



GOVERNMENT OF NEPAL
National Economic Census 2018

Analytical Report
Manufacturing Industry



National Planning Commission
Central Bureau of Statistics
Kathmandu, Nepal
March 2021



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Government of Nepal National Planning Commission

Vice-Chairman

MESSAGE

It is my pleasure to state that Central Bureau of Statistics (CBS) has successfully conducted the nationwide first historic National Economic Census (NEC) from April 14 to June 14 2018. The National Planning Commission is happy to share this report based on the results of National Economic Census of Nepal. This report provides various economic, industry and business information in different dimensions for the users in national and sub-national levels. The report contains the statistical information on establishments, persons engaged and other related characteristics. The result of this census will be the framework for further statistical surveys to generate advanced thematic characteristics. The census results play a key role in the development planning, monitoring and evaluation of the programs. Hence, this report will also be instrumental for the Sustainable Development Goals (SDGs) progress monitoring. I hope that this report will be an important source of data for policy makers, planners, business communities, development partners, researchers, civil society, media etc. in formulating policies, undertaking development programs and studies.

On behalf of the National Planning Commission, I would like to extend my sincere thanks to all members of steering committee and technical committee for their valuable guidance throughout the census process. My heartiest thanks go to all the concerned leadership and staffs of CBS for bringing out the series of reports in time. I sincerely acknowledge JICA for technical support in this census. I would also like to thank persons both within and outside the government who contributed the smooth implementation of the census programme and made it a success.

2021

Prof. Dr. Puspa Raj Kadel



Member

Government of Nepal National Planning Commission

FOREWORD

It is my immense pleasure to write few words on the publication of the analytical reports of National Economic Census (NEC) 2018. Being the first economic census, it has great scope and importance providing disaggregated data on Nepalese economy and its sectoral dimensions. The analytical report provides various indicators and data in varied dimensions for the users in national, provincial and local levels. It includes the statistical information on number of establishments, persons engaged and other related characteristics. The result included in this report will serve as the framework for further statistical surveys to generate advanced thematic characteristics. The census results play the key role in the development planning, monitoring and evaluation of development programs carried out by three tiers of the government. Therefore, this report will also be instrumental for the monitoring of Fifteenth periodic plan, provincial and local level plans, Sustainable Development Goals (SDGs) and other development initiatives. I hope that this analytical report will be a leading source of data for planners, policy makers, private sectors, development partners, researchers, civil society, media and the general public in formulating policies, managing development programs, civic information and studies.

Central Bureau of Statistics (CBS) is thankful for the effort of implementing first Economic Census and carrying out this analytical report. I would like to extend my sincere thanks to Honorable Vice-Chairman Prof. Dr. Puspa Raj Kandel for his appreciable leadership in Census Steering Committee. All the members of steering committee, technical committee and thematic committees are also thankful for their valuable guidance throughout the census process. My heartiest thanks go to all concerned leadership and staffs of CBS for bringing out the series of reports in time. I also want to sincerely acknowledge the Japan International Cooperation Agency (JICA) for the technical support in this census. I would also like to thank all stakeholders in entire government and elsewhere who contributed the smooth implementation of census.

2021

Dr. Ram Kumar Phuyal



Government of Nepal National Planning Commission

Secretary

PREFACE

Data are the heart of planning and policy formulation. An informed decision-making process is only possible with official statistics that present the accurate picture of the nation's economy. Hence, it becomes a responsibility of the government to make official statistics of all the sectors easily available and accessible to all so that the decisions made by individuals and institutions can be effective and subsequently lead to yield desired results within the targeted period of time. The National Economic Census is the statistical operation covering the establishments of agriculture, forestry and fisheries (formal) and various non-agriculture sectors (formal and informal) of the economy. The census was conducted with the aim to fulfill basic data gaps on economic statistics of the country.

Central Bureau of Statistics has brought a series of reports on National Economic Census 2018, conducted during the period of April to June, 2018. I believe that the different publications on economic census providing variety of key information on the economic characteristics of the economic entities will be useful to a wide range of stakeholders for evidence-based decision making as well as policy formulation for overall development of the country. The census results will also be more useful in formulating policies and programs at three tiers of the government: local, provincial, and federal. Further, it is equally important for monitoring development progress particularly of on Sustainable Development Goals (SDGs).

I would like to extend my sincere thanks to the Director General of CBS and its team for their great effort for successfully completing the Economic Census on time. I would also like to acknowledge and appreciate the support provided by Japan International Cooperation Agency (JICA) for through technical assistance in carrying out first of its kind Economic Census in the country. Finally, I offer our cordial appreciation to our valued people, respondents and the stakeholders who extended their full cooperation for the smooth and successful completion of the census.

2021



Kewal Prasad Bhandari



Director General

**Government of Nepal
National Planning Commission
Central Bureau of Statistics**

ACKNOWLEDGEMENT

It is my pleasure to release **Analytical Report on Manufacturing Industry** of National Economic Census 2018. Central Bureau of Statistics (CBS) conducted the first National Economic Census 2018 (NEC2018) from April to June 2018, covering the entire territory of Nepal. Its main objective was to know the nature of the economic characteristics on the Nepalese economy. CBS has already released National Report Series 1, 2, and 3, Provincial Summary Reports, National Summary Reports in Nepali language, National Profile series 1, 2, and 3, Analytical Report No.1 and No. 2, Ward Profile Series 1 and 2 for the users. This report contains detail analysis on manufacturing industry with the focus on number, employment, and financial status based on the results of Economic Census 2018. It is hoped that the analysis on manufacturing industry with different business characteristics will be beneficial for various users to grasp the economic situation of the manufacturing sector.

I would like to thank Dr. Hem Raj Regmi, Deputy Director General, economic statistics division of the Bureau for his valuable contribution and leading role in the census. Mr. Anil Sharma, and Mr. Mahesh Chand Pradhan, Directors of the economic census section deserve special thanks for their lead role in the report and driving the overall census planning, implementation, data processing and data dissemination activities. I also would like to thank Mr. Prakash Pokharel, Mr. Bikash Malla, statistics officers of the Economic Census section for supporting census administration and management.

I would like to thank all members of Economic Census Steering Committee, Technical Committee, Joint Coordinating Committee, Media Campaign Committee, and District Economic Census Coordination Committee, which provided support for the implementation of the NEC2018. I would like to thank all respondents for providing invaluable information during the census enumeration. I heartily appreciate district census officers and their team, all the staff of the Bureau and National Planning Commission who had extended support in this national endeavor.

I gratefully acknowledge technical assistance provided by the Government of Japan via Japan International Cooperation Agency (JICA) in the Project on capacity development for the implementation of Economic Census 2018 in Nepal. Special thank goes to Mr. Hirofumi AZETA, JICA consultant for support in preparing this report. Our deep thanks are due to Mr. Fumihiko Nishi, Chief Adviser and other experts of the Project, who made all the best efforts in preparation of the reports and in successful implementation of NEC2018.

CBS always welcomes comments and suggestions from users which would be valuable for the improvement of our future publications.

March 2021

Nebin Lal Shrestha

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Map of Nepal by District



Legend

- International Boundary
- Provincial Boundary
- District Boundary
- 000 District Code

Code of Province / District

1 PROVINCE 1

101 Taplejung
102 Sankhuwasabha
103 Solukhumbu
104 Okhaldhunga
105 Khotang
106 Bhojpur
107 Dhankuta
108 Terhathum
109 Panchthar
110 Ilam
111 Jhapa
112 Morang
113 Sunsari
114 Udayapur

2 PROVINCE 2

201 Saptari
202 Siraha
203 Dhanusa
204 Mahottari
205 Sarlahi
206 Rautahat
207 Bara
208 Parsa

3 BAGMATI PROVINCE

301 Dolakha
302 Sindhupalchok
303 Rasuwa
304 Dhading
305 Nuwakot
306 Kathmandu
307 Bhaktapur
308 Lalitpur
309 Kavrepalanchok
310 Ramechhap
311 Sindhuli
312 Makawanpur
313 Chitawan

4 GANDAKI PROVINCE

401 Gorkha
402 Manang
403 Mustang
404 Myagdi
405 Kaski
406 Lamjung
407 Tanahu
408 Nawalparasi East
409 Syangja
410 Parbat
411 Baglung

5 LUMBINI PROVINCE

501 Rukum East
502 Rolpa
503 Pyuthan
504 Gulmi
505 Arghakhanchi
506 Palpa
507 Nawalparasi West
508 Rupandehi
509 Kapilbastu
510 Dang
511 Banke
512 Bardiya

6 KARNALI PROVINCE

601 Dolpa
602 Mugu
603 Humla
604 Jumla
605 Kalikot
606 Dailekh
607 Jajarkot
608 Rukum West
609 Salyan
610 Surkhet

7 SUDURPASHCHIM PROVINCE

701 Bajura
702 Bajhang
703 Darchula
704 Baitadi
705 Dadeldhura
706 Doti
707 Achham
708 Kailali
709 Kanchanpur

* Codes and boundaries are as of May 2020.

Figures at a Glance

Number of Provinces ¹⁾	7	
Number of Districts ¹⁾	77	
Number of Metropolitan Cities ¹⁾ (maha-nagarpalika)	6	
Number of Sub-metropolitan Cities ¹⁾ (upa-maha nagarpalika)	11	
Number of Municipalities ¹⁾ (nagarpalika)	276	
Number of Rural Municipalities ¹⁾ (gaunpalika)	460	
Number of Wards ¹⁾	6,743	
Number of Establishments	923,356	
Registered	462,605	establishments
	50.1	%
Not registered	460,422	establishments
	49.9	%
Female manager	273,436	persons
	29.6	%
Female owner	247,880	persons
	29.8	% ²⁾
Young manager ³⁾	498,646	persons
	54.0	%
Young owner	450,464	persons
	54.5	% ²⁾
Foreign owner	10,265	persons
	1.2	% ²⁾
New establishments ⁴⁾	394,219	establishments
	42.7	%

1) The final results are sorted out based on the new administrative areas as of 14 April 2018.

2) Excludes "Not applicable", "Not stated", "Unknown", and others from the denominator.

3) Young managers (or owners) mean those who are under 40 years old, herein.

4) New establishments mean which started business between April 2015 and April 2018.

Number of Establishments (continued)	923,356	
Owned (Building/Room)	400,848	establishments
	46.7	% ²⁾
Rented (Building/Room)	426,380	establishments
	49.7	% ²⁾
Street business	34,101	establishments
	3.7	%
Home business	386,323	establishments
	41.8	%
Area of business place (building/room)		
Under 100ft ² (9.3m ²)	172,985	establishments
	20.8	% ²⁾
Single unit	898,996	establishments
	97.4	%
Number of Persons Engaged	3,228,457	persons
Number of Persons Engaged per Establishment	3.5	
Number of Entities ⁵⁾	900,924	entities
No accounting record	472,350	entities
	52.4	%
Number of Persons Engaged in Entities	3,115,112	persons
Annual Sales (S)	2,915,609	million Rs.
Annual Expenses	2,062,396	million Rs.
Annual Profit and Loss (P)	853,213	million Rs.
per Entity	947	1,000 Rs.
per Persons Engaged in Entities	274	1,000 Rs.
(P) / (S)*100	29.3	%
Number of Entities with Paid Employees	219,303	entities
Number of Paid Employees	1,709,101	persons
Annual Salaries and Wages	421,314	million Rs.
per Entity	1,921	1,000 Rs.
per Paid Employee	247	1,000 Rs.

5) An entity consists of a single unit or a head office only.

Outline of National Economic Census 2018 (NEC2018) of Nepal

1. Background

A reliable and strong statistical infrastructure like database is the foundation of organized and proper policy formulation, developing plans and programs. Central Bureau of Statistics (CBS), has been contributing the data for various sectors of the economy to meet the requirements of the policy makers and planners. At present days, demand of enormous data requirements exists in various sectors, the collection and update of data for various sectors are a challenge. Fairly reasonable data for the agriculture and non-agriculture sectors is highly desired. Keeping in view the importance of the various sectors of economic activities and non-availability of basic frame for adoption in various sampling methods for collection of data and estimation of various parameters or establishing business directory, it was necessary to conduct an economic census in the country as a benchmark source. With this background, CBS initiated to start the first economic census for preparing frame of establishments which can be used for various thematic surveys for collection of data on detailed characteristics of the economy. The basic purpose of conducting the economic census was to prepare a frame for follow up surveys intended to collect more detailed sector specific information. In view of the rapid changes in the economy, it is necessary to conduct the economic census periodically in order to update the frame.

An economic census is the complete enumeration of all establishments belonging to a given population at a particular time with respect to well defined characteristics located within geographical boundaries of a country. Basically, it is the whole process of collecting, compiling, processing, analyzing, and publishing economic data related to all economic units of the country. A census is a well-structured statistical operation providing timely, reliable, accurate and detailed data on the size and distribution of economic units of different

categories. The first National Economic Census (NEC) of Nepal was conducted from 14 April to 14 June 2018 in all over the country. This will also be a major source of statistics on economic activities in the country. The NEC essentially develops a sample frame for conducting various thematic economic surveys, and develops business registers for large and small scale establishments in different sectors like agriculture, mining and quarrying, manufacturing, wholesale and retail trade, education, health etc. A large number of new economic establishments emerge and diminish over time. It is imperative to conduct an economic census covering all establishments conducting different sectors of economic activities as mentioned in International Standard Industrial Classification of all economic activities (ISIC revision 4) in order to know the real picture of the economy. It was one of the reasons that Government of Nepal decided to conduct the NEC of the country realizing to fulfill the shortfall of economic data in the country and to develop statistical business register in Nepal.

The NEC is a primary source of benchmark economic statistics providing major data about the structure and functioning of the national economy about both the formal and informal sectors. The NEC will play an important role in the improvement of national accounts statistics, production and price indices, and other statistical areas, which are used to measure short-term changes in the economy. The major benefit is that the census results will support in developing the statistical business register of the country which will enable CBS to conduct a large number of economic surveys such as Integrated (Large Scale) Manufacturing Industries Survey, Distributive Trade (Whole Sale, Retail Trade), Accommodation and food service activities Surveys, Services Survey, etc. The NEC data will be the basic economic data up to the local levels.

1.1. Objectives

The main objective of the NEC was to know the nature of the economic structure of the Nepali economy at preset and to provide comprehensive statistical information for policy makers, planners, researchers, business communities, and other users for policy formulation and development planning, research and study. In general, the basic objective is to provide information on number of establishments and number of persons engaged, industry wise, of all the sectors (excluding unregistered *agriculture, forestry and fisheries, public administration, defense and compulsory social security, Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use and Activities of extraterritorial organizations and bodies*) of the country.

Other objectives are:

- a. to provide with the fundamental statistics on the status of the business activities of the establishments and enterprises including the financial aspects;
- b. to provide statistics to central, provincial and local governments for the formulation of plan and policy-making;
- c. to provide statistics to strengthen national accounting system;
- d. to make a base for statistical business register;
- e. to provide statistics of related field to the business owners or experts, researchers and other statistics users to formulate plans and policies for the prosperity of their business; and
- f. to provide with the directories of establishments and enterprises for the sampling frame of various sample surveys on businesses.

1.2. Reference date of the Census

The census was taken as of 14 April 2018. The confirmation of Enumeration Area, the establishment listing, e-Census, and the enumeration were

simultaneously conducted within a two-month period from 14 April to 14 June 2018.

1.3. Scope

All the establishments engaged in non-agriculture economic activities and (registered) agriculture, forestry and fishery economic activities according to Nepal Standard Industrial Classification (NSIC) 2018, except Section-O (*Public administration and defense; compulsory social security*), Section-T (*Activities of households as employers; undifferentiated goods- and services- producing activities of households for own use*) and Section-U (*Activities of extraterritorial organizations and bodies*), were included in the scope of the NEC. Not registered Agriculture activities of Section A was not covered as such activities have been or under the scope of National Sample Census of Agriculture. Similarly, Section-O was excluded considering the information on the activities are covered from the government sector. As such, Section-T was excluded considering that activities under this section have been conventionally covered partly by the Agriculture Census and partly by the Labor Force Survey. The establishments under Section-U were not covered in the scope of the NEC as the activities under this section are not practically taken into account to the national accounts aggregates globally and kept outside the scope of the NEC. All establishments engaged in the activities under the sectors of NSIC-2018 mentioned above for revenue generation or for serving the community were considered in the scope of the NEC. However, the establishments of mobile nature which keep on moving from one place to another place not having fixed location to operate the activities, illegal activities like smuggling, gambling, beggary, prostitution, *etc.*, and domestic paid helpers, whether they work in one household or in a number of households, drivers, *etc.* who undertake jobs for others on wages or salaries, and individuals engaged in different types of jobs depending on the availability of work *e.g.* loading, unloading, helping a mason

or a carpenter, doing earthwork for a contractor or individuals working without associated in establishments were kept out of the purview of the NEC.

1.4. Coverage

Geographically, the NEC has covered the entire area, that is, 753 Local levels under 77 districts and seven provinces of the country. All establishments except the mentioned excluded sectors were completely enumerated in the NEC.

1.5. Enumeration units

The enumeration unit in the NEC was considered as “establishment”. The establishment was defined as follows, according to UN definition:

The establishment is defined as an economic unit that engages, under a single ownership or control - that is, under a single legal entity - in one, or predominantly one, kind of economic activity at a single physical location – for example, a mine, factory or workshop.

