for this group is derived using the ratio method (composition of construction cost) where as current price estimates of construction GVA is simply inflated by the price index of construction materials.

### **3.4 Manufacturing**

The estimates of manufacturing activities is grouped into three major groups- a. modern manufacturing b. small scale manufacturing and, c. unincorporated manufacturing. Each group comprises establishment and activities classified as per Nepal Standard Industrial Classification (NSIC).

The estimates of modern manufacturing are based on the data provided by census of manufacturing establishments 2002. The level of output, input and other transactions are moved forward and backward for other years. Manufacturing production and price indices prepared annually by the CBS are used to estimate GVA at current and constant prices. Small scale manufacturing is a group of manufacturing establishments having one to nine employees. The estimates of gross value added and other transactions are moved using manufacturing production and price indices assuming constant pattern of inputs and outputs. The benchmark figure is moved using manufacturing indices for other years ahead. To arrive at current price estimates, manufacturing price index is used as an inflator.

The estimates of unincorporated manufacturing activities are based on Nepal Living Standard Measurement Survey (NLSS) 2004. The benchmark estimate is moved for other years' using the ratio of households having manufacturing establishments. Manufacturing production price index is used at disaggregate level (NSIC group) for estimating GVA at current prices.

### **3.5 Electricity gas and water**

Output, input, value added, capital formation and other aggregates generated in the electricity generation activities are obtained from the financial statements of Nepal Electricity Authority and other private electricity corporations. For small scale electricity units (micro- hydro), a benchmark survey was conducted to estimate the level of their transactions. GVA and other

NA aggregates are obtained from the processing of financial statements and deflated them by electricity index to arrive at constant price estimates.

To cover the bio-gas activities, a survey was conducted of households having gobar (bio-gas) gas plants. This survey provides detail information on output, input, and capital formation. The benchmark estimates are carried forward using the number of plants supplemented each year. The estimates for the water supply activities are obtained analyzing the financial statements of Nepal Drinking Water and Sewage Corporation. The supply of water produced by government is added to come up with total production of water. The volume of total water supplied over the years is used as a volume extrapolator and price index is used as price deflator for the estimates at constant prices.

### **3.6 Construction**

Construction activities are grouped into two major categories: Pakky (concrete) construction and Kachhy (Non-concrete) construction. The estimates of the output for Pakky construction activities are derived using the total supply of construction materials e.g. domestic production and imports. For Kachhy construction, different indicators- length of earthen roads, expenditure on household construction are used. For the estimates of GVA and other NA aggregates, results of benchmark study on the cost composition of construction activities (2005) is used as a mark up. The current price estimate is obtained using price and volume indices of construction.

### **3.7 Trade**

The estimates of output for trading activities are derived using a benchmark study of trade margins, 2003. Trading output is estimated using these markups at disaggregated level of NSIC three digit level for domestic production of agricultural and manufactured commodities, and harmonized commodity classification system at four digit level for imported goods. The volume of tradable goods for domestic production is estimated using NLSS II data. The input structure for trading activities is obtained from the same study on trade margin, 2003. The constant price estimate for trade activities is obtained deflating the current price estimates by the respective components of wholesale price index (WPI) compiled by Nepal Rastra Bank.

### **3.8 Hotels and Restaurants**

The activities of Hotels and Restaurants are grouped into two major groups – hotels and restaurants. Hotels of different types and levels such as star and non star rated are included in the estimation of GVA and other NA aggregates. For five star and four star hotels, individual financial statements are processed and used in the estimates. For other category of hotels, estimates are based on the survey on Hotels and Lodges, 2003. Number of tourist arrival is used as an indicator and volume extrapolator. For restaurant category, survey on restaurants 2005 is used for benchmark estimates. Similarly, the estimate for unincorporated restaurant activities is derived processing the data from NLSS II survey. The constant price estimates for hotels and restaurant activities are obtained deflating current price value by the relevant component of CPI – restaurant meals.

### **3.9 Transport Communication and Storage**

Three major types of transport activities currently under operation in Nepal are land transport, air transport, and supporting transport activities. The activities of land transport are further grouped into two categories- mechanized transport and non-mechanized transport. Mechanized transport comprises a variety of carriers – bus/ minibus, tempo, microbus, Jeep/taxi, tourist vehicle, tractor, truck, tanker. Similarly, non-mechanized transport includes riksha, push cart, cart etc. Survey on mechanized land transport covering all types of transportation means was conducted in 2005. The survey provides detail information on output, input and capital formation for the year 2005. The benchmark value is moved using number of vehicles operated<sup>1</sup> each year for obtaining estimates for other years. A survey was conducted by CBS in 2003 to get benchmark estimates for non-mechanized land transport activities.

#### *Air transport*

The estimates of GVA and other aggregates of air transport activities are obtained from the financial statements of air transport activities and processed for national accounting purposes. For constant price estimates, current values are deflated by the transport component of CPI.

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<sup>1</sup> Information on the total cumulative number of vehicles available from Department of Transport is used to estimate the number of vehicles in operation using the survey information on the lifetime of transport vehicles by types. On the basis of the data on lifetime of vehicles, number of vehicles not in operation is estimated and deducted each year from the total number to arrive at the number of vehicles that are in operation.

### *Supporting transport activities*

Supporting transport activities include a variety of activities related to transport of passenger or freight via different mode of transport. Activities of travel agencies, rafting operations, tour operators, tourist assistance activities, forwarding of freight etc. are included in this group.

The benchmark estimates of GVA and other aggregates of supporting transport activities are based on the recent survey on travel and trekking agencies, and the estimates of rafting agencies activities are based on the survey conducted by CBS in 2004. The survey provided details on output, input, capital formation and other aggregates. Number of tourist arrival is used as volume indicator for estimating GVA and other aggregates at constant prices. Transport component of CPI is used as an inflator for the estimates at current prices. Survey on freight services 2004 provided benchmark for the estimates of GVA and other NA aggregates. The total quantity of goods transported during the year is used as an indicator for moving the benchmark value forward and backward assuming constant input output structure.

### *Communication*

This industry covers the activities of telecommunications, postal services and courier services. Financial statement of Nepal Tele Com Authority and other private telecommunication corporations allows for the calculation of output, intermediate consumption, GVA and capital formation at current prices. Constant price measures are obtained by deflating the current value by the selected price index of communication component of CPI. Telecommunication activities operated by private business (PCOs) are captured conducting a survey on private telecommunication activities in 2004. The survey provided detail information on the estimates of input, output and capital formation. The estimates are moved using the number of landline telephone number as volume indicator.

The estimates of output and intermediate consumption of postal service activities are obtained directly from the government accounts in case of postal activities operated by government and for private postal service activities; a survey was conducted to cover the activities of private courier services in 2004 to get benchmark estimates on GVA and other NA aggregates.

### *Storage*

Storage activity includes the operation of storage facilities for all kinds of goods. The gross value added and other aggregates are derived from the financial statement of Nepal Transit and Warehouse Company. To get the estimates on GVA and other aggregates for other private storage and warehouse companies, data from the study of Storage and Warehouse 2005 is utilized. The total commodity flow (volume) is used as an indicator /extrapolator to compute GVA and other aggregates for other years.

### **3.10 Financial Intermediation**

This activity includes a range of financial transactions operated by financial institutions. Activities of financial institutions are grouped into five major categories- central banking, monetary institutions, financial leasing, credit granting, insurance, and auxiliary to financial intermediation.

The estimate of the activities of central bank is compiled from the detail financial statement of the Nepal Rastra Bank. The transactions of the commercial banks, development banks, finance companies and other credit granting agencies compiled by Nepal Rastra Bank are utilized and reclassified these transactions according to SNA classifications for deriving GVA and other NA estimates. In addition, financial statements of the respective agencies are also processed and analyzed to get more information required for preparing the accounts. The estimation of GVA and other related aggregates for insurance activities, financial statements of insurance companies are utilized. Similarly, activities of auxiliary to financial intermediation- Nepal Stock exchange, security brokers, and money changers are compiled using their records and financial statements. To arrive at the estimates at constant prices, adjusted wage index of the financial sector's employees is used as a deflator.

### **3.11 Real estate renting and business activities**

This activity includes buying and selling, renting and operating of self-owned or leased real estate activities. Also included are development and sale of land, apartments, hotels and residential buildings, machinery equipments of different types, personal and household goods.

### *Real estate*

Real estate activities are grouped into three major types- organized real estate, Rural Housing Company, real estate companies and land developer companies. To cover the activities of organized real estate, a benchmark survey was conducted by CBS in 2005. Based on this survey, data on output, input and other transactions are obtained for the year 2004/05. The benchmark estimates are moved backward and forward using the number of real estate agencies involved in the production of real estate services. To arrive at the current price estimates, volume of transaction is inflated using housing component of CPI. Since real estate services are mainly concentrated in housing activities.

### *Renting Services*

Renting services include renting of a range of machinery, equipment personal and household goods. The estimates of renting activities are based on the benchmark survey on Renting Activities in 2004. The survey provides detail information on output, input, and capital formation etc. for the benchmark year 2004/05. The benchmark estimates are used as a level and shifted back and forth using number of renting business activities for other years' to get the estimates of GVA and other NA aggregates. The estimates at current price are derived using house rent component of CPI as an inflator. For the estimates of rental of personal and household goods, the NLSS II survey result is used for deriving the value of renting of machinery/equipment at household level.

To cover the activities of the rental of owner occupied dwellings. Nepal Living Standard Measurement Survey 2004 provides information on the total value of rental (output) from owner occupied dwellings and maintenance cost (input) of such dwellings is estimated from the NLSS data sources. To get estimates for other years, the benchmark value derived from the survey is extrapolated using the household growth rates. The housing component of CPI is used for the estimates of GVA at current prices.

### *Business services*

This class includes a range of business service activities- computer and related activities, research companies, legal service activities, cooperative activities, auditing and tax consultancy, advertising agencies, employment agencies, security services, and photographic



activities. Benchmark survey 2004/05 is the major data source for estimating NA estimates for these categories. Survey on legal service activities, accounting and cooperative services, auditing services, advertising services, labor requirement agencies and computer services were carried out for getting information on output intermediate consumption, compensation of employees, financial transactions, capital formation etc. Using these information, benchmark estimates are made for all these business service activities. The value derived from the surveys are moved back and forth using the indicators- changes in the number of establishments engaged in the production of such business services. To estimate NA aggregates at current prices, the estimated volume is inflated using the applicable components of CPI (adjusted CPI; services part).