2. Concepts and Definitions of NEC2018

2.1. Economic Activities

All activities related with production, distribution, marketing, and sales of goods or services are referred to as economic activities. That is, the activities which are carried out for profit or own consumption are considered as the economic activities. Such activities will contribute to the value added of the national production.

2.2. Economic Unit

A unit which performs one or more economic activities for profit, own consumption, or indirect benefit to a community is defined as an economic unit. Such economic unit is used to be a single establishment.

2.3. Establishment

An establishment is defined as an economic unit that engages, under a single ownership or control - that is, under a single legal entity - in one, or predominantly one, kind of economic activity at a single physical location – for example, a mine, a shop, a factory or workshop. It is an establishment that is situated in a single location and in which only a single (non-ancillary) productive activity is operated or in which the principal productive activity accounts for most of the value added.

2.4. Broad Industrial Classifications of Economic Activities

Nepal Standard Industrial Classification (NSIC) has been developed on the basis of International Standard Industrial Classification (ISIC), Rev.4 of all economic activities which classify 21 broad sections (United Nations, 2008). The information on economic activities is collected, tabulated on the basis of NSIC. The results of the NEC2018 are based on the NSIC broad classifications. The broad industrial sections included in the NEC2018 are as listed below:

1. Section-A: Agriculture, forestry and fishing

In the National Economic Census 2018, only the agriculture, forestry and fisheries establishments registered at government agencies have been considered as economic activities.

2. Section-B: Mining and quarrying

3. Section-C: Manufacturing

4. Section-D: Electricity, gas, steam and air conditioning supply

5. Section-E: Water supply; sewerage, waste management and remediation activities

6. Section-F: Construction

7. Section-G: Wholesale and retail trade; repair of motor vehicles and motorcycles

8. Section-H: Transportation and Storage
9. Section-I: Accommodation and food service activities (hotel and restaurant)
10. Section-J: Information and communication
11. Section-K: Financial and insurance activities
12. Section-L: Real estate activities
13. Section-M: Professional, scientific and technical activities
14. Section-N: Administrative and support service activities
15. Section-P: Education
16. Section-Q: Human health and social work activities
17. Section-R: Arts, entertainment and recreation
18. Section-S: Other service activities

2.5. Single Entity

Economic activities are either carried out by single-unit establishment or head offices with plural establishments (branches or sub-branches). The single-unit establishments are those which do not have their head offices or branches under the same management. The head offices are those which controls all their respective branch office(s) under the same management. The economic census also collected some financial information like average monthly revenues or sales, monthly operating expenditures, and average monthly salary or wages from single-unit establishments and head offices only. The financial information was not collected from branch offices or sub-branch offices. The establishment having a status of single-unit or head office are termed as one entity throughout the report, for which tables on financial information are generated.

2.6. Sales, Expenses, and Profit/ Loss

The economic census collected information on average monthly revenues/sales and operating expenses for the fiscal year 2017/18¹ from the single entities. The revenues or sales amount includes all income or revenues gained from operating activities such as selling of good, providing services, etc. In case of a bank, the average revenue is the sum of “total interest income” and “total noninterest income”. In case of a life insurance company, the average revenue includes as the following items: premiums; policy and contract fees; net investment income (it removes the expenses associated with generating the investment income). In case of Government office such as Central Bank, Post Office etc., the salary of its officers should be included into its revenues.

Similarly, operating expenses include all expenses being paid for operating activities. Operating cost such as costs of products sold (cost of raw materials, etc.) in production establishment, and costs of goods sold in non-production establishment are included. In addition, other operating costs such as salaries and wages for employees, fuel, gas, electricity, and water expenses, transportation expenses, rental expenses, commissions, tax expenses, and so on are the examples of operating expenses. In case of a bank, the average expenses is the sum of “total interest expense”, “total noninterest expense”, and “provision for loan and lease losses”.

¹ The average monthly revenues or sales is multiplied by 12 months to derive average annual revenues or sales for the tabulation. Similarly, the average monthly operating expenses is multiplied by 12 months to derive average annual operating expenses. Here, average annual revenues/sales and average annual operating expenses are simply termed as annual sales and expenses respectively. The profit/ loss has been derived as the difference of annual sales and expenses.

Chapter 1 Overview of the manufacturing industry

1-1 The manufacturing industry in the economy of Nepal

Nepal has achieved high economic growth recently and the average GDP growth rate from 2011-12 to 2018-19 reached 5.1%. This economic growth was mainly achieved by the expansion of the service sector as depicted in the following chart. The value added generated by the service sector increased from Rs. 318.5 million in 2011-12 to Rs. 476.0 millions in 2018-19.

During the same period, the value added of the industry sector also increased from Rs. 98.1 million to Rs. 136.5 million.

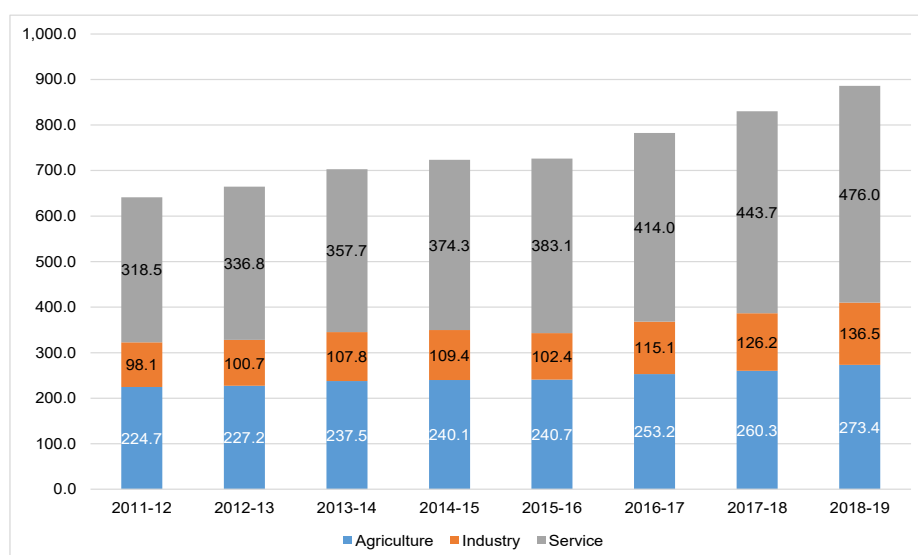


Figure 1.1 Real GDP at basic price by sector (million Rs. at 2000/01 price)²

However, the value added generated by the industry sector as percentage of GDP stayed around 16.0% from 2011-12 to 2018-19, although that of service sector increased to 55.9% until 2018-19, as depicted in the following chart in Figure 1.2.

² Source: Macroeconomic indicator of Nepal, Nepal Rastra Bank Nov 2019

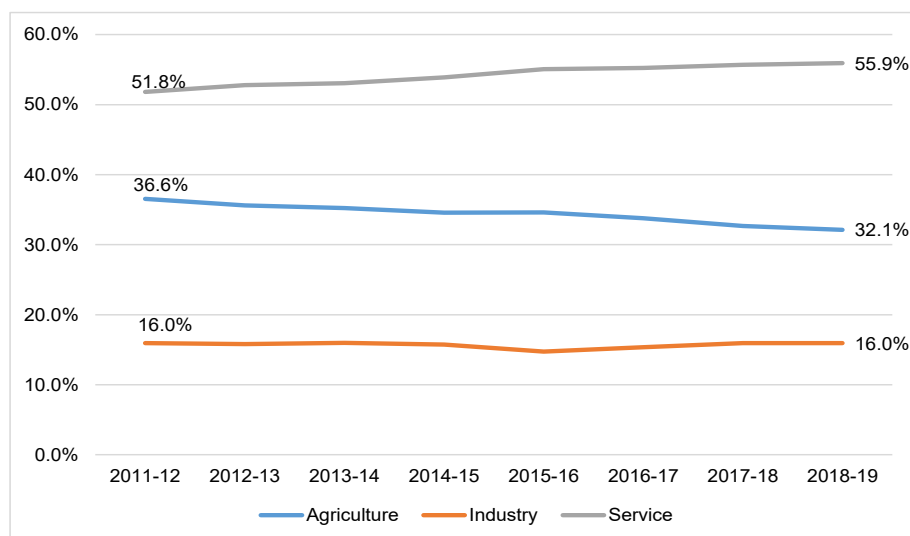


Figure 1.2 Value added as percentage of GDP³

The major subsectors of the industry sector are the construction and manufacturing. The size of construction industry increased by 48.1% from 2011-12 to 2018-19, while the manufacturing industry grew only by 28.9% during the same period.

The recent expansion of the construction industry is probably because the remittance income by migrant workers was invested into real estates. The post-earthquake housing reconstruction would be another reason.

³ Source: Macroeconomic indicator of Nepal, Nepal Rastra Bank Nov 2019

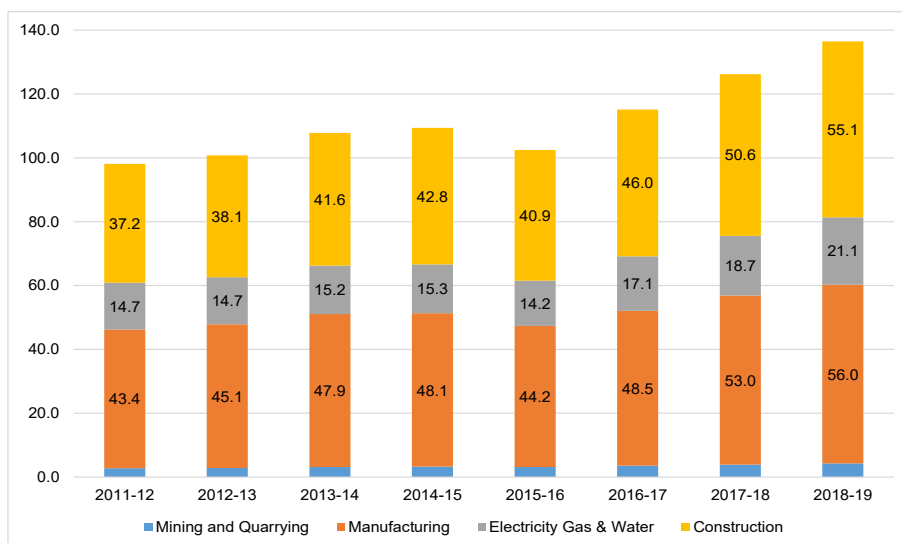


Figure 1.3 Real GDP at basic price of industry (million Rs. at 2000/01 price)⁴

The value added generated by the construction industry as percentage of GDP also increased from 6.1% in 2011-12 to 6.5% in 2018-19. During the same period, the value added of the manufacturing industry decreased from 7.1% of GDP to 6.6%.

⁴ Source: Macroeconomic indicator of Nepal, Nepal Rastra Bank Nov 2019

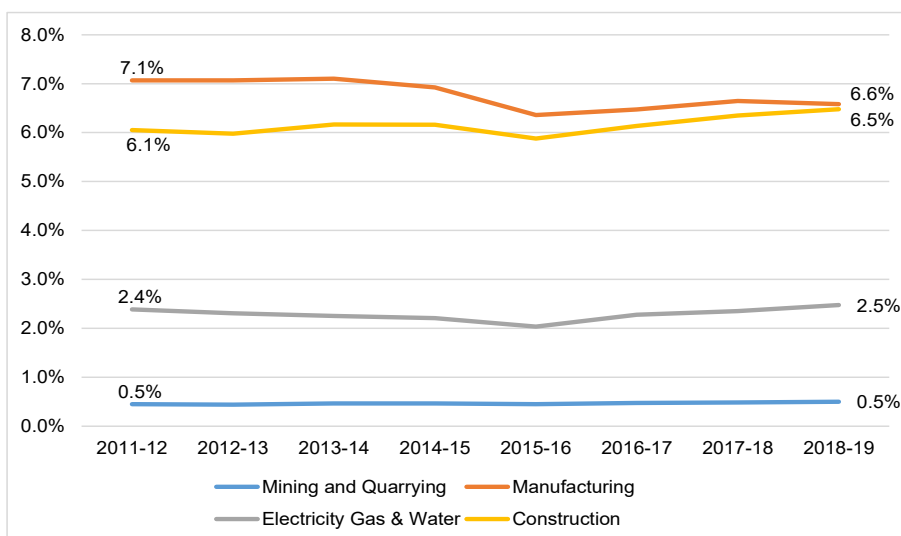


Figure 1.4 Value added as percentage of GDP (Industry)⁵

The compound annual growth rates (CGAR) of various industries in Nepal from 2011-12 to 2018-19 are as described in the following chart in Figure 1.5.

The growth rate of the manufacturing industry was 3.7% and this was lower than the mining industry (6.3%) and the construction industry (5.8%), as well as the GDP growth rate (5.1%). As the result, the importance of the manufacturing industry in the Nepali economy decreased despite of its growth.

⁵ Source: Calculated based on Macroeconomic indicator of Nepal, Nepal Rastra Bank Nov 2019

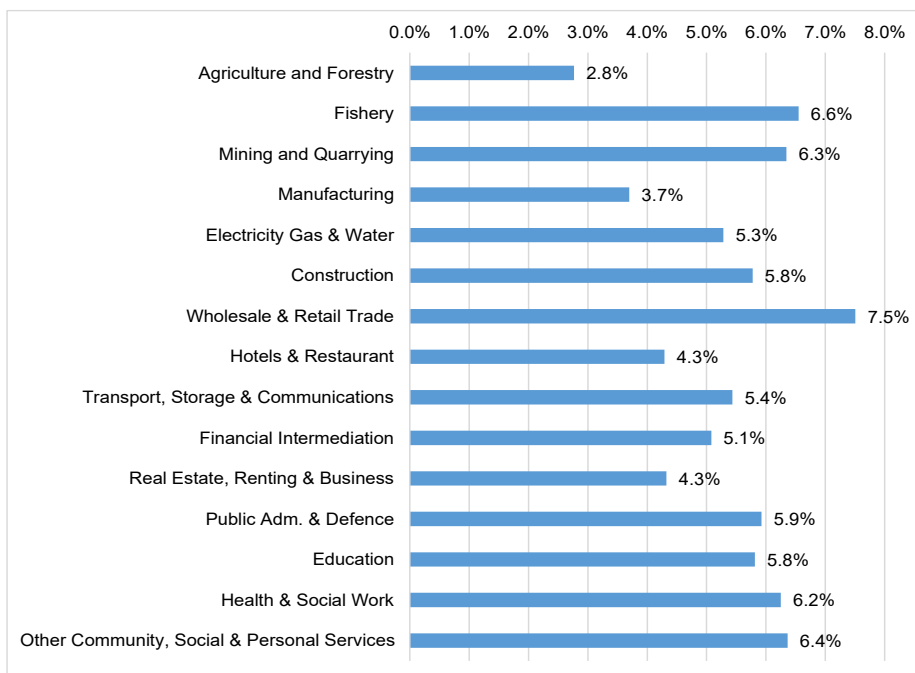


Figure 1.5 Annual growth rate by sector⁶

1-2 Policy on the manufacturing industry

The Fifteenth Plan for fiscal Year 2019/20 - 2023/24 of Nepal puts high importance on the industrial sector. As the main pillar of the economic development of the country, the industrial sector is expected to increase its contribution to the national economy. The objectives of the industrial development set in the Fifteenth Plan are as follows;

- To increase the contribution of the industrial sector in GDP by increasing industrial production.
- To promote export and manage imports by enhancing the production and competitiveness of industries.
- To create additional opportunities for employment by increasing domestic and foreign investment in the industrial sector by creating an investment-friendly environment.

⁶ Source: Calculated based on Macroeconomic indicator of Nepal, Nepal Rastra Bank Nov 2019

In addition to the Fifteenth Plan, Industrial Policy, issued in 2011 replacing Industrial Policy in 1993, would be one of the most important policies for the development of the industrial sector including the manufacturing industry in Nepal.

The main objectives of Industrial Policy in 2011 are as follows;

- To increase export of industrial products along with growth in national income and employment through enhancement of quality and competitive industrial products and productivity;
- To increase contribution of industrial sector in the balanced national and regional development by mobilizing local resources, raw materials, skills and means;
- To establish industrial entrepreneurship as a sustainable and reliable sector by utilizing latest technology and environment friendly production process;
- To create strong basis of investment having developed productive human resources and managerial capacity required for industrial development thereby establish Nepal as an attractive place for investment in the South Asian region and in the world as well by;
- To protect industrial intellectual property rights.

Another important policy related to the manufacturing industry is Trade Policy 2072. The main objectives of Trade policy⁷ are as follows:

- Strengthen supply capacity and reduce trade deficit by increasing the export of goods and services with competitive advantages and value addition in the global market.
- Increase the access of goods, services and intellectual property in the regional and global market

As both policies point out, one of the major policy issues in the manufacturing industry in Nepal would be the increase in the exports, which would lead to the decrease in the trade deficit.

⁷ Unofficial translation

This direction is reinforced by Industrial Enterprises Act (2076) which was enacted replacing Industrial Enterprises Act (2073). One of the main targets of this act is to build dynamic and strong basis of the economy by emphasizing gradual import substitution and export promotion.