### **3.12 Public Administration and Defense**

Included in this class is a range of government services- executive, legislative and judiciary. Government bodies directly dependent on the head of state and parliament together with all other government bodies, ministries and departments are included in this group.

The source of data for the compilation of NA aggregates at central government level, is the Financial Comptroller Generals Office (FCGO) / Ministry of Finance (MOF). FCGO/ MOF has compiled data grouping it into some functional category<sup>2</sup>. Output, intermediate consumption, capital formation etc. are derived by utilizing the information reported by FCGO. The valuation of these estimates is based on the principle of the valuation of non-market goods and services as recommended by the system of national accounts (SNA). To make the estimates compatible with the SNA recommendations, government expenditure data are reclassified and presented in a compatible format. However, detail accounts could not be prepared because of the absence of standard in the classification of basic government financial data.

### **3.13 Education**

This division includes all types and levels of education services provided by the government, corporations and non-profit institutions. Government accounts provide information on the

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<sup>2</sup> Classification used by FCGO/ MOF does not correspond to the international classification system, Classification of the Functions of Government (COFOG)- United Nations as recommended by SNA 1993.

expenditure details for different level and types of education service activities of the government. For private education service activities, a benchmark survey covering all types of private education activities was conducted in 2005. The survey provides detail information on the output, intermediate consumption, capital formation, taxes, and financial transactions of the private education institutions. Similarly, education services provided by non-profit institutions are included using the information collected under the survey of NGOs and INGOs 2002. The volume of transactions obtained from the surveys is extrapolated using the number of students enrolled in different level of educational institutions to get estimates for other years. To arrive at the constant price estimates, education component of CPI is used as a deflator.

### **3.14 Health**

Health services are provided by two main institutional sectors:- government and business. The estimates for the government sector are obtained from the government accounts. The estimates of private business sector health activities are based on the data collected from the survey on private hospital activities 2003 and survey on private clinics and health services 2005. These surveys provide detail information on output, input, capital formation, compensation of employees etc. The benchmark figures are moved to get estimates for other years using the number of beds and number of establishment for big hospitals and clinics respectively. Activities of Non-profit institutions on health services are covered using the information of the survey on non-profit institutions, 2002. The component of CPI i.e. medical and personal care is used as a deflator to arrive at the estimates at constant price.

### **3.15 Other community, social and personal service activities**

Included in this group are a range of services provided by different establishments/ industries. The estimates of the services of the general government that are under the community, social, and personal service sector are derived from the financial statements of general government and for private sector services, estimates prepared are based on from the benchmark surveys (CBS 2004 and 2005) on motion picture production, motion picture projections, radio and TV activities, washing and dry cleaning, and hair dressing and other beauty treatment. The benchmark estimates are moved back and forth for other years using the number of those

related establishments. The current price estimates of these activities are derived inflating the volume by services component of CPI.

To cover the activities at local government level, data are compiled separately for local government bodies – Village Development Committee (VDCs), District Development Committee (DDCs), and Municipalities. Data on the transactions of VDCs and DDCs are collected annually administering some pre-designed questionnaire in a sample basis. This information is processed and used in the compilation of NA aggregates from these local government bodies. In case of municipalities, the report prepared by Urban Development through Local Efforts (UDLE), Ministry of Local development is utilized to get information on the transactions such as output, intermediate consumption, taxes, capital formation etc. For constant price estimates, wage index of the government employees is used as a deflator.

#### **4. Institutional Units and Sectors – Data Sources and Estimation Methods**

An institutional unit is defined in the system as *an economic entity that is capable, in its own right, of owning assets, incurring liabilities and engaging in economic activities and in transactions with other entities*. The institutional units that make up the total economy are grouped into five mutually exclusive institutional sectors:

1. The non-financial corporation sector
2. The financial corporation sector
3. The government sector
4. The household sector
5. The non-profit institutions serving household sector

##### **4.1 The non-financial corporation sector**

All resident non-financial corporations and quasi corporations are included in this category. Non-financial corporations are further divided into public and private non-financial corporations. The principal activity of non-financial corporations is the production of goods or non-financial services. The estimates of non-financial corporations are obtained by cross classifying the transaction by economic activities and institutional units. While compiling

national accounts aggregates at industry level, transactions are identified at the same time also at institutional sector level. Hence, a cross tabulation of the transaction by economic activities and by institutional sectors is prepared for compilation purposes. Since the preparation of estimates at institutional sector level requires data in greater detail, NA aggregates are mainly based on the benchmark surveys conducted in the years 2004 and 2005.

#### **4.2 *The financial corporation sector***

The financial corporations sector consists of all resident corporations or quasi corporations principally engaged in financial intermediation or auxiliary financial activities related to financial intermediation. For the estimates of gross value added and other aggregates, financial sector is further divided into sub-sectors- the central bank, other depository corporations, other financial intermediaries except insurance and pension funds, financial auxiliaries, insurance companies, and pension funds. National accounts aggregates are estimated utilizing the financial statistics compiled by the Nepal Rastra Bank and also processing the financial statements of the respective institutions.

#### **4.3 *The general government sector***

Government units may be described as unique kinds of legal entities established by political processes, which have legislative, judicial, and executive authority. The activities of government units are grouped into two levels- central government and local government. The transaction of central government is derived from the government accounts. Central government expenditures are reclassified and regrouped to derive estimates by main functional categories.

To get national accounts estimates at local government level, data are compiled separately for local government bodies – Village Development Committee (VDCs), District Development Committee (DDCs), and Municipalities. Data on the transactions of VDCs and DDCs are collected annually administering some pre-designed questionnaire in a sample basis. This information is processed and used in the compilation of NA aggregates for these local government bodies. In case of municipalities, the report prepared by Urban Development

Through Local Efforts (UDLE), Ministry of Local development is utilized to get information on the transactions – output, intermediate consumption, taxes, capital formation etc.

#### **4.4 The household sector**

The household sector is defined as '*group of persons who share the same living accommodation, who pool some or all, of their income and wealth and consume certain types of goods and services collectively, mainly housing and food*' SNA para. 4.132. The household sector engages in production activities that are directly controlled and owned by the members of households, either individually or in partnership with others. Producer units within the household sector are all unincorporated enterprises.

The main data source for NA estimates at household sector level is the Nepal Living Standard Measurement Survey (NLSS 2004). Unincorporated household activities (non-agriculture) are identified using the criteria of *not registered and without hired labor* and grouped them into NSIC two digit level for estimating output, input and compensation of employees. For the estimates of agricultural activities, the value of output is estimated using the production data supplied by MOAC and DOA. Information on price and cost of production is also available from different departments- Department of livestock, Department of Horticulture, Department of Agriculture/ Marketing Development Directorate, District Agriculture Offices, Fish Development Centre, and Department of Forest. Producers of services for own final use-services of owner-occupied dwellings are estimated using NLSS survey data.

#### **4.5 The non-profit institutions serving households sector (NPISH)**

Non-profit institutions are legal or social entities created for the purpose of producing goods or services with non-profit motives. By virtue, these institutions are not permitted to generate operating surplus. The estimates of transactions of NPISHs are based on the survey on NGOs and INGOs (CBS 2002). The survey result provides information on economic transactions – output, input capital formation and compensation of employees. The number of NGOs is used as an extrapolator to get the estimates for other years. Since NPISHs operate non-market transactions like the government, estimates are inflated by the same wage index (public sector wage index) that is used for government services to derive estimates at current prices. The national accounts estimates from NPISHs are merged into the household sector, since it does

not permit to prepare separate accounts because of the insufficiency and irregularity of input data required for the compilation.

#### **4.6 The rest of the world**

The rest of the world consists of all non-resident institutional units that enter into transactions with resident units, or have other economic links with resident units. The rest of the world account is compiled using balance of payment (BOP) statistics as published by Nepal Rastra Bank. The BOP data is reclassified and used in the compilation of the activities of the rest of the world. Since there is complete concurrence between the 1993 SNA and BOP –V, the relevant portion of the BOP data, e.g., factor income, current transfers, exports and imports of goods and services are received and used in the compilation of NA estimates of GNI, GNDI, GNS etc.

### **5. GDP by Expenditure**

The estimates of GDP at current and constant prices are prepared for the period 2000/01-2005/06. The compilation is based on the general identity model;

$$Y = C_g + C_p + I_g + I_p + (X - M)$$

Where,  $C_g$  =Government Consumption;  $C_p$  =Private Consumption;  $I_g$  =Government Investment;  $I_p$  =Private Investment;  $X$ = Export;  $M$  =Import.

#### **5.1 Personal Consumption Expenditure (PCE)**

Personal Consumption Expenditure (PCE) refers to the final consumption expenditure of households in the domestic market including the final consumption expenditure of resident households abroad less the final consumption expenditure in the domestic market of non-resident households. It covers;

- final consumption expenditure of resident household including those temporarily stationed abroad
- expenditure of non-resident households in Nepal is excluded
- the final consumption expenditure of non-profit institutions serving households valued in terms of operating expenses is included under PCE.
- goods and services received as income in kind
- commodities purchased on credit

- goods and services produced on own account

The level and structure of private consumption is estimated using the household consumption data of the Nepal Living Standard Survey II. Private consumption expenditure is grouped into three major categories – food consumption, non-food consumption, and services. Similarly, consumption expenditure of nonprofit institutions households is estimated using the data from the survey on NGOs and INGOs, 2000. Net consumption expenditure of nonresidents and of residents abroad is estimated using the balance of payments statistics compiled by Nepal Rastra Bank.

To estimate private consumption at aggregate level a simple macroeconomic model is developed as;

$$C = f(GNDI)$$

$$\text{Or; } C = a + b(GNDI)$$

Where  $C = \text{Household consumption}$   $GNDI (\text{Gross national disposable income}) = GDP + \text{net factor income} + \text{net current transfers} - \text{tax on income}$

Estimates thus obtained from this procedure are inflated by Consumer Price Index (CPI) to get estimates of PCE at current prices. Actual final consumption expenditure of H/H is derived as- Final consumption expenditure of H/H + individual consumption expenditure of the government + consumption expenditure of NPISH.

## **5.2 Consumption Expenditure of General Government**

The general government sector consists mainly of central and local government units. In addition, it also includes non-profit institutions serving government (Non-profit Institutions Serving Government, NPISG is engaged in non-market production that are controlled and financed mainly by government units). The consumption expenditure of general government includes;

- Individual final consumption expenditure of government less sales- this includes the value of individual goods and services which are produced by the government sector and distributed free to individuals such as education, health, social security and welfare, sports and recreation, culture, transport etc.

- Collective final consumption expenditure of government- this is equal to the non-market government output (not for sale) less individual final consumption expenditure of government.

Activities of the government are grouped into four major groups-

1. Public administration and defense
2. Education
3. Health and social welfare
4. Other services

Data required for the estimation of government final consumption expenditure is derived from

- Financial Controller General's Office (FCGO) for central government expenditure by current and capital expenditure types.
- For the estimation of consumption expenditure of NPISG, expenditure details of respective agencies are classified and analyzed NPISG are identified
- For local government, consumption expenditure of VDC's are classified and estimated using sample data collected by CBS/NAD.
- For the estimation of consumption expenditure of DDC's, income and expenditure data collected by CBS are utilized.
- For the estimation of consumption expenditure of municipalities, their financial statements as compiled by UDLE are used.

Since there is no tax on output of the government final consumption equals to the non-market output of the government sector.

Non-market output is the sum of -

- Compensation of employees
- Intermediate consumption
- Consumption of fixed capital
- Other taxes on production

Government final consumption expenditure = Total government output-goods and services sold on the market +goods and services purchased to be provided for free to the population.



Estimates of consumption of fixed capital (CFC) are not available. It is assumed that CFC is included in intermediate consumption. Because of the unavailability of data by Classification of Functions of Government (COFOG) category, estimates of government consumption by COFOG group could not be prepared.

### **5.3 Consumption Expenditure of Non-profit Institutions Serving Households (NPISH)**

Since NPISHs are the producers of the non-market services, consumption of NPISH are defined alike the consumption of the general government sector. So

Output of NPISH equals

- compensation of employees
- intermediate consumption
- other taxes on production

Therefore, consumption of NPISH = Total output minus output sold.

NPISH do not pay product taxes on their output, thus equals output (non market).

The activities of NPISH of all types fall under the scope of NPISH

- Research and scientific services
- Education services
- Health services
- Welfare services
- Recreational, cultural and related services
- Religious services
- Services of professional and labor organizations and civic associations
- Miscellaneous services not elsewhere classified.

Benchmark estimate for the level of consumption of NPISH is derived from the survey on NPISH 2002. Based on the survey data, ratio estimate is made for other years using the number of NPISH as an extrapolator. For the estimate of consumption of NPISH at constant prices, wage index of employees is used. The estimates of consumption of NPISH at necessary details are not possible due to deficiency and irregularity of data. Therefore, the estimate is lumped into household consumption. Since data are not available on regular basis, benchmark estimates are extrapolated using the number of NPISHs.

#### **5.4 Gross Capital Formation**

Gross Capital Formation is measured by the total value of the gross fixed capital formation and change in inventory. All types of construction; pakky and kachhy (concrete and non-concrete) are covered in the estimates. For the estimates of machinery and equipment value, imports of machinery and equipment and domestic production are used. Private CFCF is estimated residually after deducting government GFCF compiled from government financial statements. For the estimates of the total value of construction, the value of the supply of total construction materials are derived from the foreign trade statistics , Department of Customs and the value of construction materials that is produced within the country through the survey on the production of manufacturing commodities (Manufacturing production and price index) compiled by CBS. For the estimates of capital formation from Kachhy (non-concrete) construction, NLSS Survey data for own account household construction and length of Kachhy road construction data are used. Similarly, the value of livestock, cultivated trees is estimated using the data provided by the Ministry of Agriculture and Co-operatives. The estimate of valuables is obtained by processing the NLSS survey data. The value of software is estimated using the expenditure reported by establishments/industries in benchmark surveys and annual estimates of intangible assets /computer software is derived using the growth rate of corporate sector value added. The estimates of changes in stocks is derived residually, i.e. Supply (production)- Use (Expenditure).

The estimate of GFCF at activity level is not possible because of data lag. GFCF by industries can not be estimated. Likewise, estimates of GFCF at institutional sector level are also not possible due to data deficiency. Therefore, commodity flow method is adopted to estimate GFCF at only aggregate level. Similarly independent estimates of change in stock could not be made because of the deficiency of data.

#### **5.5 Exports and imports of Goods and Services**

Exports of goods and services consist of sales, barter, or gifts or grants, of goods and services from resident to non-residents, while imports consist of purchases, barter or receipts of gifts or grants, of goods and services by resident from non-residents.

Department of Customs provides data on exports and imports of goods that is compiled according to ASYCUDA concepts following Harmonized System (HS) classification. The

valuation of exports as in the Custom's data is based on exports in FOB and imports in CIF value. Nepal Rastra Bank publishes BOP data using latest version of BOP manual ( BOP manual -V), valued exports and imports at FOB price. Hence, the adjusted data compiled by NRB is used in national accounts to harmonize the concepts of BOP and SNA as recommended by 1993 SNA. The value of exports and imports of goods is compiled and presented by HS major groups and indices of export and import prices based on the year 2000/01 are also constructed.<sup>3</sup>

## **6. Other Macro Economic Aggregates**

### **6.1 Gross National Income (GNI)**

Gross national income is estimated by net additions of primary incomes (payable to the rest of the world (ROW) and primary income receivable) to GDP from non-resident units. In other words, GNI is equal to GDP less compensation of employees, property income, taxes on production paid to the ROW and plus corresponding items received from ROW. The estimates of net primary incomes are based on the BOP data as compiled by Nepal Rastra Bank.

### **6.2 Gross National Disposable Income (GNDI)**

Gross national disposable income is equal to GNI less current transfers payable to non resident units, plus current transfers receivable from the units of the rest of the world. GNDI measures the income available to the nation for final consumption and gross saving. The estimate of GNDI is based on estimates of GDP and the BOP data available from the Nepal Rastra Bank.

### **6.3 Gross National Saving**

Saving is derived as balancing item subtracting final consumption expenditure from the disposable income. Saving represents that part of disposable income that is not spent on final consumption of goods and services.

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<sup>3</sup> Methodological notes on the construction of export and import indices is given in Box....

## *Part (B)*

### **Summary of Results**

The summary of results of the national accounts estimates of Nepal for the years 2000/01 to 2006/07 is presented as follows.

Estimates of gross domestic product by economic activities and by institutional sectors at current and constant prices, gross national income, disposable income, per capita income, capital formation, consumption, saving etc. are presented following the concepts and definitions of international System of National Accounts 1993 (SNA, 1993).<sup>4</sup> The estimates are prepared for the year 2006/07 as preliminary, 2005/06 as revised and final for the year 2004/05. The new series is rebased and benchmarked for the year 2000/01 as base year.

#### **7.1 *Gross Output by Industrial Division***

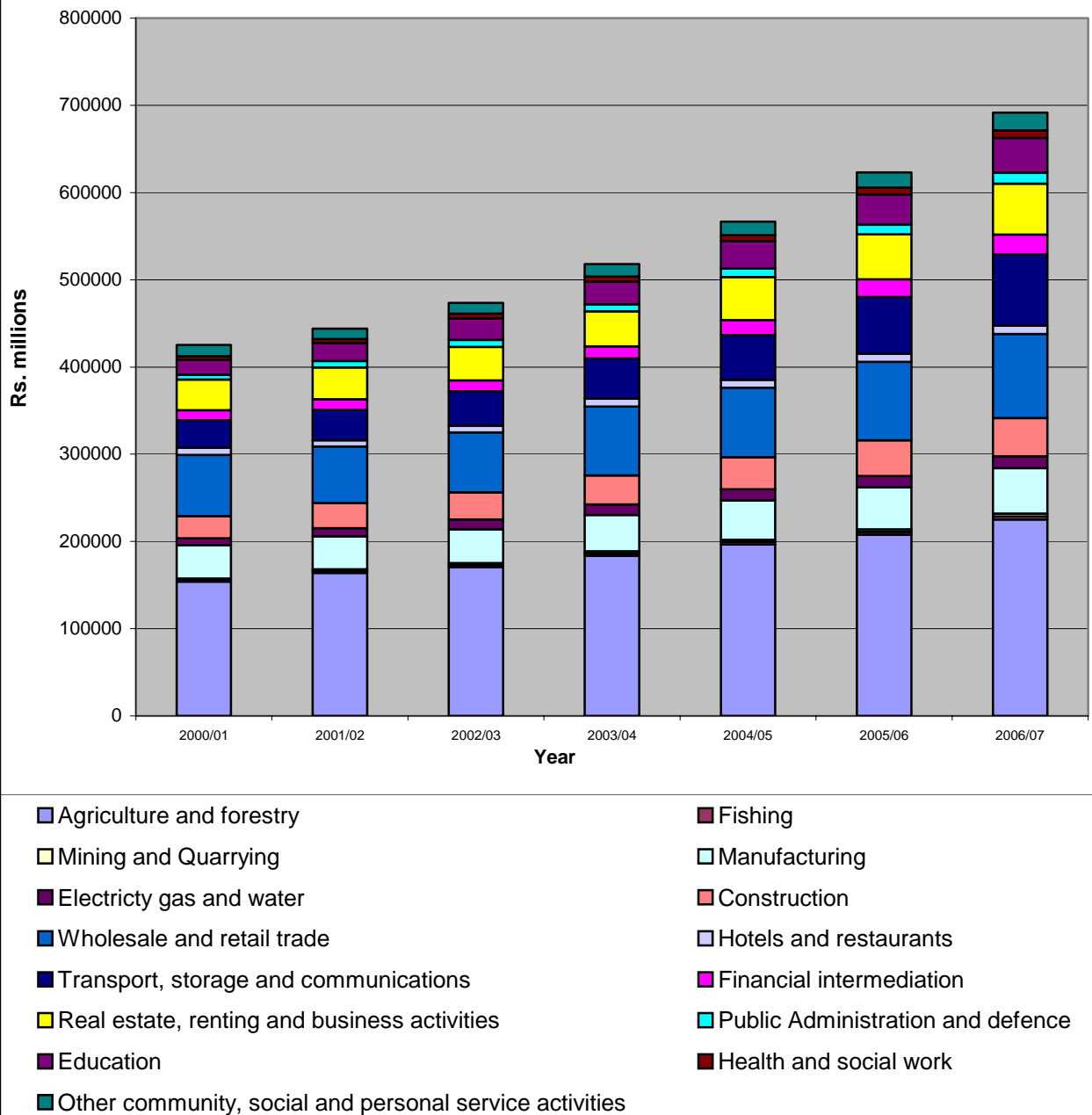
The estimates of gross output by major industrial divisions for the period 2000-01 to 2006-07 are given in Table 1. The total value of output at current basic prices is estimated to be Rs. 1,110,792 millions in the year 2006/07. Among the industries, Agriculture and Forestry shares the highest level of gross output Rs. 300,334 millions followed by manufacturing and trade.