1-3 Trade in Nepal

(1) Trade balance

The trade deficit of Nepal has been increasing and reached 52.4% of GDP in 2019, jumped up from 28.3% in 2010. This was mainly due to the expansion of the import of goods and services, which increased from 40.1% of GDP in 2010 to 63.8% in 2019.

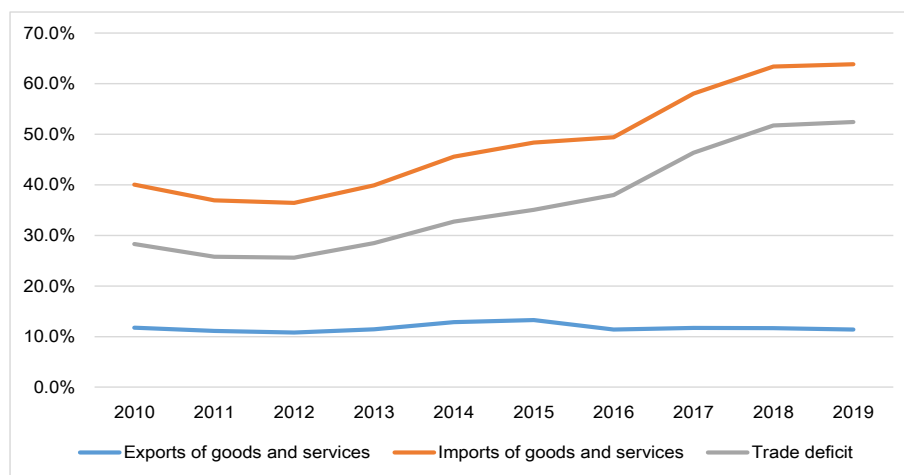


Figure 1.6 Export and Import as percentage of GDP⁸

(2) Exports from Nepal

The composition of the exports from Nepal and the changes in the values of major export items are as described in the following charts. Major export items from Nepal are textile and clothing, which include yarn, carpets and readymade garments, as they consist 43.7% of the total exports in 2017-18.

⁸ Source: The World Bank, World Development Indicators
<https://databank.worldbank.org/source/world-development-indicators>

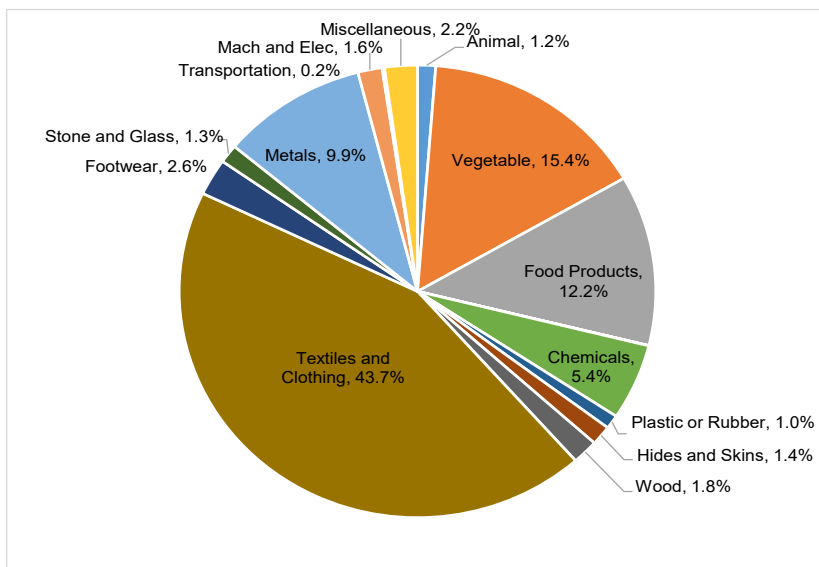


Figure 1.7 Exports to World⁹ (2017-18)

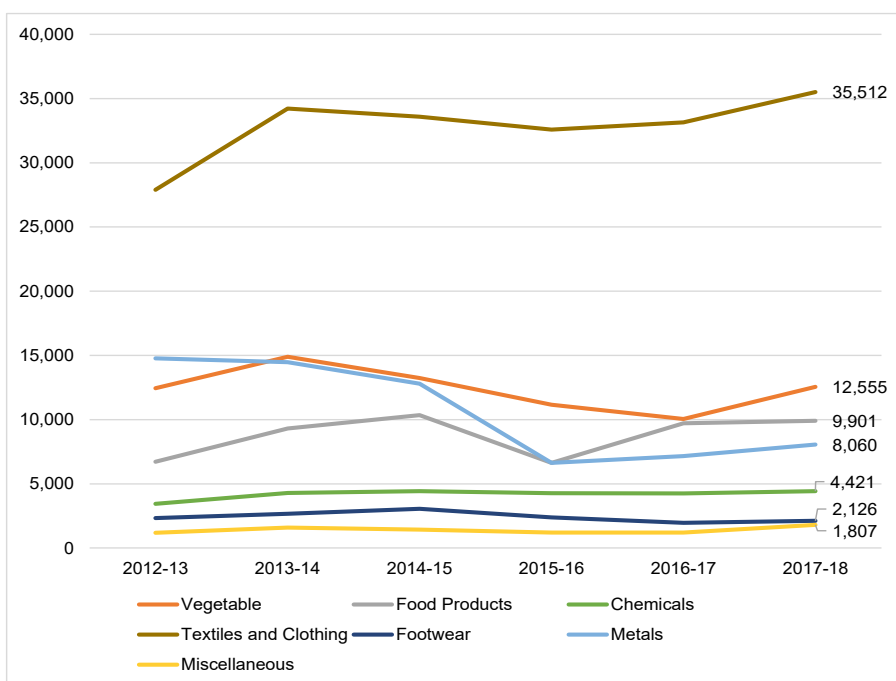


Figure 1.8 Exports of major items¹⁰ (million Rs.)

⁹ Source: Nepal Foreign Trade Statistics Fiscal Year 2017/18 (2074/75)

¹⁰ Source: Nepal Foreign Trade Statistics Fiscal Year 2017/18 (2074/75)

Vegetables, which consists of 15.4% of the total export, include spices such as cardamoms and tea. Food products, which consist of 12.2%, are mainly fruit juice, such as orange juice, pineapple juice and apple juice. Other food products include oil cakes and dog foods.

Exports of metals (9.9%) and chemicals (5.4%) are mainly for India. Metals are mainly iron and steel, such as wire iron and flat iron, while chemicals are mainly essential oil and dentifrices.

The major export destinations from Nepal as of 2017-18 are as described in the following chart. The biggest export destination is India (57.5%) and other destinations include the United States (11.3%), Turkey (5.8%), Germany (3.9%), the United Kingdom (3.5%) and China (3.0%).

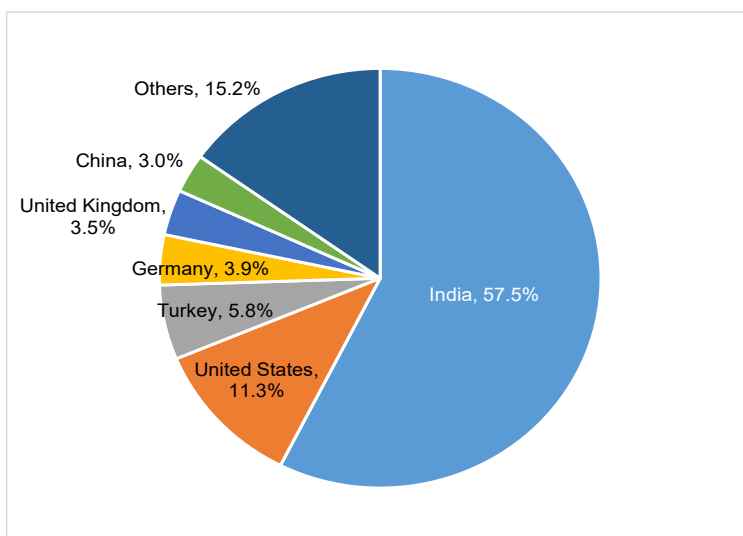


Figure 1.9 Major export partners (2017-18)¹¹

Major export items to India as of 2017-18 are textiles and clothing (28.0%) such as yarn, which is followed by vegetable (22.3%), food products (17.2%), metals (15.5%) and chemicals (7.8%). Vegetables are mainly black tea and cardamoms, while food products are juice, oil cakes and bran.

¹¹ Source: Nepal Foreign Trade Statistics Fiscal Year 2017/18 (2074/75)

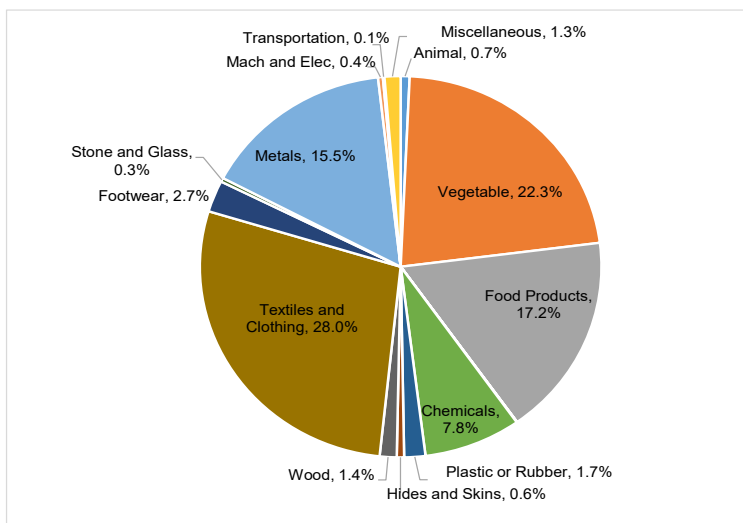


Figure 1.10 Export to India (2017-18)¹²

The largest export item to the United States is textiles and clothing (67.2%), half of which are carpets. Food products, which consist of 10.3% of the exports to the United States, are mainly dog foods and cat foods.

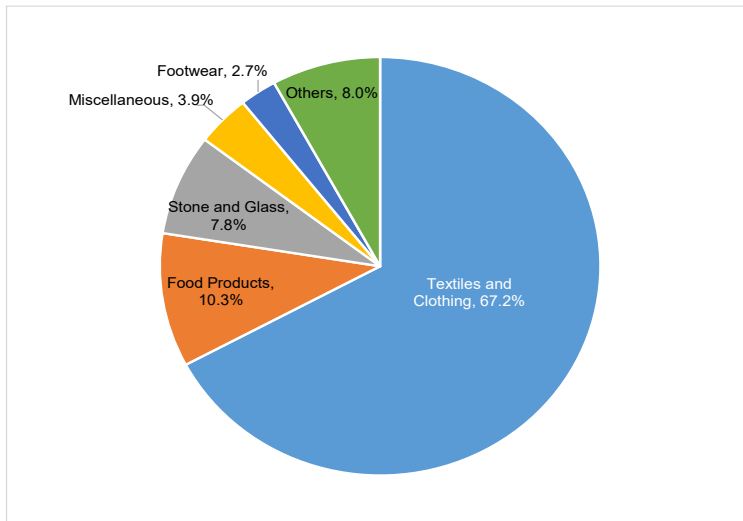


Figure 1.11 Export to USA (2017-18)¹³

¹² Source: Nepal Foreign Trade Statistics Fiscal Year 2017/18 (2074/75)

¹³ Source: Nepal Foreign Trade Statistics Fiscal Year 2017/18 (2074/75)

On the other hand, almost all exports to Turkey are textiles and clothing, which are mainly yarn.

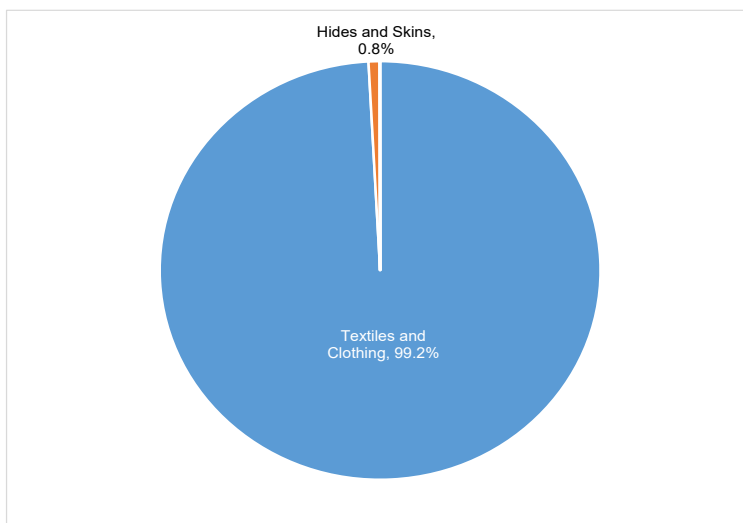


Figure 1.12 Export to Turkey (2017-18)¹⁴

(3) Imports by Nepal

The composition of the imports by Nepal and the changes in the values of major import items is as described in the following charts.

Major imports by Nepal are Machinery and mechanical appliances (Mach and Elec, 16.3%), fuels (15.9%) and metals (13.8%) which are followed by transportation (8.8%), vegetable (8.7%), food products (7.1%) and chemicals (7.0%).

¹⁴ Source: Nepal Foreign Trade Statistics Fiscal Year 2017/18 (2074/75)

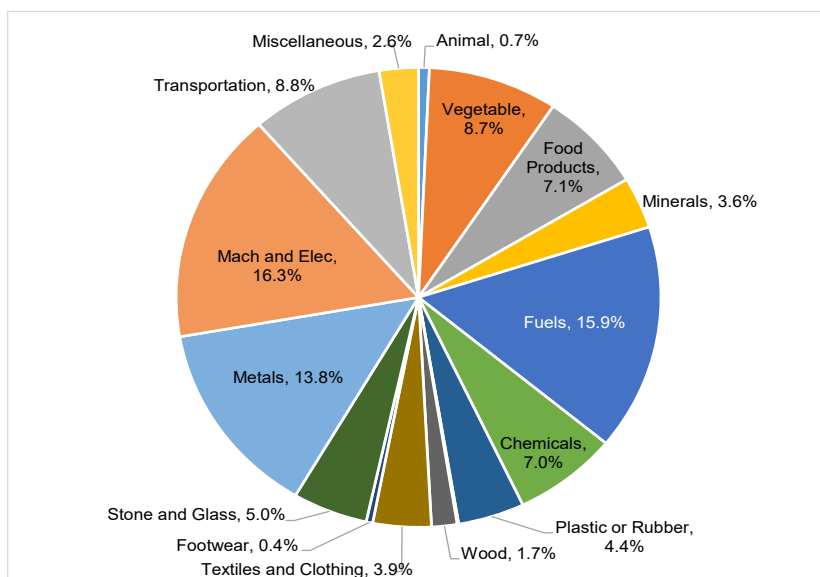


Figure 1.13 Imports from World (2017-18)¹⁵

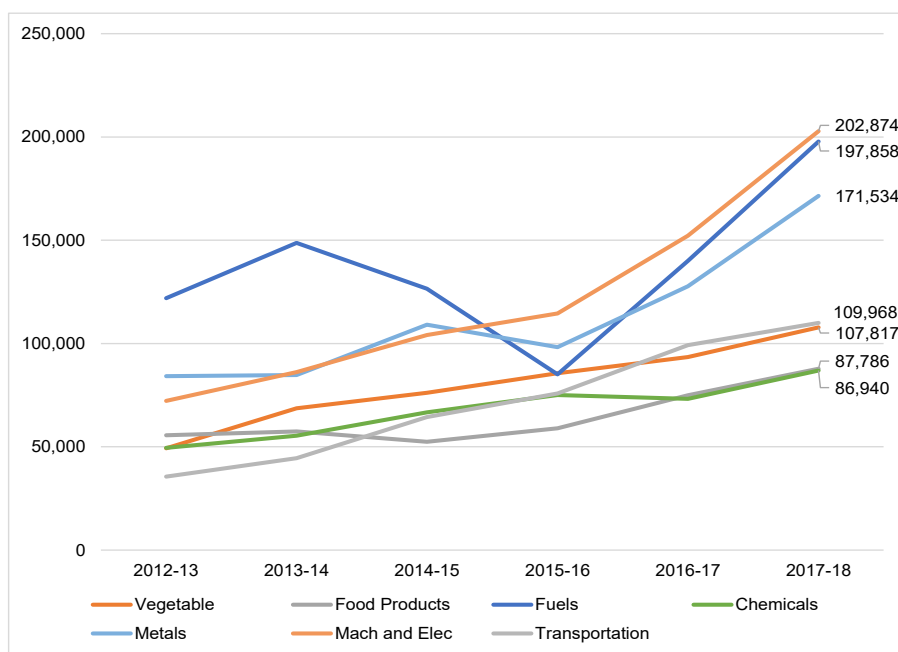


Figure 1.14 Imports of major items¹⁶ (million Rs.)

¹⁵ Source: Nepal Foreign Trade Statistics Fiscal Year 2017/18 (2074/75)

¹⁶ Source: Nepal Foreign Trade Statistics Fiscal Year 2017/18 (2074/75)

Major import partners of Nepal are India and China. Imports from India and China consist 65.4% and 12.9% respectively, while imports from other countries are smaller than 2.0%.