#### **7.2 *Intermediate Consumption by Industrial Division***

Table 2 shows the value of intermediate consumption by industrial divisions. Intermediate consumption is estimated at purchasers' price. The value of intermediate consumption for the year 2005/06 is estimated at Rs. 421,331 millions.

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<sup>4</sup> System of National Accounts 1993 – ECC, IMF, OECD, UN, WB, 1993

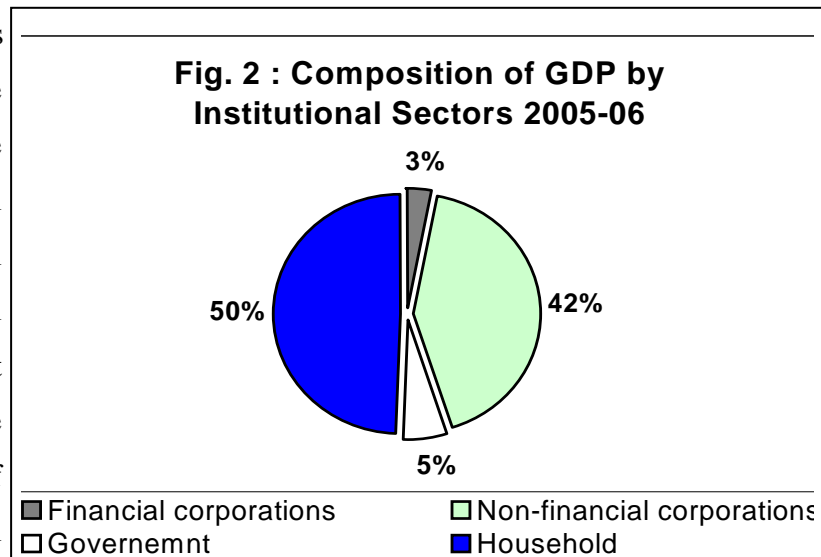
**Fig. 1 : Composition of GVA by Industries**

### 7.3 Gross Value Added by Industrial Division

The estimates of gross value added at current basic prices by major industrial divisions are presented. The total value of GVA is estimated at Rs 691,562 millions and GDP at producers' prices turns out to be 719,477 millions in the year 2006/07.

#### 7.4 Gross Output Intermediate Consumption and Gross Value Added by Institutional Sectors at current prices

The estimates of gross output intermediate consumption and value added by institutional sector; financial corporations, non-financial corporation, government and households are presented. The share of household sector on total

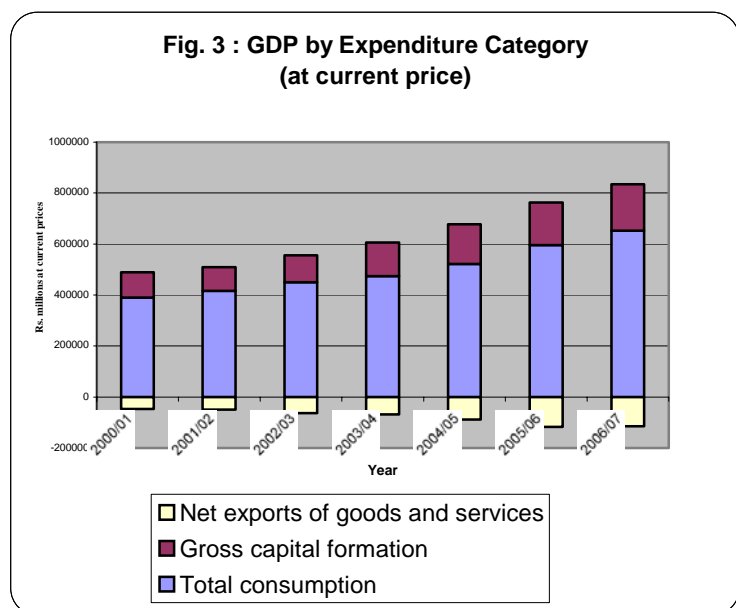


GVA is found to be highest followed by non-financial, government and financial sectors. The estimates of GVA from non-profit institutions serving households are included in the estimates of GVA of the household sector.

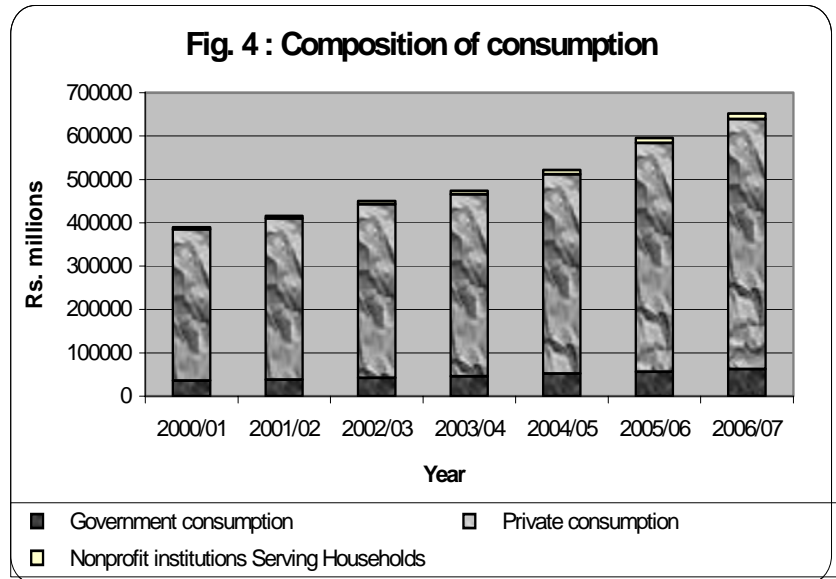
The household sector holds the highest share (50 percent) among the institutional sectors followed by non-financial sector (42 percent), government (5 percent) and financial corporation (3 percent)

#### 7.5 Gross Domestic Product by Expenditure Category at Current Prices

The estimates of GDP by expenditure category at current price are presented. The value of total consumption is estimated to be Rs. 652,170 millions for the year 2006/07. Out of total consumption, Rs. 62,793 millions is consumed by government sector and Rs. 576,914 millions by the private sector. The actual final consumption expenditure of the household turns out to be Rs. 611,146 millions.



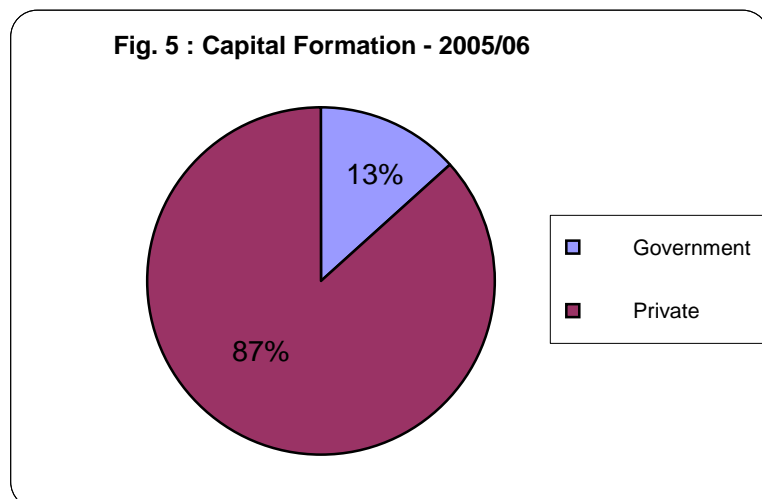
The value of gross capital formation is estimated to be Rs. 182,384 millions for the year 2006/07. Out of total gross capital formation, the value of gross fixed capital formation (GFCF) is estimated to be Rs. 146,198 millions and Rs. 36,186 millions as a change in stock. Out of total value of GFCF, Rs. 19039 millions is contributed by the government and 127159 millions rupees by the private sector.



The value of net exports of goods and services is estimated to be Rs. – 115078 millions in the year 2006/07. The gap in the value of exports and imports is found to be widened over the years 2000/01 to 2006/07.

#### 7.6 Gross Domestic Product by Expenditure Category at Constant Prices

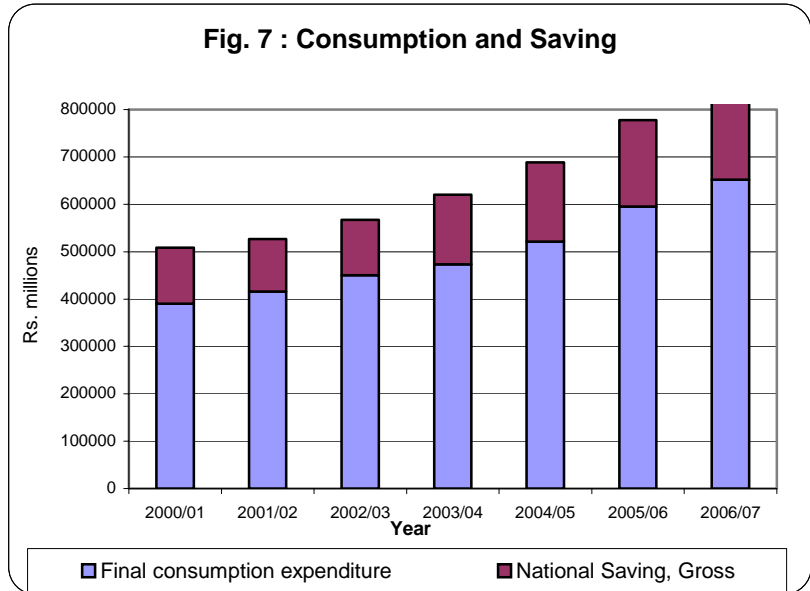
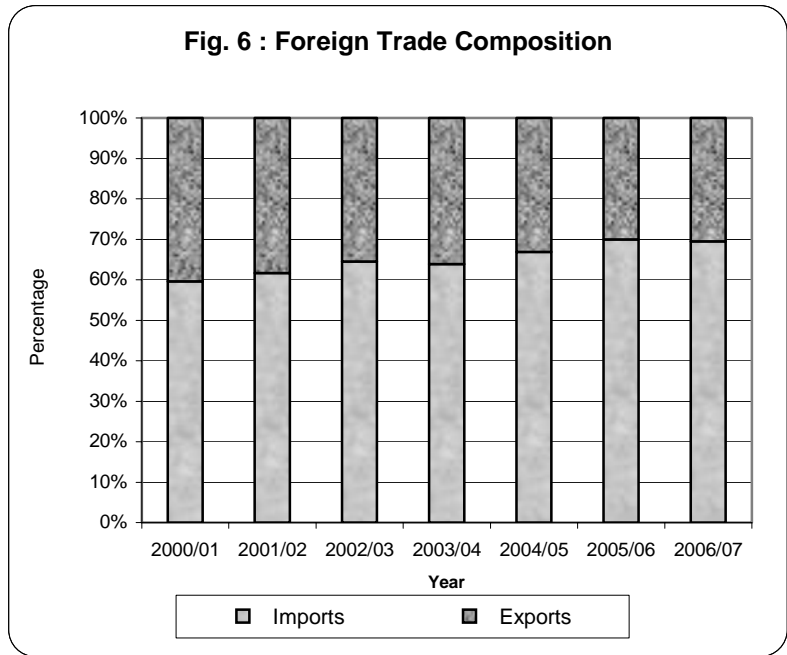
The estimates of GDP by expenditure category at constant prices are presented in Table 6. The estimates of government consumption, private consumption, gross fixed capital formation, change in stocks, exports of goods and services are presented in constant (2000/01) prices.



**7.7 Gross National Disposable Income and Saving**

The estimates of compensation of employees, operating surplus/mixed income, gross national income, national disposable income, gross domestic saving and gross national saving is estimated at current and constant prices

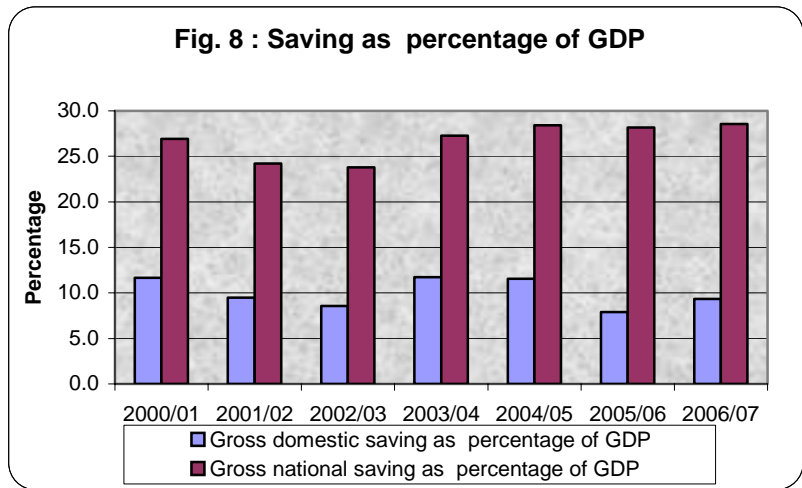
The value of gross national disposable income is estimated to be Rs. 857,619 millions in the year 2006/07. The level of gross national saving is estimated to be Rs. 205,449 millions and a surplus (lending) of Rs. 23,065 millions during the same year.





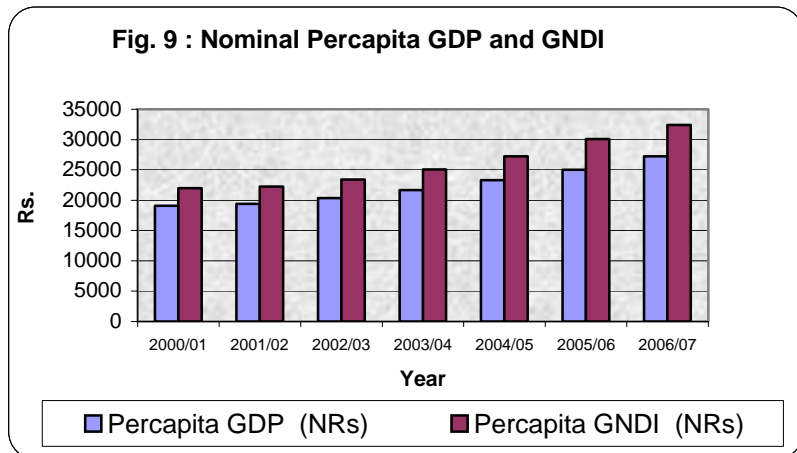
**7.8 Macroeconomic Indicators**

Per capita GDP, GNDI is estimated both at current and constant prices for the period 2000/01 – 2006/07. The value of per capita GDP and GNDI at current prices is estimated to be Rs.27,209 and Rs. 32433 respectively. The growth of real

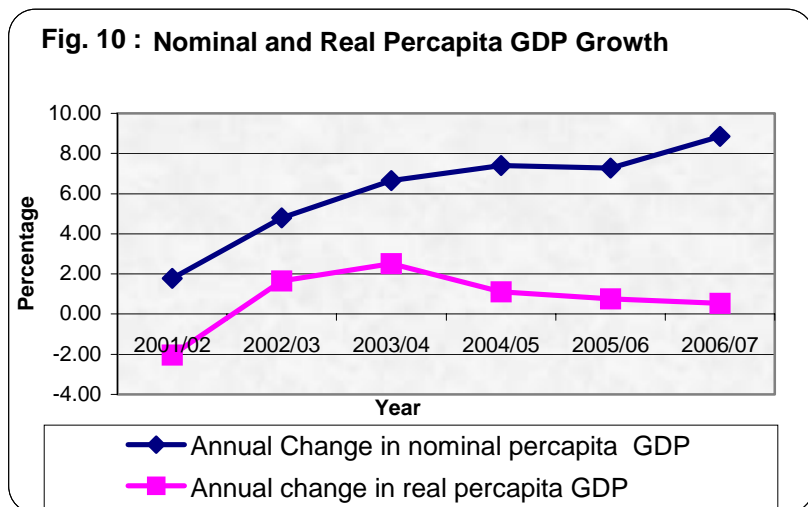


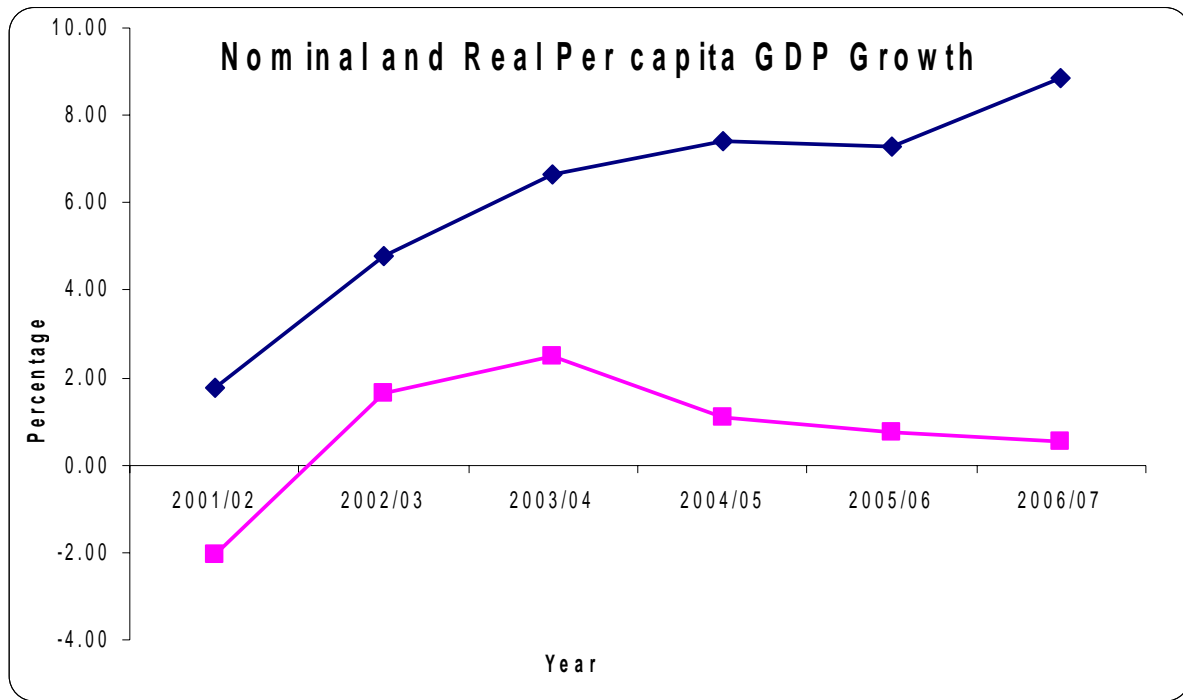
per capita GDP is found to be meager over the years and even negative in some of the years. The growth of per capita GDP is estimated 0.53 percent in the year 2006/07 as compared to the previous year 2005/06. The value of per capita GDP and GNDI at USD term for the year 2006/07 is estimated to be \$ 383 and \$ 456 respectively.

The domestic saving rate is found very low over the years and 9.35 percent in 2006/07. However, the gross national saving rate is fairly high over the period and turns out to be 28.56



percent of GDP in the year 2006/07. The significant inflow of current tra





nsfers (Rs.133,698 millions) has positive impact on gross national disposable income. As a result, the level of gross national saving has shown an increasing trend over the years. The share of exports over GDP is found much smaller as compared to the share over imports. It is estimated 14.06 percent and 24.47 percent for exports and imports respectively.