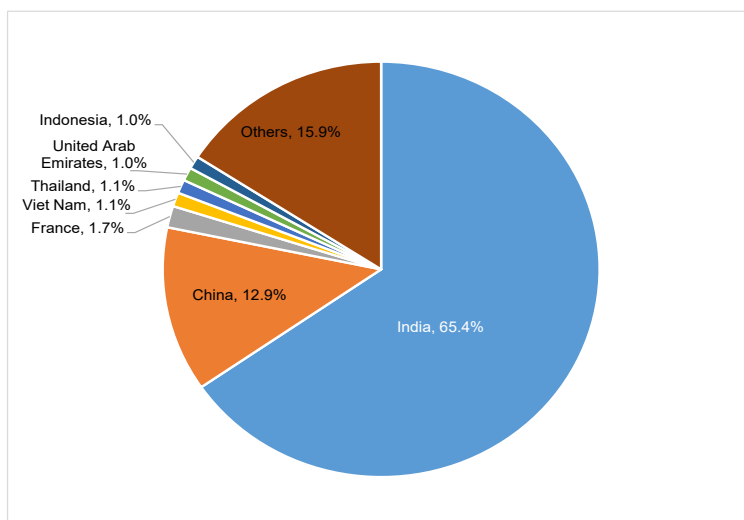


Figure 1.15 Import partners (2017-18)¹⁷

The composition of the imports from India is as in the following chart. As the imports from India consist 65.4% of all imports, the composition is similar to that of all imports.

¹⁷ Source: Nepal Foreign Trade Statistics Fiscal Year 2017/18 (2074/75)

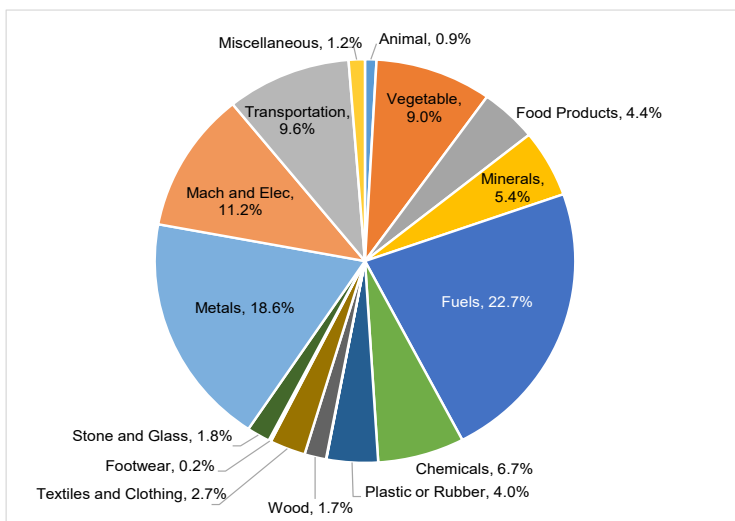


Figure 1.16 Import from India (2017-18)¹⁸

Meanwhile, the imports from China are mainly machinery and mechanical appliances (Mach and Elec). Machinery and mechanical appliances include cellular phones, computers, crushing or grinding machines, reception apparatus for TV and software.

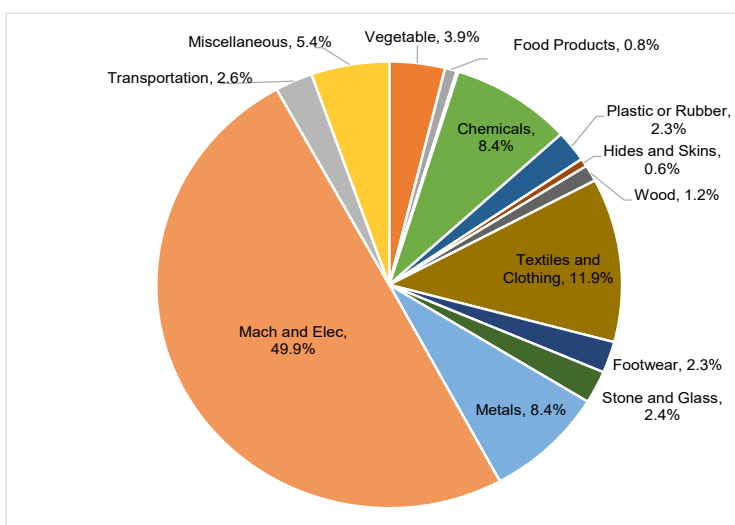


Figure 1.17 Import from China (2017-18)¹⁹

¹⁸ Source: Nepal Foreign Trade Statistics Fiscal Year 2017/18 (2074/75)

¹⁹ Source: Nepal Foreign Trade Statistics Fiscal Year 2017/18 (2074/75)

1-4 Overview of the manufacturing industry in Nepal

The manufacturing industry in Nepal has been gradually expanding. The value added of the manufacturing industry increased from Rs. 45,059 million in 2012-13 (at 2001 price) to Rs. 56,018 million in 2018-19. The average growth rate of the manufacturing industry was 3.1%, but this was lower than the GDP growth rate (5.1%).

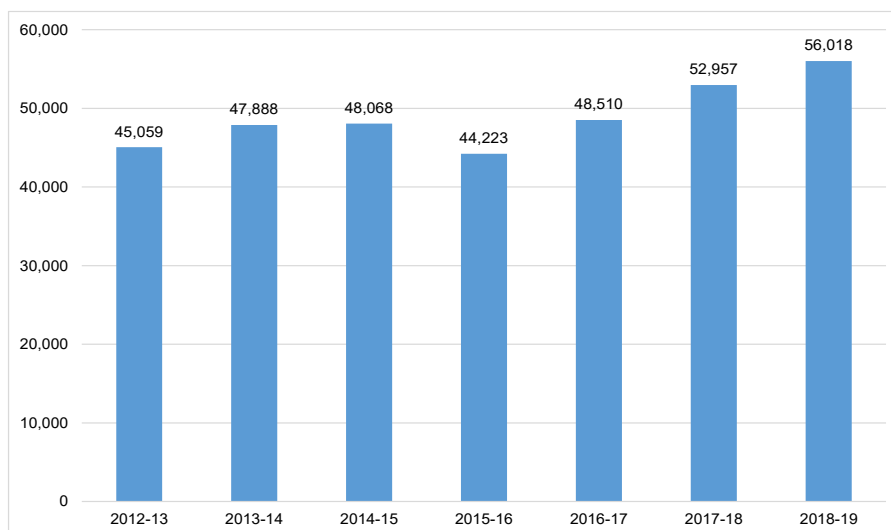


Figure 1.18 Value added by the manufacturing industry (Million Rs. at 2001 price)²⁰

As described in the following chart, 34.0% of the value added of the manufacturing industry were generated by the food and beverage subsector in 2011. Other important subsectors as of 2011 are non-metallic mineral (14.0%), tobacco production (13.1%), fabricated metal products (8.9%), and chemical and chemical products (7.7%). The value added generated by textile was only 3.8%.

²⁰ Source: Macroeconomic indicator of Nepal, Nepal Rastra Bank Nov 2019

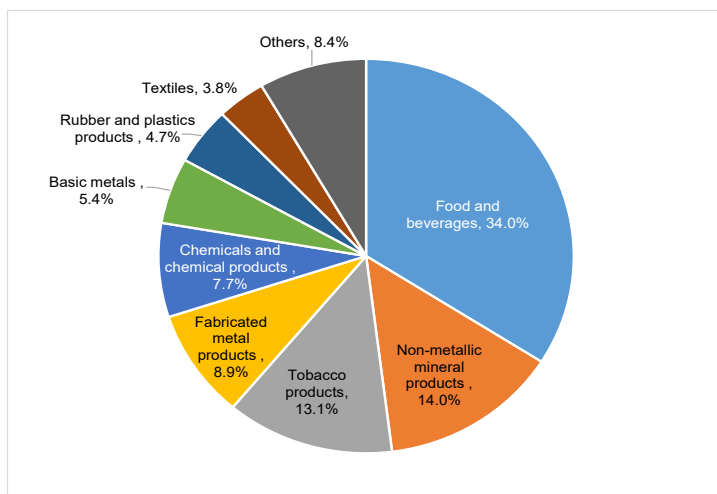


Figure 1.19 Composition of value added by the manufacturing industry (2011)²¹

The composition of the value added generated in the manufacturing industry has been changing over years. The chart in Figure 1.20 shows that the proportions of food and beverage and non-metallic mineral increased from 1996 to 2011, while that of textile rapidly decreased during the same period.

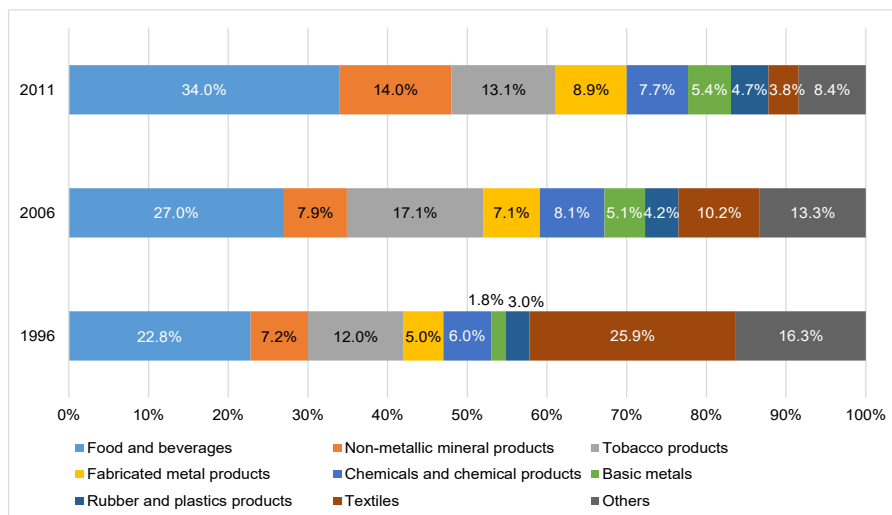


Figure 1.20 Composition of value added by the manufacturing industry (1996 – 2011)²²

²¹ Source: Development of Manufacturing Industries

²² Source: Development of Manufacturing Industries

Chapter 2 Number of establishments

This chapter briefly describes the basic characteristics of establishments which were the basic units of enumeration in the National Economic Census 2018 (the NEC2018).

The NEC2018 followed the UN's definition of "establishment". In this definition, an establishment is an economic unit that engages, under a single ownership or control in one or predominantly one kind of economic activity at a single physical location. Therefore, an establishment can be any size, any type, and any kind of economic unit.

2-1 Number of establishments in the manufacturing industry

The number of establishments in the manufacturing industry is 104,058 and this comprises 11.3% of all industries in Nepal. Manufacturing is the third largest industry in terms of number of establishments after Wholesale and retail trade (498,069 establishments, 53.9%) and Accommodation and food service activities (130,540 establishments, 14.1%).

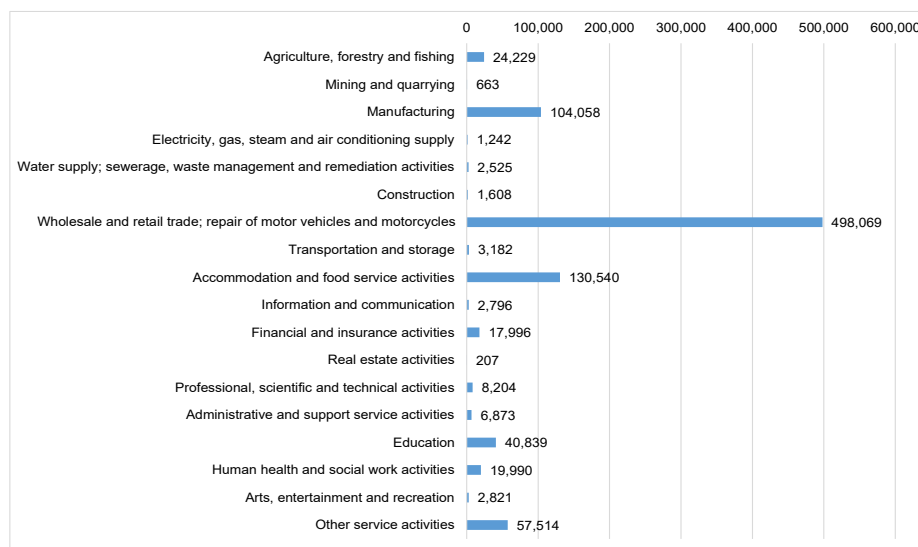


Figure 2.1 Number of establishments by Section of NSIC

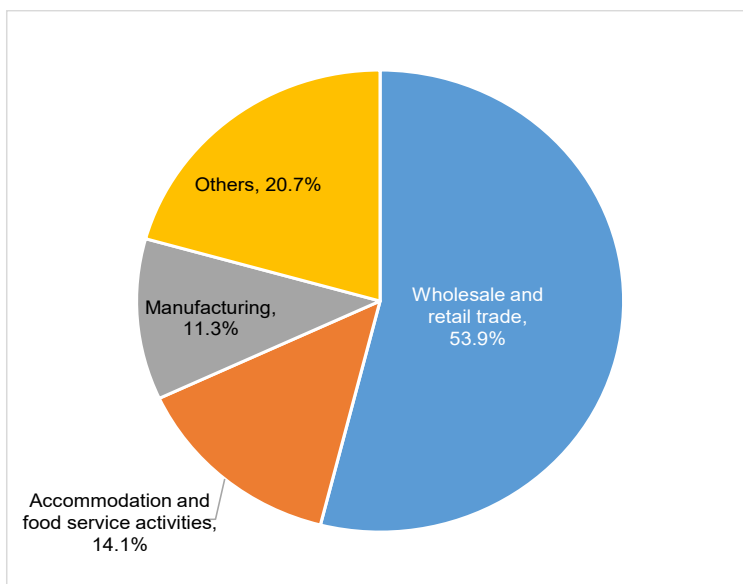


Figure 2.2 Share of number of establishments by Section of NSIC

The following chart in Figure 2.3 shows the comparison with four Indian states, Uttarakhand State, Uttar Pradesh State, Bihar State and Sikkim State.

Although the data coverage of the economic census in Nepal and that of India is not necessarily same, this chart shows that 1) the proportion of the manufacturing industry in Nepal is lower than these Indian States, except Sikkim State, 2) the proportion of Wholesale and retail industry in Nepal is much bigger than the Indian States, and 3) the proportion of Accommodation and food services activities is higher in Nepal.

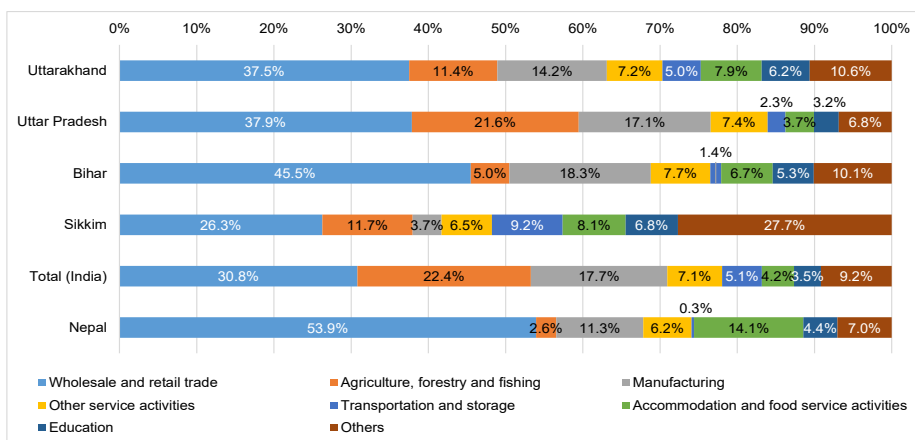


Figure 2.3 Share of number of establishments by industry in India and Nepal

The proportion of the numbers of establishments by industry and province is as described in the following chart. The proportion of the manufacturing industry is lowest in Karnali Province (10.3%) and highest in Sudurpashchim Province (12.3%), but there is not significant difference among provinces.

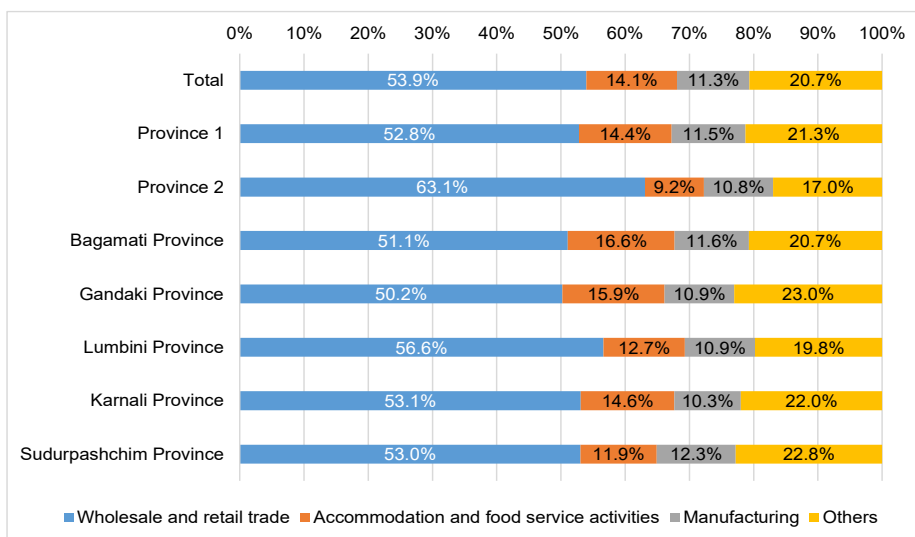


Figure 2.4 Share of number of establishments by Section of NSIC and province

2-2 Number of establishments in the manufacturing industry by province

The chart in Figure 2.5 presents the provincial distribution of the number of manufacturing establishment. There are 104,058 manufacturing establishments in Nepal which are 11.3 % of total establishments.