## Glossary of Terms

Accrual accounting	<i>Accrual accounting</i> records flows at the time economic value is created, transformed, exchanged, transferred or extinguished, so flows which imply a change of ownership are entered when ownership passes, services are recorded when provided, output at the time products are created and intermediate consumption when materials and supplies are being used.
Assets	<i>Assets</i> are entities that must be owned by some unit, or units, and from which economic benefits are derived by their owner(s) by holding or using them over a period of time.
Balance of payments	The <i>balance of payments</i> is a statistical statement that systematically summarises, for a specific time period, the economic transactions of an economy with the rest of the world.
Balance of primary incomes	The <i>balance of primary incomes</i> is the total value of the primary incomes receivable by an institutional unit or sector less the total of the primary incomes payable.
Balance sheet	A <i>balance sheet</i> is a statement, drawn up at a particular point in time, of the values of assets owned by an institutional unit or sector and of the financial claims - liabilities - against the owner of those assets.
Balancing item	A <i>balancing item</i> is an accounting construct obtained by subtracting the total value of the entries on the left-hand side of an account from the total value for the right-hand side (i.e. resources less uses, or liabilities less assets).
Barter transactions	<i>Barter transactions</i> involve two parties, with one party providing a good, service or asset other than cash to the other in return for a good, service or asset other than cash.
Base period	The period that provides the weights for an index is described as the <i>base period</i> .
Basic price	The <i>basic price</i> is the amount receivable by the producer from the purchaser for a unit of a good or service produced as output minus any tax payable, and plus any subsidy receivable, on that unit as a consequence of its production or sale; it excludes any transport charges invoiced separately by the producer.
Capital stock - gross	<i>Gross capital stock</i> is the value of all fixed assets still in use when a balance sheet is drawn up, at the actual or estimated current purchasers' prices for new assets of the same type, irrespective of the age of the assets.
Central bank	A <i>central bank</i> is the public financial corporation which is a monetary authority: that is, which issues banknotes and sometimes coins and may hold all or part of the international reserves of the country.
Central government	<i>Central government</i> is the body whose political authority extends over the entire territory of the country and which has the authority to impose taxes on all resident and non-resident units engaged in economic activities within the country.
Central Product Classification (CPC)	The <i>Central Product Classification (CPC)</i> is a classification based on the physical characteristics of goods or on the nature of the services rendered.

Centre of economic interest	An institutional unit is said to have a <i>centre of economic interest</i> within a country when there exists some location within the economic territory of the country on, or from, which it engages, and intends to continue to engage, in economic activities and transactions on a significant scale, either indefinitely or over a finite but long period of time.
Change in real national net worth	The <i>change in real national net worth</i> is the sum of changes in net worth of all resident institutional sectors less the neutral holding gains/losses (that is, in proportion to the general price level); it is also equal to the sum of saving and capital transfers, other changes in volume of assets and real holding gains or losses.
Changes in inventories (including work-in-progress)	<i>Changes in inventories (including work-in-progress)</i> are measured by the value of the entries into inventories less the value of withdrawals and the value of any recurrent losses of goods held in inventories.
C.i.f. price	The <i>c.i.f.</i> (i.e. cost, insurance and freight price) is the price of a good delivered at the frontier of the importing country, or the price of a service delivered to a resident, before the payment of any import duties or other taxes on imports or trade and transport margins within the country.
Classification of individual consumption by purpose (COICOP)	The <i>classification of individual consumption by purpose (COICOP)</i> is a classification used to identify the objectives of both individual consumption expenditure and actual individual consumption.
Classification of outlays of producers by purpose (COPP)	The <i>classification of outlays of producers by purpose (COPP)</i> is a classification used to identify the purposes of expenditures by producers (i.e. intermediate consumption, compensation of employees, other taxes less subsidies on production, consumption of fixed capital and gross fixed capital formation).
Classification of the functions of government (COFOG)	The <i>classification of the functions of government (COFOG)</i> is a classification used to identify the socio-economic objectives of current transactions, capital outlays and acquisition of financial assets by general government and its sub-sectors.
Classification of the purposes of non-profit institutions (COPNI)	The <i>classification of the purposes of non-profit institutions (COPNI)</i> is a classification used to identify the socio-economic objectives of current transactions, capital outlays and acquisition of financial assets by non-profit institutions serving households.
Consumer durables	<i>Consumer durables</i> are durable goods acquired by households for final consumption (i.e. those that are not used by households as stores of value or by unincorporated enterprises owned by households for purposes of production); they may be used for purposes of consumption repeatedly or continuously over a period of a year or more.
Consumption	<i>Consumption</i> is an activity in which institutional units use up goods or services; consumption can be either intermediate or final.
Consumption good or service	A <i>consumption good or service</i> is one that is used (without further transformation in production) by households, NPISHs or government units for the direct satisfaction of individual needs or wants or the collective needs of members of the community.
Consumption of fixed capital	<i>Consumption of fixed capital</i> represents the reduction in the value of the fixed assets used in production during the accounting period resulting from physical deterioration, normal obsolescence or normal accidental damage.
COPNI (classification of the purposes of non-profit institutions)	<i>COPNI (classification of the purposes of non-profit institutions)</i> is a classification used to identify the socio-economic objectives of current transactions, capital outlays and acquisition of financial assets by non-profit institutions serving households.

COPP (classification of outlays of producers by purpose)	<i>COPP (classification of outlays of producers by purpose)</i> is a classification used to identify the purposes of expenditures by producers (i.e. intermediate consumption, compensation of employees, other taxes less subsidies on production, consumption of fixed capital and gross fixed capital formation).
Corporation	A <i>corporation</i> is a legal entity, created for the purpose of producing goods or services for the market, that may be a source of profit or other financial gain to its owner(s); it is collectively owned by shareholders who have the authority to appoint directors responsible for its general management.
CPC (Central Product Classification)	The <i>CPC (Central Product Classification)</i> is a classification based on the physical characteristics of goods or on the nature of the services rendered.
Current accounts	<i>Current accounts</i> record the production of goods and services, the generation of incomes by production, the subsequent distribution and redistribution of incomes among institutional units, and the use of incomes for purposes of consumption or saving.
Current transfers	<i>Current transfers</i> consist of all transfers that are not transfers of capital; they directly affect the level of disposable income and should influence the consumption of goods or services.
Disposable income	<i>Disposable income</i> is derived by adding to the balance of primary incomes all current transfers, except social transfers in kind, receivable by a unit or sector and subtracting all current transfers, except social transfers in kind, payable by that unit or sector.
Dividends	<i>Dividends</i> are a form of property income to which shareholders become entitled as a result of placing funds at the disposal of corporations.
Domestic output	<i>Domestic output</i> is output produced by resident enterprises.
Double deflation	<i>Double deflation</i> is a method whereby gross value added is measured at constant prices by subtracting intermediate consumption at constant prices from output at constant prices.
Economic interest - centre of	An institutional unit is said to have a <i>centre of economic interest</i> within a country when there exists some location within the economic territory of the country on, or from, which it engages, and intends to continue to engage, in economic activities and transactions on a significant scale, either indefinitely or over a finite but long period of time.
Economic production	<i>Economic production</i> is an activity carried out under the control and responsibility of an institutional unit that uses inputs of labour, capital, and goods and services to produce outputs of goods or services.
Economic territory (of a country)	The <i>economic territory of a country</i> consists of the geographic territory administered by a government within which persons, goods, and capital circulate freely.
Economic territory (of an international organisation)	The <i>economic territory of an international organisation</i> consists of the territorial enclave, or enclaves, over which it has jurisdiction; these consist of clearly demarcated areas of land or structures which the international organisation owns or rents and which it uses for the purposes for which the organisation was created by formal agreement with the country, or countries, in which the enclave or enclaves are physically located.
Economically active persons	<i>Economically active persons</i> are persons engaged in production included within the boundary of production of the SNA.

Economically significant prices	<i>Prices</i> are said to be <i>economically significant</i> when they have a significant influence on the amounts the producers are willing to supply and on the amounts purchasers wish to buy.
Employee	An <i>employee</i> is a person who enters an agreement, which may be formal or informal, with an enterprise to work for the enterprise in return for remuneration in cash or in kind.
Exports of goods	<i>Exports of goods</i> consist of exports of the following items from residents to non-residents, generally with a change of ownership being involved: general merchandise, goods for processing, repairs on goods, goods procured in foreign ports by domestic carriers, and non-monetary gold.
Final consumption	<i>Final consumption</i> consists of goods and services used by individual households or the community to satisfy their individual or collective needs or wants.
Final consumption expenditure of government	<i>Government final consumption expenditure</i> consists of expenditure, including imputed expenditure, incurred by general government on both individual consumption goods and services and collective consumption services.
Final consumption expenditure of households	<i>Household final consumption expenditure</i> consists of the expenditure, including imputed expenditure, incurred by resident households on individual consumption goods and services, including those sold at prices that are not economically significant.
Final consumption expenditure of NPISHs	<i>Final consumption expenditure of NPISHs</i> consists of the expenditure, including imputed expenditure, incurred by resident NPISHs on individual consumption goods and services.
Financial account	The <i>financial account</i> records the net acquisition of financial assets and net incurrence of liabilities for all institutional sectors by type of financial asset.
Financial assets	<i>Financial assets</i> are assets in the form of financial claims, monetary gold, Special Drawing Rights (SDRs) allocated by the International Monetary Fund (IMF), shares in corporations, and certain of the instruments called derivatives.
Financial corporations	The <i>financial corporations</i> sector consists of all resident corporations or quasi-corporations principally engaged in financial intermediation or in auxiliary financial activities which are closely related to financial intermediation.
Financial derivatives	<i>Financial derivatives</i> are financial instruments which are linked to a specific financial instrument or indicator (foreign currencies, government bonds, share price indices, interest rates, etc.) or to a particular commodity (gold, coffee, sugar, etc.).
Financial enterprises	<i>Financial enterprises</i> are enterprises that are principally engaged in financial intermediation or in auxiliary financial activities which are closely related to financial intermediation.
Financial intermediaries	<i>Financial intermediaries</i> are units which incur liabilities on their own account on financial markets by borrowing funds which they lend on different terms and conditions to other institutional units.
Financial intermediation	<i>Financial intermediation</i> is a productive activity in which an institutional unit incurs liabilities on its own account for the purpose of acquiring financial assets by engaging in financial transactions on the market.

Financial intermediation services indirectly measured (FISIM)	<i>Financial intermediation services indirectly measured (FISIM)</i> is an indirect measure of the value of financial intermediation services provided but for which financial institutions do not charge explicitly.
Financial lease	A <i>financial lease</i> is a contract between lessor and lessee whereby the lessor purchases a good that is put at the disposal of the lessee and the lessee pays rentals that enable the lessor, over the period of the contract, to cover all, or virtually all, costs, including interest.
Financial transactions	<i>Financial transactions</i> between institutional units and between institutional units and the rest of the world cover all transactions involving change of ownership of financial assets, including the creation and liquidation of financial claims.
First-in-first-out (FIFO)	<i>First-in-first-out (FIFO)</i> is an inventory valuation method based on the assumption that goods are withdrawn from inventories in the same order as they entered.
Fisher's Ideal Index (price)	<i>Fisher's Ideal price index</i> is the geometric mean of the Laspeyres and Paasche price indices.
Fisher's Ideal Index (volume)	<i>Fisher's Ideal volume index</i> is the geometric mean of the Laspeyres and Paasche volume indices.
FISIM (financial intermediation services indirectly measured)	<i>FISIM (financial intermediation services indirectly measured)</i> is an indirect measure of the value of financial intermediation services provided but for which financial institutions do not charge explicitly.
Fixed assets	<i>Fixed assets</i> are tangible or intangible assets produced as outputs from processes of production that are themselves used repeatedly or continuously in other processes of production for more than one year.
F.o.b. price	The <i>f.o.b. price</i> (free on board price) is the c.i.f. price less the costs of transportation, together with insurance charges, between the customs frontier of the exporting (importing) country and that of the importing (exporting) country.
Foreign direct investment	<i>Foreign direct investment</i> is the category of international investment that reflects the objective of obtaining a lasting interest by a resident entity in one economy in an enterprise resident in another economy; foreign direct investment is defined as ownership of 10 per cent or more of the ordinary shares or voting power (for an incorporated enterprise) or the equivalent (for an unincorporated enterprise).
Full-time equivalent employment	<i>Full-time equivalent employment</i> is the number of full-time equivalent jobs, defined as total hours worked divided by average annual hours worked in full-time jobs.
Functional classifications	<i>Functional classifications</i> provide a means of classifying, by purpose or socio-economic objective, certain transactions of producers and of three institutional sectors - namely households, general government and non-profit institutions serving households (NPISH)s.
GDP - expenditure based	<i>Expenditure-based GDP</i> is total final expenditures at purchasers' prices, less the f.o.b. value of imports of goods and services.
GDP - income based	<i>Income-based GDP</i> is compensation of employees, plus taxes less subsidies on production and imports, plus gross mixed income, plus gross operating surplus.
GDP - output based	<i>Output-based GDP</i> is the sum of the gross values added of all resident producers at producers' prices, plus taxes less subsidies on imports, plus all non-deductible VAT (or similar taxes).

GDP at market prices	<i>GDP at market prices</i> is the sum of the gross values added of all resident producers at producers' prices, plus taxes less subsidies on imports, plus all non-deductible VAT (or similar taxes).
General government	The <i>general government</i> sector consists of the totality of institutional units which, in addition to fulfilling their political responsibilities and their role of economic regulation, produce principally non-market services (possibly goods) for individual or collective consumption and redistribute income and wealth.
GNI (gross national income)	<i>GNI (gross national income)</i> is the aggregate value of the balances of gross primary incomes for all sectors; (GNI is identical to gross national product (GNP) as hitherto understood in national accounts generally).
Goods	<i>Goods</i> are physical objects for which a demand exists, over which ownership rights can be established and whose ownership can be transferred from one institutional unit to another by engaging in transactions on markets.
Government final consumption expenditure	<i>Government final consumption expenditure</i> consists of expenditure, including imputed expenditure, incurred by general government on both individual consumption goods and services and collective consumption services.
Gross capital formation	<i>Gross capital formation</i> is measured by the total value of the gross fixed capital formation, changes in inventories and acquisitions less disposals of valuables for a unit or sector.
Gross capital stock	<i>Gross capital stock</i> is the value of all fixed assets still in use when a balance sheet is drawn up, at the actual or estimated current purchasers' prices for new assets of the same type, irrespective of the age of the assets.
Gross domestic product - expenditure based	<i>Expenditure-based gross domestic product</i> is total final expenditures at purchasers' prices, less the f.o.b. value of imports of goods and services.
Gross domestic product - income based	<i>Income-based gross domestic product</i> is compensation of employees, plus taxes less subsidies on production and imports, plus gross mixed income, plus gross operating surplus.
Gross domestic product - output based	<i>Output-based gross domestic product</i> is the sum of the gross values added of all resident producers at producers' prices, plus taxes less subsidies on imports, plus all non-deductible VAT (or similar taxes).
Gross domestic product at market prices	<i>Gross domestic product at market prices</i> is the sum of the gross values added of all resident producers at producers' prices, plus taxes less subsidies on imports, plus all non-deductible VAT (or similar taxes).
Gross fixed capital formation	<i>Gross fixed capital formation</i> is measured by the total value of a producer's acquisitions, less disposals, of fixed assets during the accounting period plus certain additions to the value of non-produced assets (such as land or subsoil assets) realised by the productive activity of institutional units.
Gross national disposable income	<i>Gross national disposable income</i> may be derived from gross national income by adding all current transfers in cash or in kind receivable by resident institutional units from non-resident units and subtracting all current transfers in cash or in kind payable by resident institutional units to non-resident units.
Gross national income (GNI)	<i>Gross national income (GNI)</i> is the aggregate value of the balances of gross primary incomes for all sectors; (gross national income is identical to gross national product (GNP) as hitherto understood in national accounts generally).



Gross saving	<i>Gross saving</i> is gross disposable income less final consumption expenditure.
Gross value added	<i>Gross value added</i> is the value of output less the value of intermediate consumption; it is a measure of the contribution to GDP made by an individual producer, industry or sector.
Gross value added at basic prices	<i>Gross value added at basic prices</i> is output valued at basic prices less intermediate consumption valued at purchasers' prices.
Gross value added at producers' prices	<i>Gross value added at producers' prices</i> is output valued at producers' prices less intermediate consumption valued at purchasers' prices.
Holding gains	Positive or negative <i>holding gains</i> may accrue during the accounting period to the owners of financial and non-financial assets and liabilities as a result of a change in their prices (holding gains are sometimes referred to as "capital gains").
Homogeneous production unit	A unit of <i>homogeneous production</i> is a producer unit in which only a single (non-ancillary) productive activity is carried out.
Household	A <i>household</i> is a small group of persons who share the same living accommodation, who pool some, or all, of their income and wealth and who consume certain types of goods and services collectively, mainly housing and food.
Household actual final consumption	Household actual final consumption consists of the consumption goods or services acquired by individual households by expenditures or through social transfers in kind received from government units or non-profit institutions serving households (NPISHs).
Household final consumption expenditure	<i>Household final consumption expenditure</i> consists of the expenditure, including imputed expenditure, incurred by resident households on individual consumption goods and services, including those sold at prices that are not economically significant.
Illegal production	<i>Illegal production</i> is the production of goods or services whose sale, distribution or possession is forbidden by law; and production activities which are usually legal but which become illegal when carried out by unauthorised producers.
Import duties	<i>Import duties</i> consist of customs duties, or other import charges, which are payable on goods of a particular type when they enter the economic territory.
Imports of general merchandise	<i>Imports of general merchandise</i> consist of most movable goods imported by residents from non-residents and that, with a few specified exceptions, undergo changes in ownership (actual or imputed).
Imports of goods	<i>Imports of goods</i> consist of imports of the following items from non-residents to residents, generally with a change of ownership being involved: general merchandise, goods for processing, repairs on goods, goods procured in foreign ports by domestic carriers, and non-monetary gold.
Imports of services	<i>Imports of services</i> consist of the following services purchased by residents from non-residents: transportation; travel; communications; construction; insurance; financial; computer and information; royalties and licence fees; other business services; personal, cultural, and recreational services; and government services n.i.e.

Indirect taxes	As traditionally understood, <i>indirect taxes</i> are taxes that supposedly can be passed on, in whole or in part, to other institutional units by increasing the prices of the goods or services sold but the term “indirect taxes” is not used in SNA93; rather taxes are specifically identified by their purpose (e.g. taxes on products).
Institutional sectors	Institutional units are grouped together to form <i>institutional sectors</i> , on the basis of their principal functions, behaviour, and objectives.
Institutional unit	An <i>institutional unit</i> is an economic entity that is capable, in its own right, of owning assets, incurring liabilities and engaging in economic activities and in transactions with other entities.
Insurance	The activity of <i>insurance</i> is intended to provide individual institutional units exposed to certain risks with financial protection against the consequences of the occurrence of specified events; it is also a form of financial intermediation in which funds are collected from policyholders and invested in financial or other assets which are held as technical reserves to meet future claims arising from the occurrence of the events specified in the insurance policies.
Intermediate consumption	<i>Intermediate consumption</i> consists of the value of the goods and services consumed as inputs by a process of production, excluding fixed assets whose consumption is recorded as consumption of fixed capital.
ISIC	<i>ISIC</i> is the United Nations International Standard Industrial Classification of All Economic Activities; the third revision of ISIC is used in the 1993 SNA.
Local government	<i>Local government</i> units are institutional units whose fiscal, legislative and executive authority extends over the smallest geographical areas distinguished for administrative and political purposes.
Machinery and equipment	<i>Machinery and equipment</i> consists of transport equipment and other machinery and equipment other than that acquired by households for final consumption.
Margin (trade)	A <i>trade margin</i> is the difference between the actual or imputed price realised on a good purchased for resale (either wholesale or retail) and the price that would have to be paid by the distributor to replace the good at the time it is sold or otherwise disposed of.
Market establishments	<i>Market establishments</i> produce mostly goods and services for sale at prices which are economically significant.
Market non-profit institutions serving businesses	<i>Market non-profit institutions serving businesses</i> are created by associations of the businesses whose interests they are designed to promote and usually financed by contributions or subscriptions from the group of businesses concerned; the subscriptions are treated not as transfers but as payments for services rendered.
Market output	<i>Market output</i> is output that is sold at prices that are economically significant or otherwise disposed of on the market, or intended for sale or disposal on the market.
Market prices	<i>Market prices</i> for transactions are the amounts of money willing buyers pay to acquire something from willing sellers.
Market price equivalents	<i>Market price equivalents</i> are proxies, or substitute measures, for market prices in those cases for which no actual market prices have been set; a customary approach is to construct such prices by analogy with known market prices established under conditions that are considered essentially the same.