Bagamati Province has 32,755 manufacturing establishments. The share of the manufacturing establishments in this province is 31.5% and this is biggest among all provinces. Province 1 has the second largest share of establishments (18.6 %) followed by Lumbini Province (15.5%). Province 2 and Gandaki Province have 12.2% and 10.5 % share of the manufacturing industry respectively.

Karnali Province shows the smallest share (4.3%), followed by Sudurpashchim Province (7.4%).

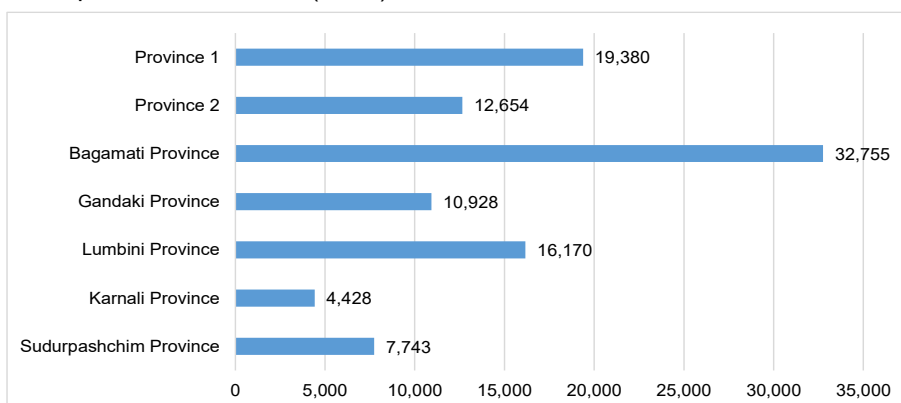


Figure 2.5 Number of establishments in the manufacturing industry by province

Table 2.1 Number and share of establishments in the manufacturing industry by province

Province	Number of Establishment	Share (%)
Province 1	19,380	18.6
Province 2	12,654	12.2
Bagamati Province	32,755	31.5
Gandaki Province	10,928	10.5
Lumbini Province	16,170	15.5
Karnali Province	4,428	4.3
Sudurpashchim Province	7,743	7.4
Total (Manufacturing)	104,058	100.0

2-3 Number of establishments in the manufacturing industry by Division of NSIC

The chart in Figure 2.6 shows the distribution of manufacturing establishment in number by Division of NSIC.

The biggest industrial subsector is Manufacture of wearing apparel (code 14) with 36,268 establishments (34.9%). Manufacture of food products (code 10) has 24,939 establishments (24%) representing the second biggest industry. The number of Other manufacturing (code 32) is also significant with 10,385 establishments (10%), followed by Manufacture of fabricated metal products except machinery and equipment (code 25) with 9,806 establishments (9.4%) and Manufacture of furniture (code 31) with 9,578 establishments (9.2%).

The industrial subsectors such as Manufacture of tobacco products (code 12), Manufacture of coke and refined petroleum product (code 19), Manufacture of computer, electronic and optical products (code 26), Manufacture of electrical equipment products (code 27) are not significant in number. The numbers of establishments in these subsectors are smaller than 50 across the country.

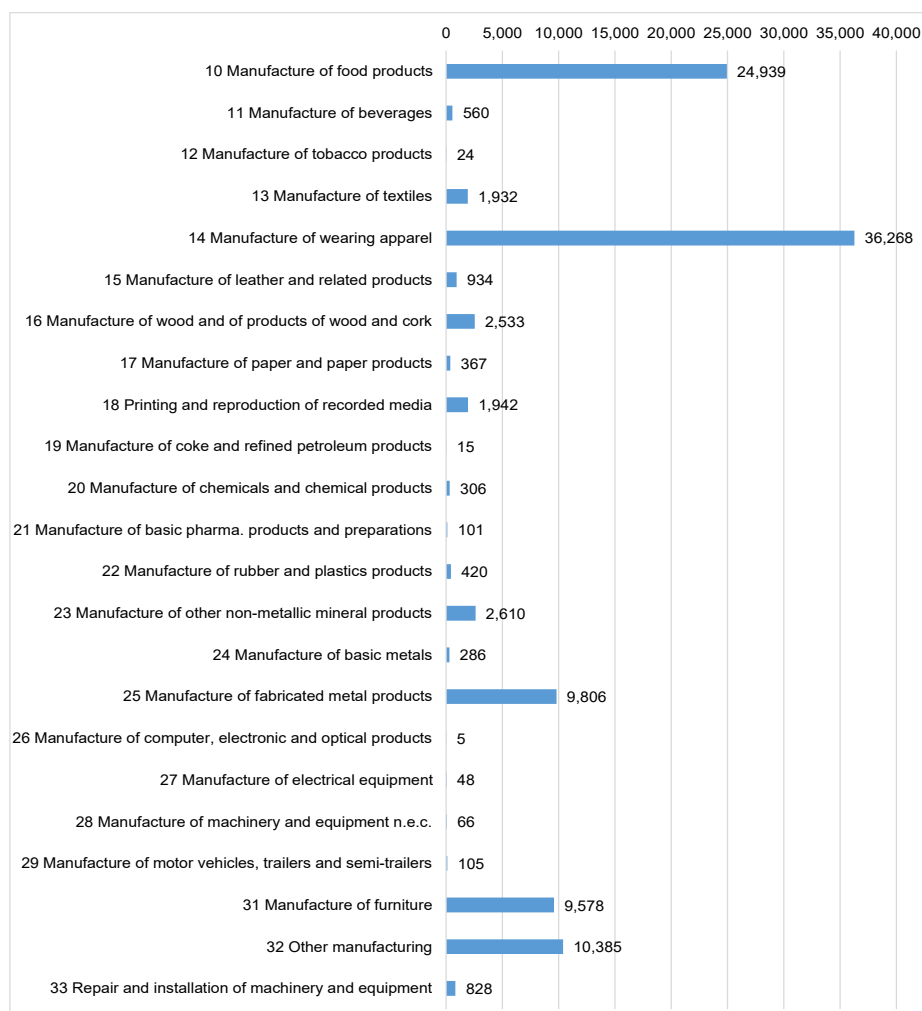


Figure 2.6 Number of establishments in the manufacturing industry by Division of NSIC

The five subsectors namely Manufacture of wearing apparel (code 14), Manufacture of food Products (code 10), Other manufacturing (code 32), Manufacture of fabricated metal products and equipment (code 25) and Manufacture of furniture (code 31) have dominant coverage in the manufacturing industry comprising 87.4% of share.

The compositions of subsectors of the manufacturing industry in each province are as explained in the chart in Figure 2.7. The patterns of distribution of these five subsectors are almost same among provinces.

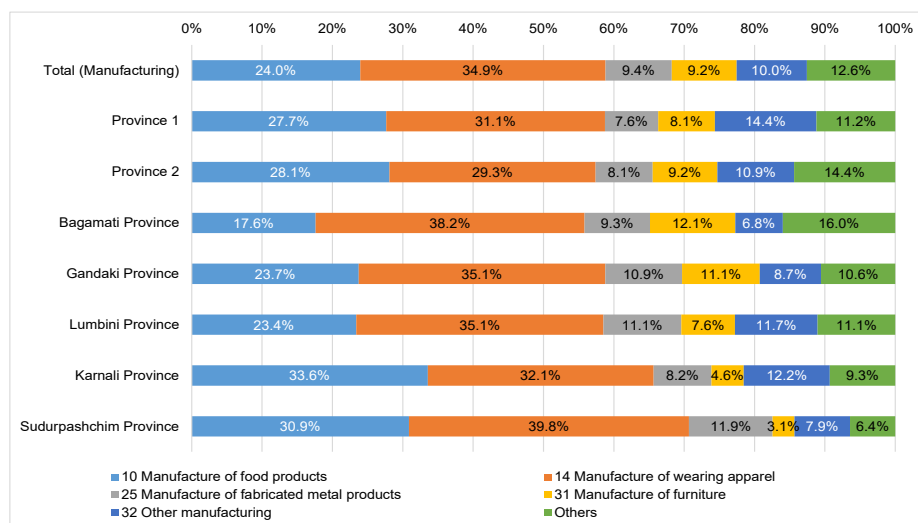


Figure 2.7 Share of number of establishments in the manufacturing industry by Division of NSIC and province

Comparing the shares of the number of establishments of subsectors in each province, Manufacture of wearing apparel (code 14) is biggest almost in all provinces, except Karnali Province. The share of this subsector is above the national average (34.9%) in Bagmati Province (38.2%), Gandaki Province (35.1%), Lumbini Province (35.1%) and Sudurpashchim Province (39.8%). The share of this subsector is below average in Province 1 (31.1%), Province 2 (29.3%) and Karnali Province (32.1%).

Manufacture of food products (code 10) is the second biggest manufacturing subsector almost in all provinces, except Karnali Province. This subsector is biggest in Karnali Province comprising 33.6%. The share of this subsector is bigger than the national average (24.0%) in Province 1 (27.7%), Province 2 (28.1%), Karnali Province (33.6%) and Sudurpashchim Province (30.9%). The share of this subsector is below the national average in Bagmati Province (17.6%), Gandaki Province (23.7%) and Lumbini Province (23.4%) .

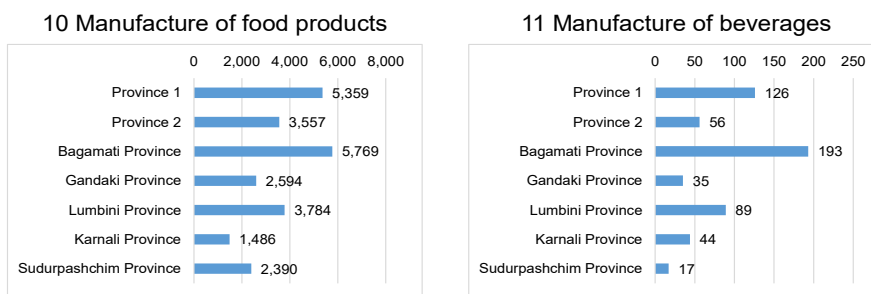
Other Manufacturing (code 32) is the third biggest subsector in the manufacturing industry comprising 10.0% share. The share of this subsector is bigger than the national average in Province 1 (14.4%), Province 2 (10.9%), Lumbini Province (11.7%) and Karnali Province (12.2%). The share of this subsector is below the national average in other provinces.

The share of Manufacture of fabricated metal product (code 25) is 9.4% in the manufacturing industry at the national level. The share of this subsector is bigger than average in Gandaki Province (10.9%), Lumbini Province (11.1%) and Sudurpashchim Province (11.9%). The provinces below the national average are Province 1 (7.6%), Province 2 (8.1%), Bagmati Province (9.3%) and Karnali Province (8.2%).

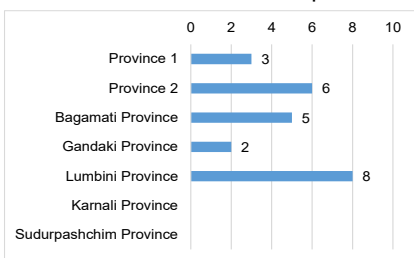
Manufacture of furniture (code 31) is also one of the significant subsectors in the manufacturing industry which comprises 9.2% of the establishments in this industry. At provincial level, the share of this subsector is bigger than average in Bagmati Province (12.1%) and Gandaki Province (11.1%). The provinces below the national average are Province 1 (8.1%), Province 2 (9.2%), Lumbini Province (7.6%), Karnali Province (4.6%) and Sudurpashchim Province (3.1%).

The numbers of establishments in the manufacturing industry by Division of NSIC and province are presented in the following charts in Figure 2.8.

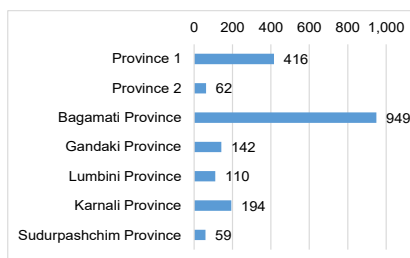
Figure 2.8 Number of establishments in the manufacturing industry by Division of NSIC and province



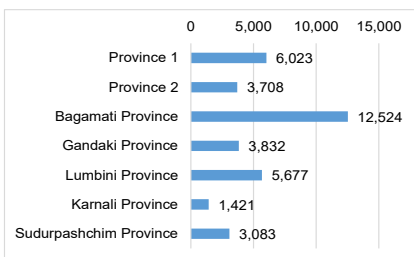
12 Manufacture of tobacco products



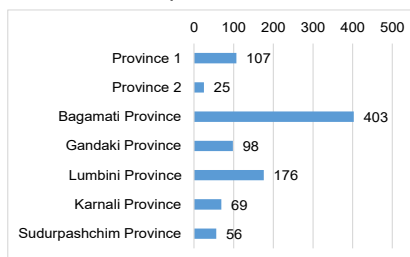
13 Manufacture of textiles



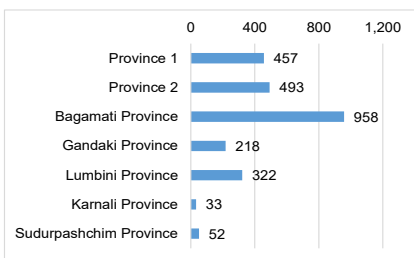
14 Manufacture of wearing apparel



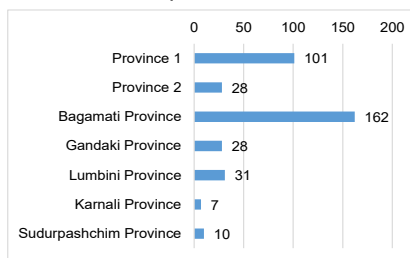
15 Manufacture of leather and related products



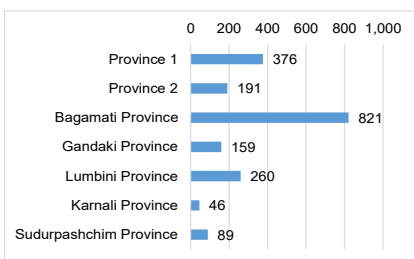
16 Manufacture of wood and of products of wood and cork



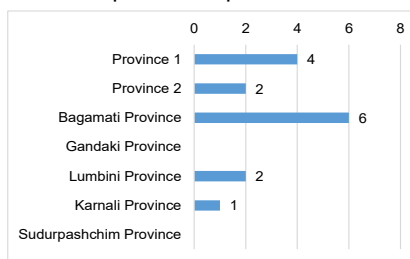
17 Manufacture of paper and paper products



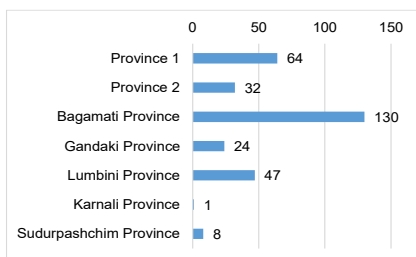
18 Printing and reproduction of recorded media



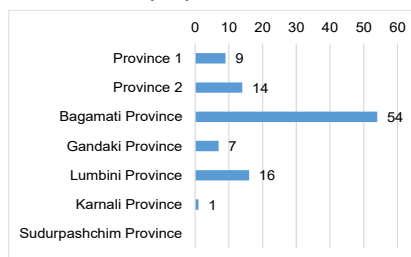
19 Manufacture of coke and refined petroleum products



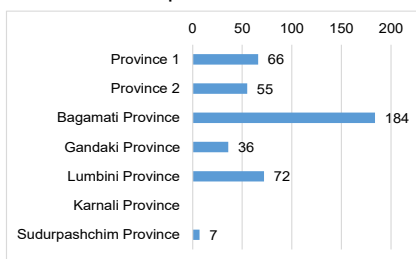
20 Manufacture of chemicals and chemical products



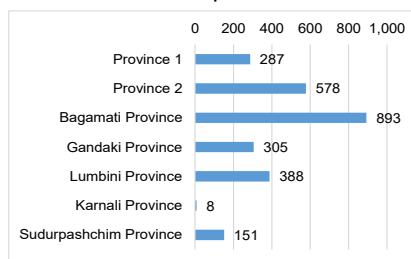
21 Manufacture of basic pharmaceutical products and pharmaceutical preparations



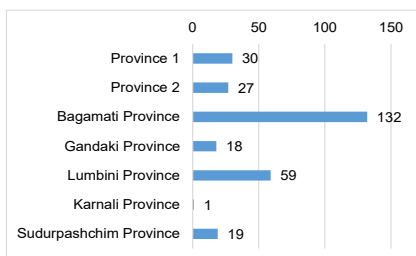
22 Manufacture of rubber and plastics products



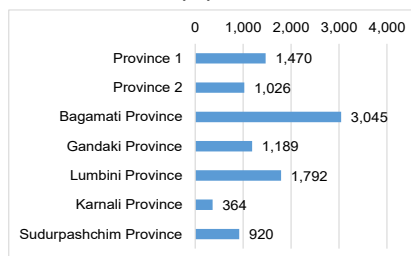
23 Manufacture of other non-metallic mineral products



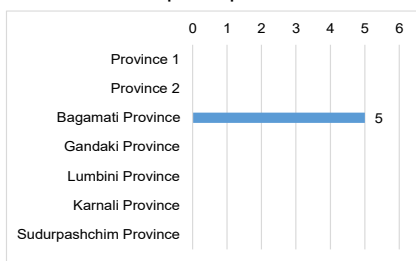
24 Manufacture of basic metals



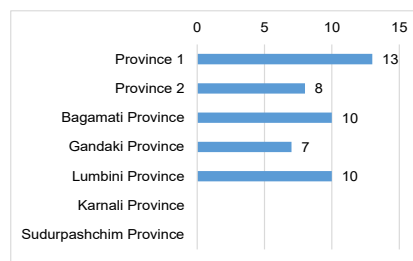
25 Manufacture of fabricated metal products, except machinery and equipment



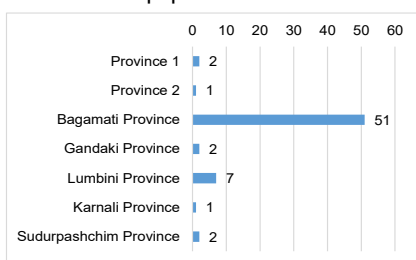
26 Manufacture of computer, electronic and optical products



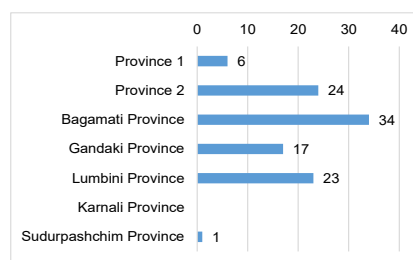
27 Manufacture of electrical equipment



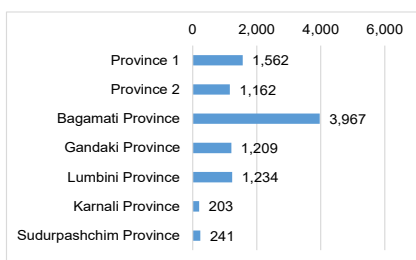
28 Manufacture of machinery and equipment n.e.c.



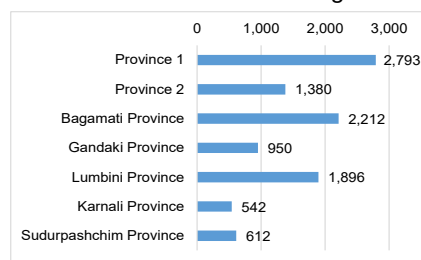
29 Manufacture of motor vehicles, trailers and semi-trailers



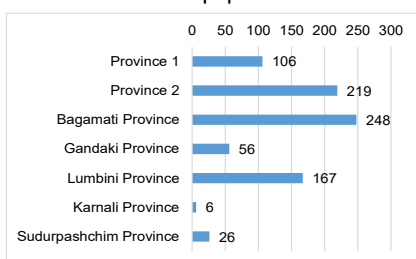
31 Manufacture of furniture



32 Other manufacturing



33 Repair and installation of machinery and equipment



2-4 Number of establishments by size of persons engaged

The distribution of the establishments in the manufacturing industry according to the scale of industry, which is categorized by the number of persons engaged, is as in the following chart in Figure 2.9.

Establishments were categorized into micro, small, medium and large by the number of persons engaged. Establishments engaging up to 9 persons were categorized as “micro”, while establishments engaging 10 - 49 persons and 50 - 99 persons were categorized as “small” and “medium” respectively. Establishments with 100 and more persons were categorized as “large”. Please note that the basis of categorization is different from the Industrial Enterprise Act 2020.

As depicted in the following chart in Figure 2.9, 98,983 establishments or 95.1% of the establishments in the manufacturing industries are categorized as “micro”, while 3,884 establishments (3.7%) are categorized as “small”. Establishments categorized as “micro” and “small” consist of 98.9% of the establishments in the manufacturing industry.

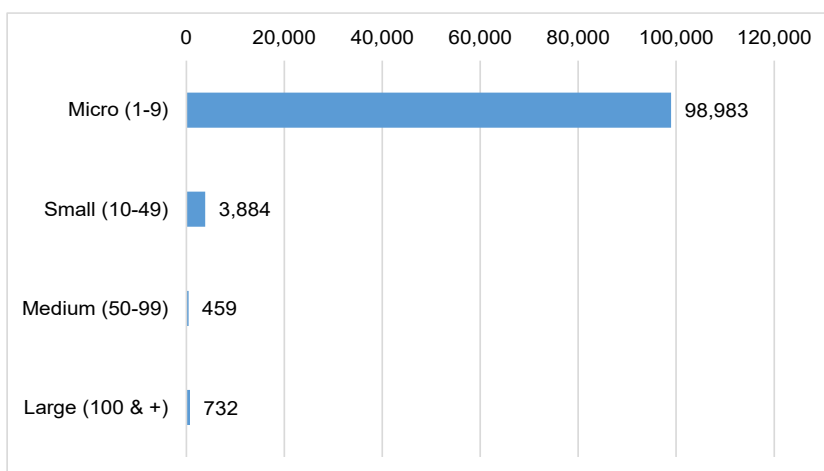


Figure 2.9 Number of establishments in the manufacturing industry by scale of industry

The distribution of the establishments in the manufacturing industry according to the number of persons engaged is as in the following chart. In this

chart, establishments categorized as “micro” in the chart above were divided into three categories by the numbers of persons engaged.

The number of establishments with one or two (1-2) persons engaged is biggest among all categories (67,271 establishments) and this consists of 64.6% of all establishments in the manufacturing industry.

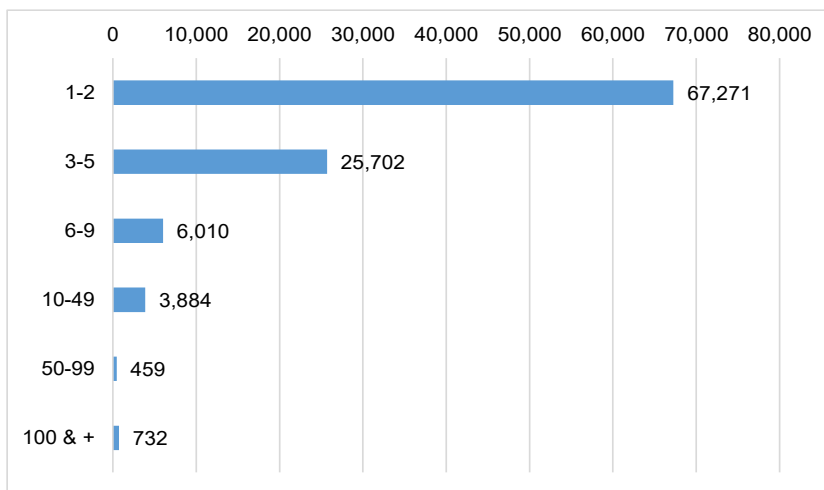


Figure 2.10 Number of establishments in the manufacturing industry by size of persons engaged

The share of number of establishments by size of persons engaged in each province is as depicted in the following chart and table.

The proportion of the establishments with 1-2 persons engaged is highest in Karnali Province (76.4%) and Sudurpashchim Province (71.8%) and lowest in Lumbini Province (60.9%).

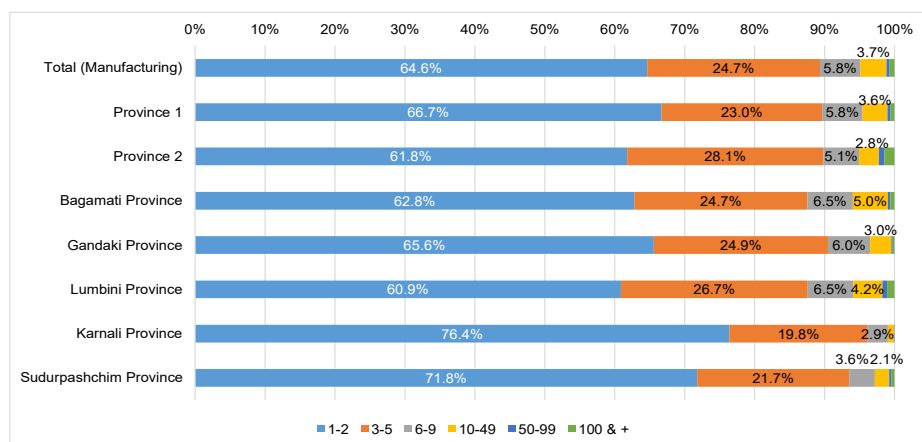


Figure 2.11 Share of number of establishments in the manufacturing industry by size of persons engaged and province

Table 2.2 Number of establishments in the manufacturing industry by size of persons engaged and province

	Size of persons engaged					
	1-2	3-5	6-9	10-49	50-99	100 -
Province 1	12,925	4,450	1,119	688	86	112
Province 2	7,815	3,553	643	360	97	186
Bagamati Province	20,578	8,100	2,124	1,636	121	196
Gandaki Province	7,168	2,720	660	329	21	30
Lumbini Province	9,843	4,321	1,054	672	107	173
Karnali Province	3,383	875	128	38	2	2
Sudurpashchim Province	5,559	1,683	282	161	25	33
Total (Manufacturing)	67,271	25,702	6,010	3,884	459	732

The number of establishments by size of persons engaged in each subsector of the manufacturing industry is as depicted in the following chart.

The proportion of the establishments with 1-2 persons engaged is highest in subsectors such as Manufacture of wearing apparel (code 14, 78.5%), Manufacture of food products (code 10, 74.3%) and Repair and installation of machinery and equipment (code 33, 72.1%).

On the other hand the proportion is lowest in Manufacture of computer, electronic and optical products (code 26, 0.0%), Manufacture of electrical equipment (code 27, 4.2%) and Manufacture of rubber and plastics products (code 22, 7.9%).

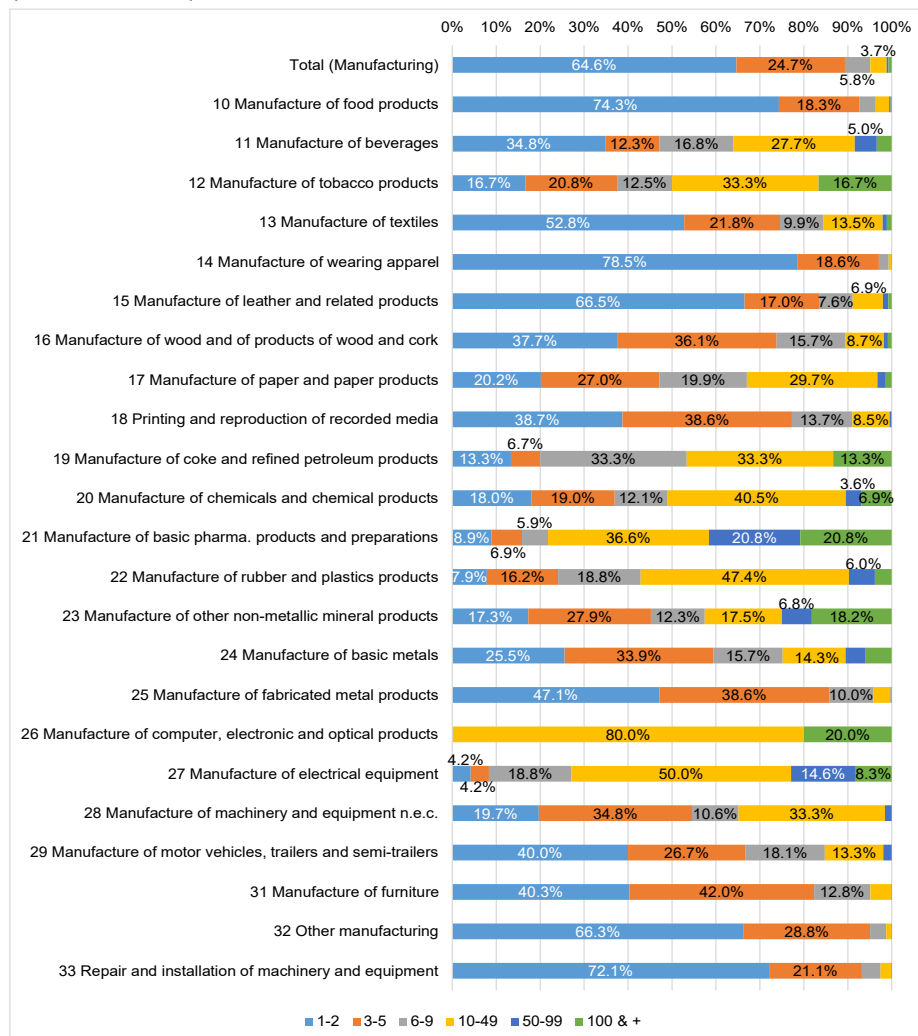


Figure 2.12 Share of number of establishments in the manufacturing industry by size of persons engaged and Division of NSIC

2-5 Number of establishments by sex of owner

The NEC2018 also gathered the information on the ownership of establishments from gender perspective. As the following chart in Figure 2.13

shows, the establishments with male owners comprise 77.3% of all establishments in the manufacturing industry, while the establishments with female owners comprises 22.7%.

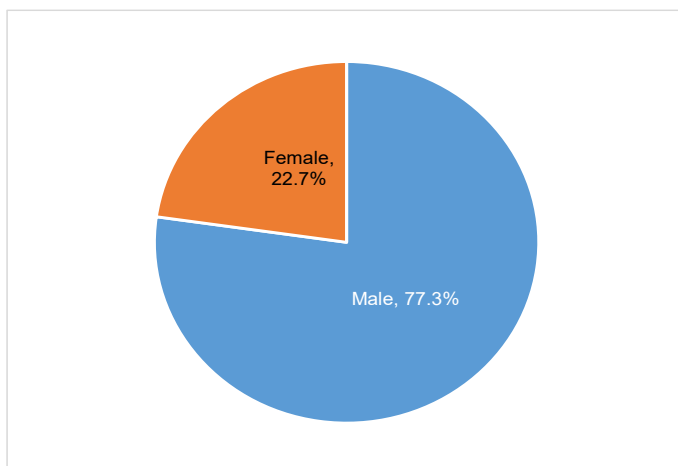


Figure 2.13 Share of number of establishments in the manufacturing industry by sex of owner

The proportion of the establishments with female owners is lowest in Province 2 (9.0%) and highest in Bagamati Province (29.7%).

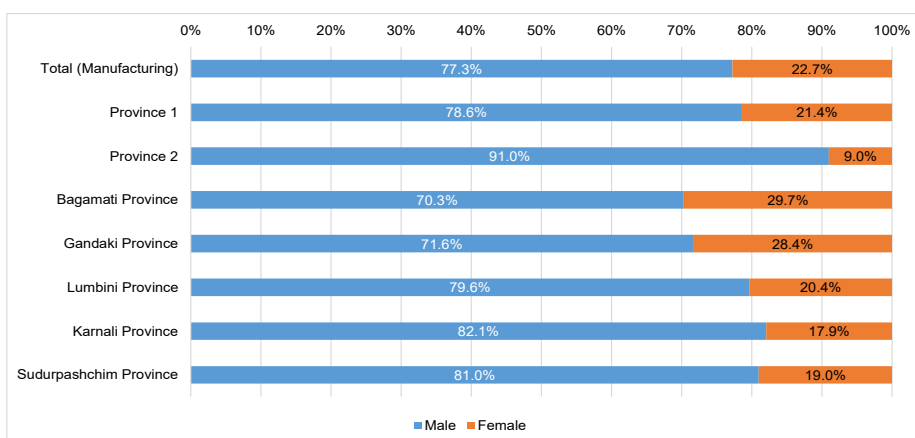


Figure 2.14 Share of number of establishments in the manufacturing industry by sex of owner and by province

The subsector with the highest proportion of the establishments with female owners is Manufacture of wearing apparel (code 14, 48.6%) which is followed by Manufacture of textiles (code 13, 36.0%) and Manufacture of beverages (code 11, 26.2%).