Market producers	<i>Market producers</i> are producers that sell most or all of their output at prices that are economically significant.
Mixed income	<i>Mixed income</i> is the surplus or deficit accruing from production by unincorporated enterprises owned by households.
Monetary gold	<i>Monetary gold</i> is gold owned by the monetary authorities or others subject to their effective control that is held as a financial asset and as a component of foreign reserves.
National income	At the level of the total economy, <i>national income</i> is the total value of the primary incomes receivable within the economy less the total of the primary incomes payable by resident units.
Non-financial assets	<i>Non- financial assets</i> are entities, over which ownership rights are enforced by institutional units, individually or collectively, and from which economic benefits may be derived by their owners by holding them, or using them over a period of time, that consist of tangible assets, both produced and non-produced, and most intangible assets for which no corresponding liabilities are recorded.
Non-financial corporations	<i>Non-financial corporations</i> are corporations whose principal activity is the production of market goods or non-financial services.
Non-monetary gold	<i>Non-monetary gold</i> covers exports and imports of all gold not held as reserve assets (monetary gold) by the authorities.
Non-monetary transactions	<i>Non-monetary transactions</i> are transactions that are not initially stated in units of currency; barter is an obvious example.
Non-produced assets	<i>Non-produced assets</i> are non-financial assets that come into existence other than through processes of production.
Non-profit institutions (NPIs)	<i>Non-profit institutions (NPIs)</i> are legal or social entities created for the purpose of producing goods and services whose status does not permit them to be a source of income, profit or other financial gain for the units that establish, control or finance them.
Non-profit institutions controlled and mainly financed by government	<i>Non-profit institutions controlled and mainly financed by government</i> must be properly constituted legal entities which exist separately from government but over which government exercises control.
Non-profit institutions engaged in market production	<i>Non-profit institutions engaged in market production</i> consist of those NPIs which charge fees determined by their costs of production and which are sufficiently high to have a significant influence on the demand for their services, but any surpluses such institutions make must be retained within those institutions as their status as “Non-profit institutions (NPIs)” prevents them from distributing them to others
Non-profit institutions engaged in non-market production	<i>Non-profit institutions engaged in non-market production</i> are NPIs that are incapable of providing financial gain to the units which control or manage them, and which must rely principally on funds other than receipts from sales to cover their costs of production or other activities.
Non-profit institutions serving households (NPISHs)	<i>Non-profit institutions serving households (NPISHs)</i> consist of NPIs which are not financed and controlled by government and which provide goods or services to households free or at prices that are not economically significant.

Operating surplus	The <i>operating surplus</i> measures the surplus or deficit accruing from production before taking account of any interest, rent or similar charges payable on financial or tangible non-produced assets borrowed or rented by the enterprise, or any interest, rent or similar receipts receivable on financial or tangible non-produced assets owned by the enterprise; (note: for unincorporated enterprises owned by households, this component is called “mixed income”).
Output	<i>Output</i> consists of those goods or services that are produced within an establishment that become available for use outside that establishment.
Output produced for own final use	<i>Output produced for own final use</i> consists of goods or services that are retained for their own final use by the owners of the enterprises in which they are produced.
Outworker	An outworker is a person who agrees to work for a particular enterprise or to supply a certain quantity of goods or services to a particular enterprise, by prior arrangement or contract with that enterprise, but whose place of work is not within any of the establishments which make up that enterprise; the enterprise does not control the time spent at work by an outworker and does not assume responsibility for the conditions in which that work is carried out.
Own-account producers	<i>Own-account producers</i> consist of establishments engaged in gross fixed capital formation for the enterprises of which they form part or unincorporated enterprises owned by households all or most of whose output is intended for final consumption or gross fixed capital formation by those households.
Own-account workers	<i>Own-account workers</i> are self-employed persons without paid employees.
PPP (purchasing power parity)	A <i>PPP (purchasing power parity)</i> is a price relative which measures the number of units of country B’s currency that are needed in country B to purchase the same quantity of an individual good or service as 1 unit of country A’s currency will purchase in A.
Price	The <i>price</i> of a good or service is the value of one unit of a particular good or service.
Principal activity	The <i>principal activity</i> of a producer unit is the activity whose value added exceeds that of any other activity carried out within the same unit (the output of the principal activity must consist of goods or services that are capable of being delivered to other units even though they may be used for own consumption or own capital formation).
Produced assets	<i>Produced assets</i> are non-financial assets that have come into existence as outputs from processes that fall within the production boundary.
Producer’s price	A <i>producer’s price</i> is the amount receivable by the producer from the purchaser for a unit of a good or service produced as output minus any VAT, or similar deductible tax, invoiced to the purchaser; it excludes any transport charges invoiced separately by the producer.
Producers for own final use	<i>Producers for own final use</i> produce mostly goods and services for final consumption or fixed capital formation by the owners of the enterprises in which they are produced.
Production	<i>Production</i> is a physical process, carried out under the responsibility, control and management of an institutional unit, in which labour and assets are used to transform inputs of goods and services into outputs of other goods and services.
Production account	The <i>production account</i> records the activity of producing goods and services as defined within the SNA.

Production boundary	The <i>production boundary</i> includes all production actually destined for the market, whether for sale or barter, all goods or services provided free to individual households or collectively to the community by government units or NPISHs, all goods produced for own use, own-account production of housing services and services produced by employing paid domestic staff.
Public corporations (non-financial and financial)	<i>Public corporations</i> are resident corporations and quasi-corporations that are subject to control by government units, with control over a corporation being defined as the ability to determine general corporate policy by choosing appropriate directors, if necessary.
Purchaser's price	The <i>purchaser's price</i> is the amount paid by the purchaser, excluding any deductible VAT or similar deductible tax, in order to take delivery of a unit of a good or service at the time and place required by the purchaser; the purchaser's price of a good includes any transport charges paid separately by the purchaser to take delivery at the required time and place.
Purchasing power parity (PPP)	A <i>purchasing power parity (PPP)</i> is a price relative which measures the number of units of country B's currency that are needed in country B to purchase the same quantity of an individual good or service as 1 unit of country A's currency will purchase in A.
Quasi-corporations	<i>Quasi-corporations</i> are unincorporated enterprises that function as if they were corporations, and which have complete sets of accounts, including balance sheets.
Real gross domestic income (real GDI)	<i>Real gross domestic income (real GDI)</i> measures the purchasing power of the total incomes generated by domestic production (including the impact on those incomes of changes in the terms of trade).
Reference rate (of interest)	The <i>reference rate (of interest)</i> is the pure cost of borrowing funds (i.e. a rate from which the risk premium has been eliminated to the greatest extent possible and which does not include any intermediation services).
Rest of the world	The <i>rest of the world</i> consists of all non-resident institutional units that enter into transactions with resident units, or have other economic links with resident units.
Rest of the world account	The <i>rest of the world account</i> comprises those categories of accounts necessary to capture the full range of transactions that take place between the total economy and the rest of the world.
SAM (social accounting matrix)	A <i>SAM (social accounting matrix)</i> is a means of presenting the SNA accounts in a matrix which elaborates the linkages between a supply and use table and institutional sector accounts.
Satellite accounts	<i>Satellite accounts</i> provide a framework to accommodate elements which are included in the central accounts, explicitly or implicitly, plus complementary elements (either monetary or in physical quantities) and possibly alternative concepts and presentations.
Saving	<i>Saving</i> is disposable income less final consumption expenditure (or adjusted disposable income less actual final consumption).
SDRs (Special Drawing Rights)	<i>SDRs (Special Drawing Rights)</i> are international reserve assets created by the International Monetary Fund and allocated to its members to supplement existing reserve assets.

Social accounting matrix (SAM)	<i>A social accounting matrix (SAM)</i> is a means of presenting the SNA accounts in a matrix which elaborates the linkages between a supply and use table and institutional sector accounts.
Special drawing rights (SDRs)	<i>Special drawing rights (SDRs)</i> are international reserve assets created by the International Monetary Fund and allocated to its members to supplement existing reserve assets.
Tangible fixed assets	<i>Tangible fixed assets</i> are non-financial produced assets that consist of dwellings; other buildings and structures; machinery and equipment and cultivated assets.
Tangible non-produced assets	<i>Tangible non-produced assets</i> are natural assets - land, subsoil assets, non-cultivated biological resources and water resources - over which ownership may be established and transferred
Tax on a product	<i>A tax on a product</i> is a tax that is payable per unit of some good or service, either as a specified amount of money per unit of quantity or as a specified percentage of the price per unit or value of the good or service transacted.
Total final consumption	<i>Total final consumption</i> is the total value of all expenditures on individual and collective consumption goods and services incurred by resident households, resident NPISHs serving households and general government units.
Total hours worked	<i>Total hours worked</i> consist of the aggregate number of hours actually worked during the period in employee and self-employment jobs.
Trade credits and advances	<i>Trade credits and advances</i> are trade credit for goods and services extended directly to corporations, to government, to non-profit institutions, to households and to the rest of the world and also advances for work that is in progress (if classified as such under inventories) or is to be undertaken.
Trade margin	<i>A trade margin</i> is the difference between the actual or imputed price realised on a good purchased for resale (either wholesale or retail) and the price that would have to be paid by the distributor to replace the good at the time it is sold or otherwise disposed of.
Trading gains and losses	<i>Trading gains and losses</i> arise from changes in a country's terms of trade; for example, if the prices of a country's exports rise faster (or fall more slowly) than the prices of its imports (i.e. if terms of trade improve) then an increased volume of imports of goods and services can be purchased by residents out of the receipts generated by a given level of exports.
Transaction	<i>A transaction</i> is an economic flow that is an interaction between institutional units by mutual agreement or an action within an institutional unit that it is analytically useful to treat like a transaction, often because the unit is operating in two different capacities.
Transfer	<i>A transfer</i> is a transaction in which one institutional unit provides a good, service or asset to another unit without receiving from the latter any good, service or asset in return as counterpart.
Uses	The term <i>uses</i> refers to transactions that reduce the amount of economic value of a unit or sector (for example, wages and salaries are a use for the unit or sector that must pay them); by convention, uses are put on the left side of the account.

Valuables	<i>Valuables</i> are produced assets that are not used primarily for production or consumption, that are expected to appreciate or at least not to decline in real value, that do not deteriorate over time under normal conditions and that are acquired and held primarily as stores of value.
Value added - gross	<i>Gross value added</i> is the value of output less the value of intermediate consumption; it is a measure of the contribution to GDP made by an individual producer, industry or sector.
Value added - net	<i>Net value added</i> is the value of output less the values of both intermediate consumption and consumption of fixed capital.
Value added tax (VAT)	A <i>Value added tax (VAT)</i> is a tax on products collected in stages by enterprises.
Wages and salaries	<i>Wages and salaries</i> consist of the sum of wages and salaries in cash and wages and salaries in kind.
Wages and salaries in cash	<i>Wages and salaries in cash</i> consist of wages or salaries payable at regular weekly, monthly or other intervals, including payments by results and piecework payments; plus allowances such as those for working overtime; plus amounts paid to employees away from work for on holiday; plus ad hoc bonuses and similar payments; plus commissions, gratuities and tips received by employees. 7.33
Wages and salaries in kind	<i>Wages and salaries in kind</i> consist of remuneration in the form of goods and/or services that are not necessary for work and can be used by employees in their own time, and at their own discretion, for the satisfaction of their own needs or wants or those of other members of their households. 7.39

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