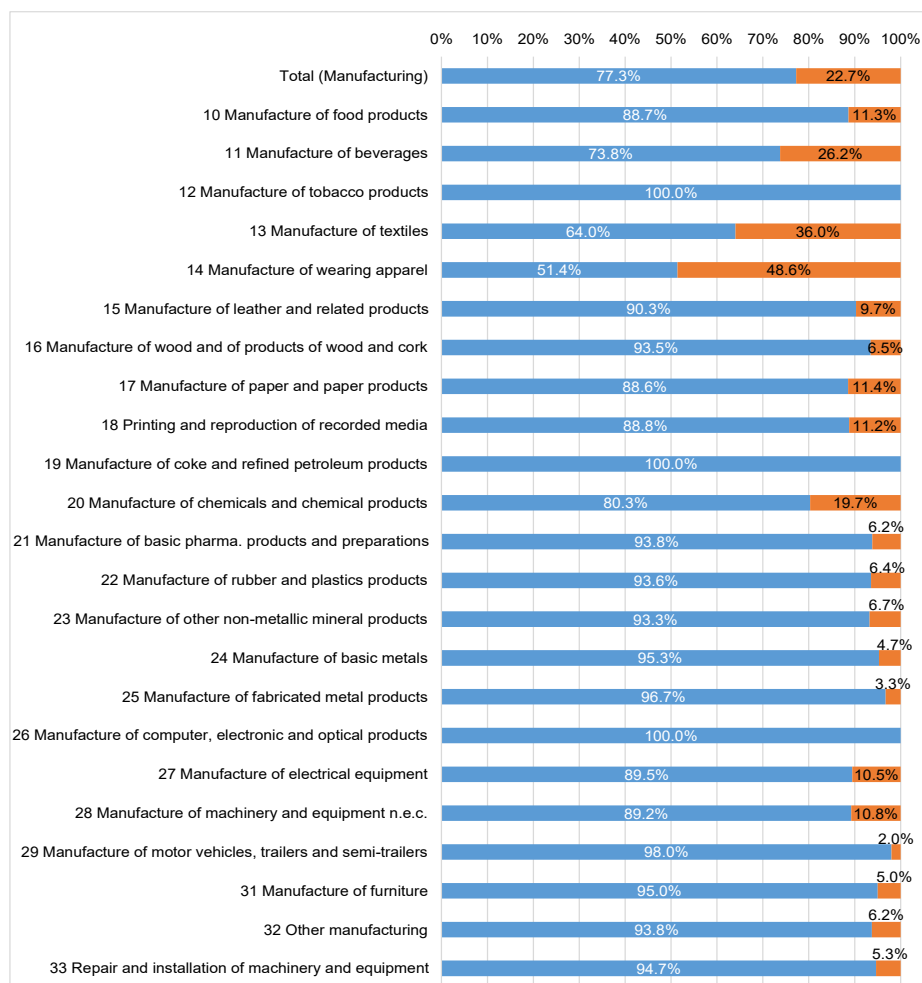


Figure 2.15 Share of number of establishments in the manufacturing industry by sex of owner and Division of NSIC

2-6 Number of establishments by sex of manager

The NEC2018 also gathered information on the management of establishments from gender perspective. Analysis from the gender aspect will

help us to understand the gender empowerment status in the manufacturing sector.

The chart in Figure 2.15 shows that the establishments with male managers comprise 77.6% while more than one-fifth of establishments (22.2%) are managed by female managers in the manufacturing industry.

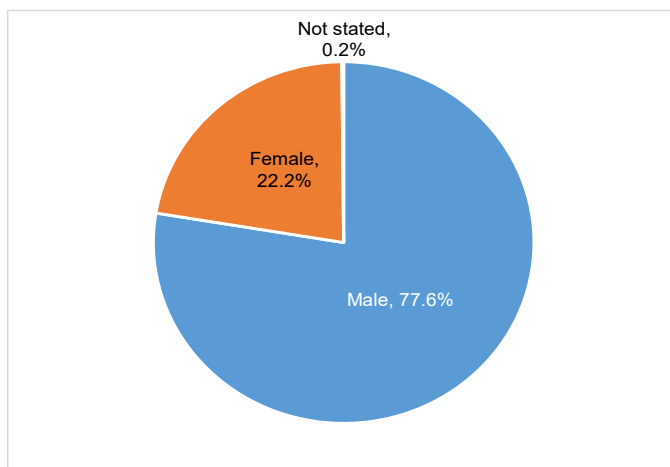


Figure 2.16 Share of number of establishments in the manufacturing industry by sex of manager

Observing the compositions of establishments managed by female managers at provincial level, the province with highest proportion of the establishments with female managers is Bagamati Province (29.5%), which is followed by Gandaki Province (27.1%).

Meanwhile, the proportion of the establishments with female managers is lowest in Province 2 (8.4%) which is followed by Sudurpashchim Province (19.0%) and Karnali Province (19.1%).

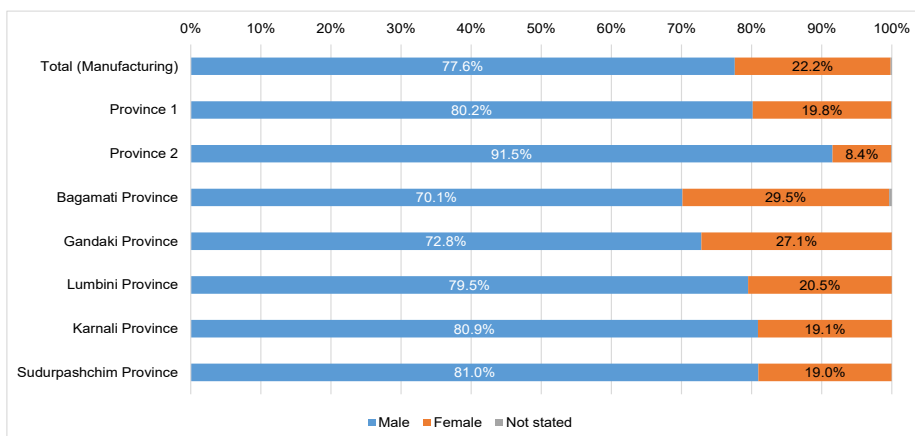


Figure 2.17 Share of number of establishments in the manufacturing industry by sex of manager and province

It would be also relevant to analyze the proportions of female managers in subsectors to understand their leading roles in the manufacturing industry. Looking at the chart in Figure 2.18, females are involved in the management of establishments in almost all subsectors, except Manufacture of tobacco products (code 12) and Manufacture of coke and refined petroleum products (code 19). The proportions of the female managers are especially high in subsectors such as Manufacture of wearing apparel (code 14), Manufacture of textiles (code 13) and Manufacture of beverages (code 11) where 48.6%, 36.7% and 25.9% of establishments are under the management of female managers respectively.

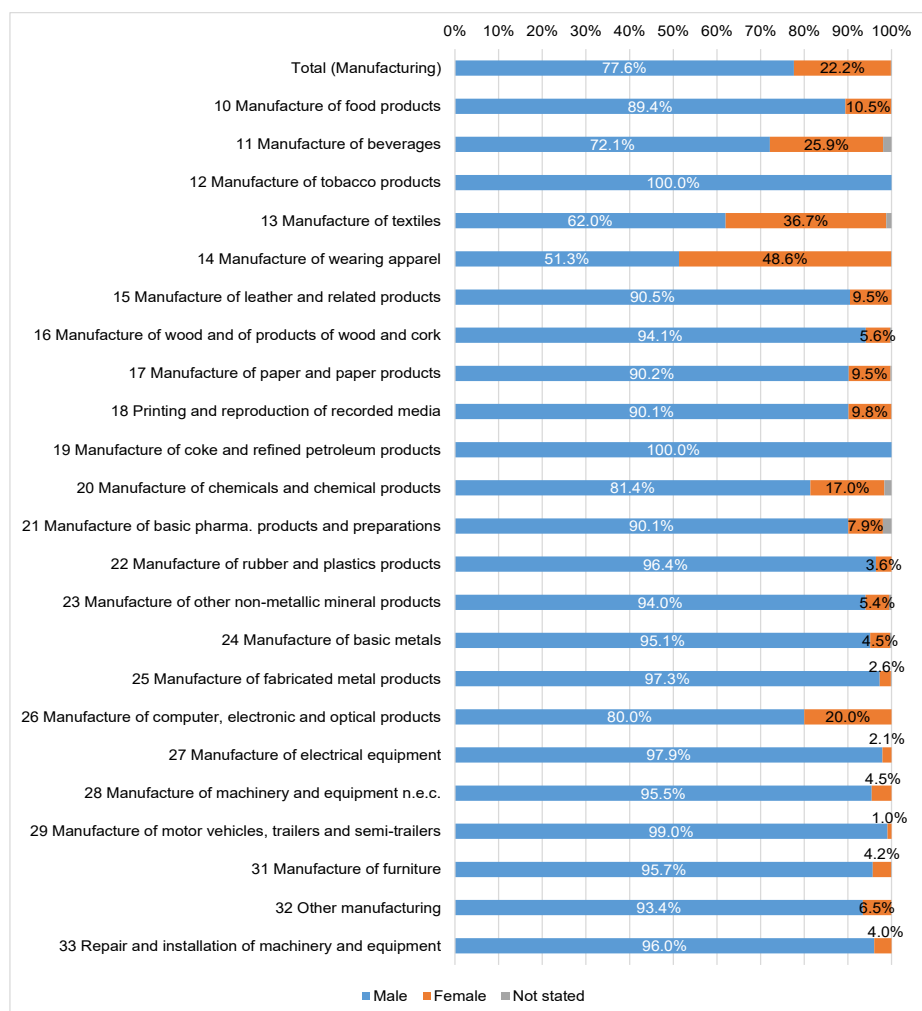


Figure 2.18 Share of number of establishments in the manufacturing industry by sex of manager and Division of NSIC

2-7 Number of establishments by nationality of owner

In the manufacturing industry, the nationality of the owners are mostly Nepali (98.5%). The proportion of the establishments with Indian owners is only 1.1% and those of other nationalities are very marginal.

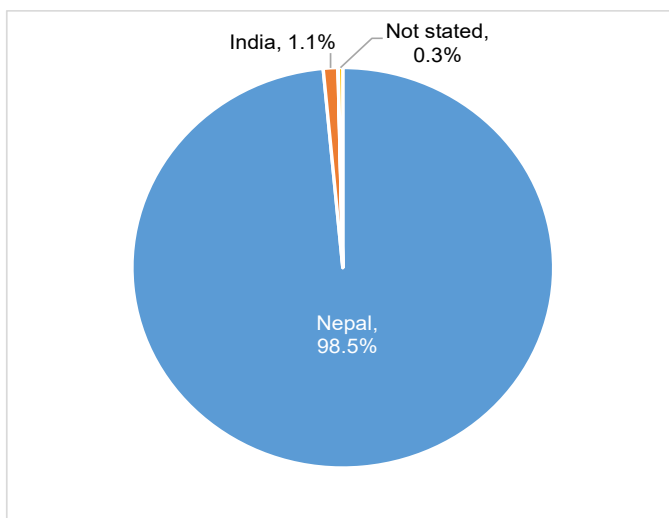


Figure 2.19 Share of number of establishments in the manufacturing industry by nationality of owner

The share of the establishments by the nationality of owners of each subsector is as depicted in the following chart.

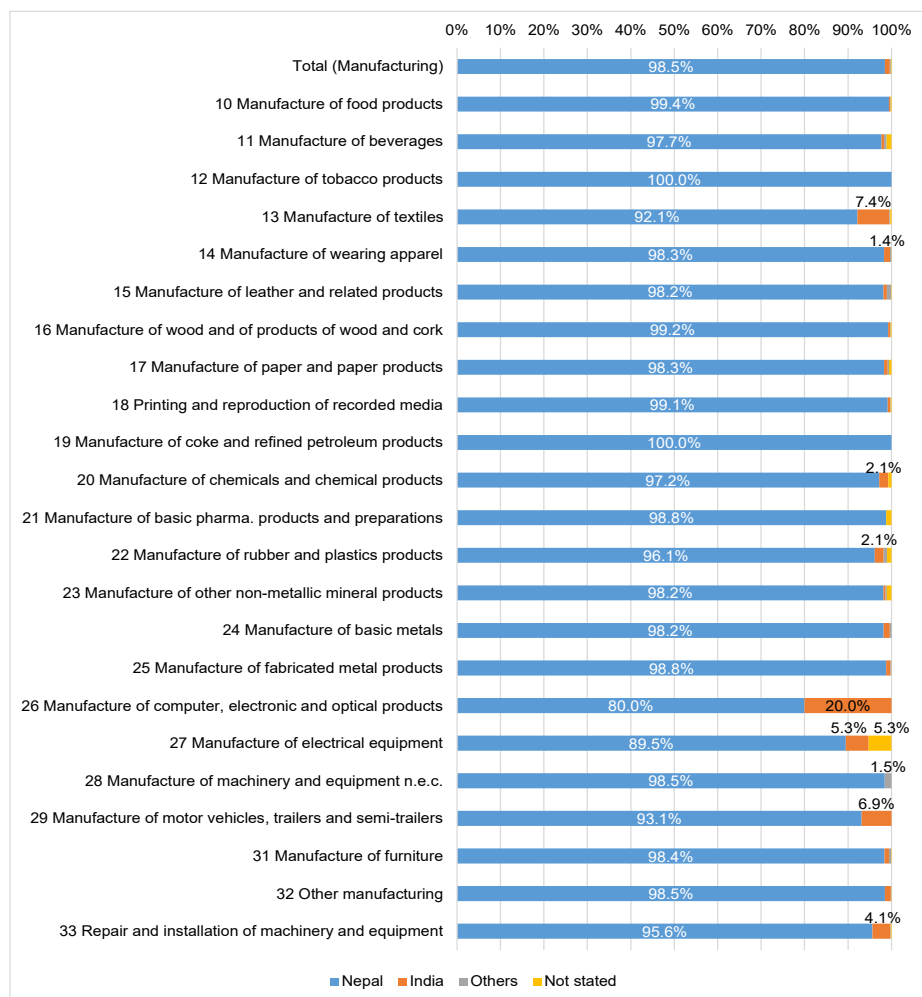


Figure 2.20 Share of number of establishments in the manufacturing industry by nationality of owner and Division of NSIC code

In all subsectors, the owners are mostly Nepali, while there are some Indian owners. The subsectors with higher proportions of Indian owners are Manufacture of computer, electronic and optical products (code 26, 20.0%), Manufacture of textiles (code 13, 7.4%), Manufacture of motor vehicles, trailers and semi-trailers (code 29, 6.9%), Manufacture of electrical equipment (code 27, 5.3%), and Repair and installation of machinery and equipment (code 33, 4.1%).

The subsectors with large number of establishments with Indian owners are Manufacture of wearing apparel (code 14, 495 establishment), Other manufacturing (code 32, 142 establishments) and Manufacture of textiles (code 13, 138 establishments).

2-8 Number of establishments by registration

Understanding the registration status of the establishments has been the key focus of the NEC2018 in Nepal. Registration status gives the official quantitative scenario of formal and informal sector of establishments. “Registration” means the registration of the establishments only in government units.

The NEC2018 found that 50.1% of all establishments are registered and 49.9% are unregistered. Meanwhile, the proportion of registered establishment is 48.6% in the manufacturing industry. Figure 2.21 shows the registration status of manufacturing establishments at province level.

The proportion of registered establishments is highest in Province 1 (56.8%) and Lumbini Province (56.9%). Whereas the proportions of the registered manufacturing establishments are lowest in Karnali Province (31.6%) and Sudurpashchim Province (37.8%).

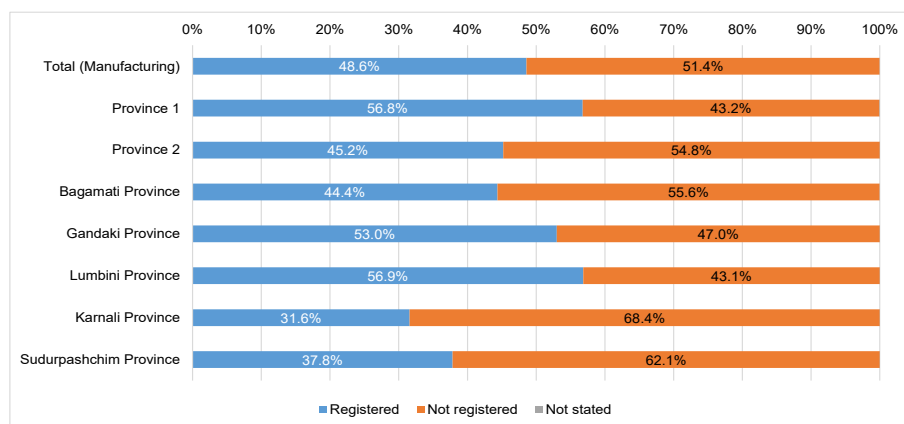


Figure 2.21 Share of number of establishments in the manufacturing industry by registration

It is also relevant to analyze the registration status at subsector level. The chart in Figure 2.22 shows the registration status in different subsectors of the manufacturing industry.

As depicted in the chart, the proportion of registered establishments is lowest in Manufacture of wearing apparel (code 14) with only 22.4% of registered establishments. Similarly, the proportions are low in the subsectors, such as Manufacture of textiles (code 13, 47.8%), Manufacture of fabricated metal products (code 25, 50.0%) and Manufacture of leather and related products (code 15, 52.1%).

Whereas the establishments in Manufacture of coke and refined petroleum products (code 19) and Manufacture of computer, electronic and optical products (code 26) are 100% registered. The proportions of registered establishments are also high in Manufacture of basic pharmaceuticals products and pharmaceutical preparations (code 21, 99.0%), Manufacturing of electrical equipment (code 27, 97.9%), Manufacturing of rubber and plastic products (code 22, 97.1%) and Manufacturing of tobacco products (code 12, 95.8%).

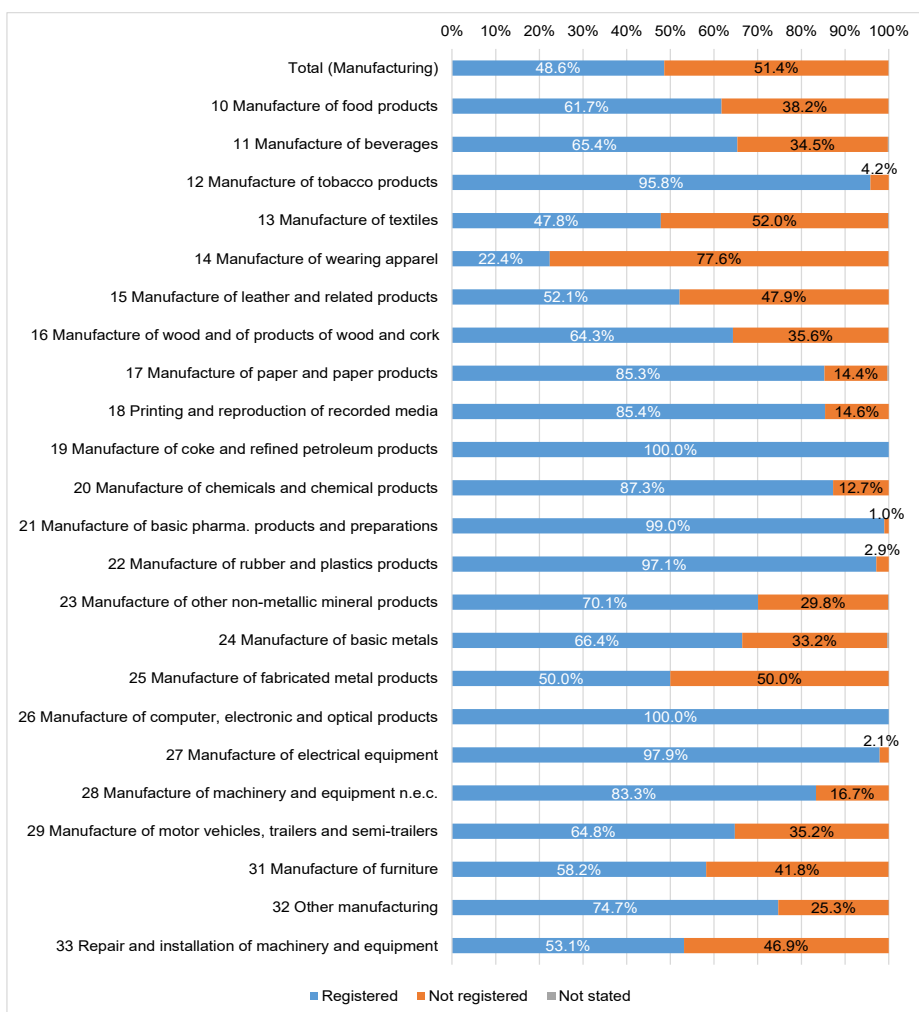


Figure 2.22 Share of number of establishments in the manufacturing industry by registration and Division of NSIC

2-9 Number of establishments by years after establishment

The proportions of the establishments in the manufacturing industry started the business in 2070-73 and 2074-75 are 36.9% and 20.0% respectively. This means that more than half of the establishments in the manufacturing industry started business for the last five years (from 2070 to 2075).

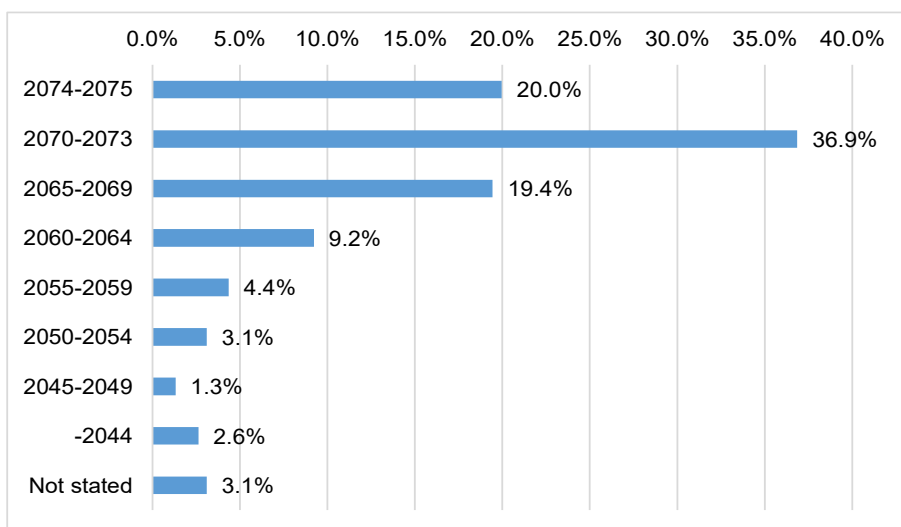


Figure 2.23 Proportion of establishments in the manufacturing industry by year of starting business²³

The proportions of establishments established for the last five years (from 2070 to 2075) are rather high in Manufacture of wearing apparel (code 14, 66.3%), Manufacture of leather and related products (code 15, 59.6%), Manufacture of coke and refined petroleum products (code 19, 66.7%), Manufacture of motor vehicles, trailers and semi-trailers (code 29, 66.7%) and Manufacture of furniture (code 31, 63.4%).

²³ Baishakh 1, New Year's Day of Bikram Sambat, Nepal calendar 2075, was April 14, 2018 in the western calendar.



Figure 2.24 Share of number of establishments in the manufacturing industry by year of starting business and Division of NSIC²⁴

²⁴ Baishakh 1, New Year's Day of Bikram Sambat, Nepal calendar 2075, was April 14, 2018 in the western calendar.

Chapter 3 Number of persons engaged

The NEC2018 in Nepal collected information on the persons' active involvement in the establishments for the production of goods or services. The number of persons engaged in establishments is one of the prime indicators derived from the NEC2018. The number of persons engaged in the NEC2018 is the total number of persons who actively worked in or for the establishment including working proprietors, active business partners and unpaid family workers, executive directors or managers, regular staff (working continuously for six months and more) as well as temporary staff other than regular staff in the census reference period.

The NEC2018 revealed that a total of 3,228,457 persons were engaged in the establishments of selected NSIC sectors.

This chapter analyses the numbers of persons engaged in the manufacturing industry from different perspectives.

3-1 Number of persons engaged in the manufacturing industry

The prominent industries in which a significant number of persons are engaged are wholesale and retail trade, education, manufacturing, accommodation and food service activities, financial and insurance activities, human health and social work activities, other service activities, and agriculture, forestry and fishing.

The manufacturing industry is the third largest sector in terms of the number of persons engaged which comprised 510,523 persons (15.8%) after the wholesale and retail trade industry (30.6%) and the education (15.9%) as depicted in Figure 3.1 and Figure 3.2.

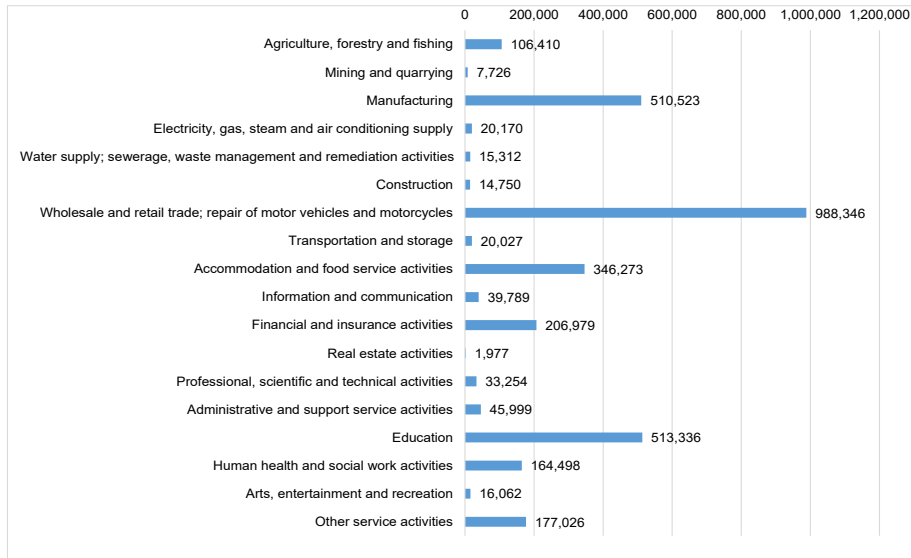


Figure 3.1 Number of persons engaged by Section of NSIC

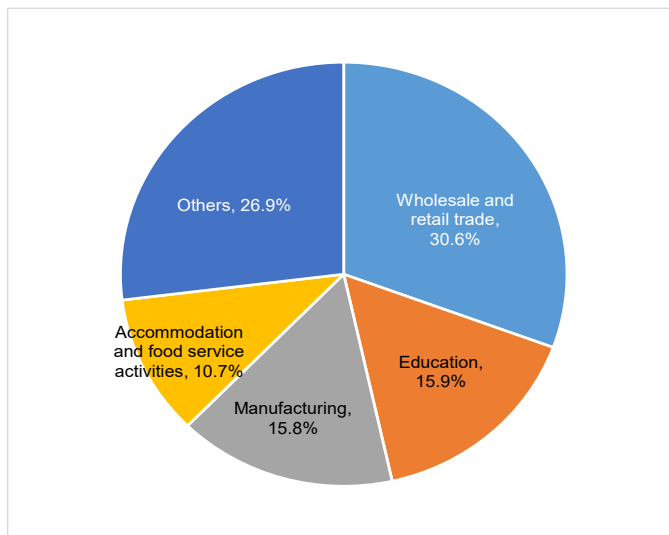


Figure 3.2 Share of number of persons engaged by Section of NSIC

The following chart in Figure 3.3 shows the comparison with four Indian states, Uttarakhand State, Uttar Pradesh State, Bihar State and Sikkim State.

This chart shows that 1) the proportion of the manufacturing industry in Nepal is lower than these Indian States, except Sikkim State, 2) the proportion of wholesale and retail industry in Nepal is much bigger than the Indian States, and 3) the proportion of accommodation and food services activities is higher in Nepal.

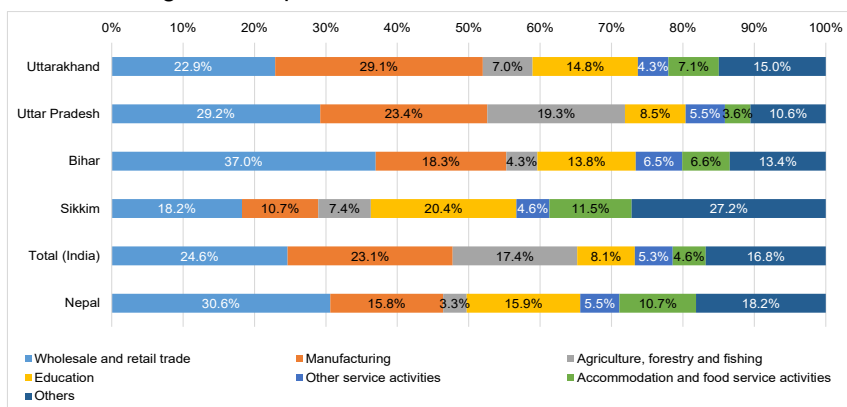


Figure 3.3 Share of number of persons engaged by industry in India and Nepal

The proportion of the numbers of persons engaged by industry and province is as in the following chart. The proportion of the manufacturing industry is highest in Province 2 (22.5%) and lowest in Karnali Province (8.3%).

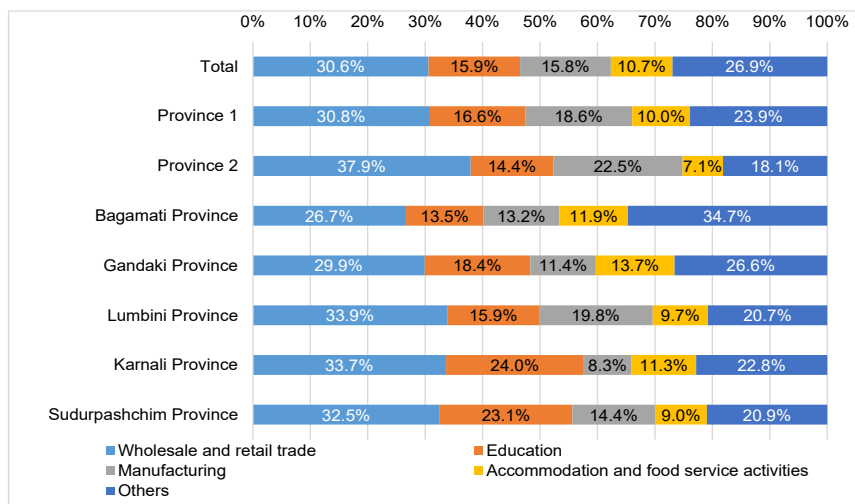


Figure 3.4 Share of number of persons engaged by Section of NSIC and province

3-2 Number of persons engaged in the manufacturing industry by province

The chart below shows the provincial distribution of the persons engaged in the manufacturing industry.

As can be seen from this chart, the number of persons engaged in the manufacturing industry is biggest in Bagamati Province with 161,195 persons. This comprises 31.6% of all persons engaged in the manufacturing industry (510,523 persons).

Province 1 is the second biggest with 101,279 persons engaged (19.8%), which is followed by Lumbini Province (93,706 persons, 18.4%) and Province 2 (79,778 persons, 15.6%).

The numbers of persons engaged in the establishments are relatively small in Gandaki Province, Karnali Province and Sudurpashchim Province.

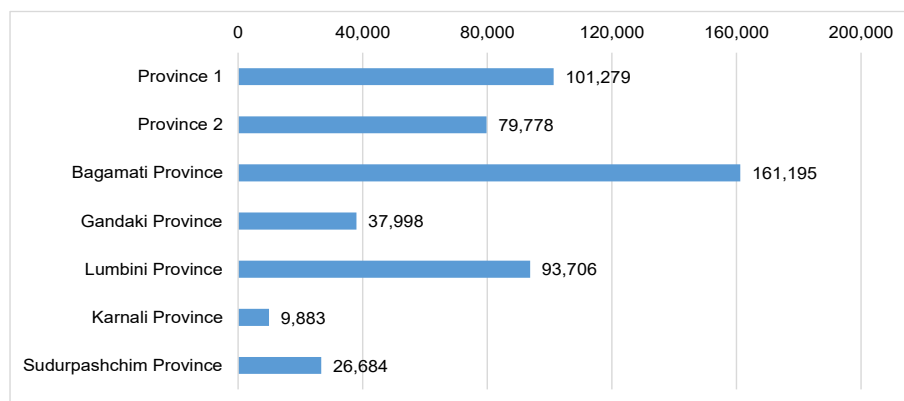


Figure 3.5 Number of persons engaged in the manufacturing industry by province

The number of persons engaged per establishment is a basic indicator to measure the employment size in an industry. It has been found that the number of persons per establishment is 3.5 at national level, indicating that most of establishments are of micro scale in terms of persons engaged. The number of persons engaged per establishment is 4.9 in the manufacturing industry.

At the provincial level, Province 2 has the largest number of persons engaged per establishment (6.3 persons per establishment) followed by Lumbini Province (5.8 persons per establishment).

On the other hand, the number of persons engaged per establishment is smallest in Karnali Province (2.2 persons) followed by Sudurpashchim Province (3.4 persons) and Gandaki Province (3.5 persons).

In Gandaki Province, Karnali Province and Sudurpashchim Province, the total numbers of persons engaged as well as the numbers of persons engaged per establishment, are smaller than other provinces.

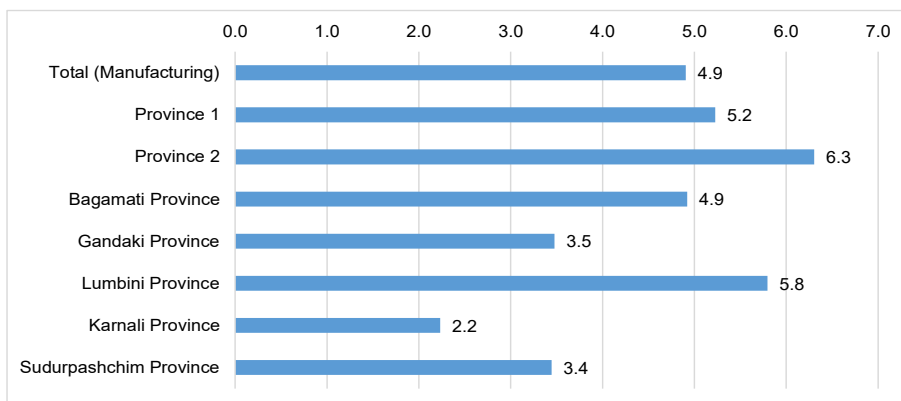


Figure 3.6 Number of persons engaged per establishment in the manufacturing industry by province

3-3 Number of persons engaged in the manufacturing industry by Division of NSIC

The chart in Figure 3.7 shows the distribution of the persons engaged by Division of manufacturing industry.

It reveals the fact that Manufacture of other non-metallic mineral products (code 23) is the biggest subsector in terms of the persons engaged with 130,993 persons. This comprises 25.7% of all persons engaged in the manufacturing industry. Out of this, 112,947 persons are engaged in Manufacture of clay building materials (code 2392).

Other biggest subsectors are Manufacture of food products (code 10) with 84,217 persons (16.5%), Manufacture of wearing apparel (code 14) with 76,223 persons (14.9%), Manufacture of fabricated metal products (code 25) with 37,565 persons (7.4%) and Manufacture of Furniture (code 31) with 36,963 persons (7.2%).

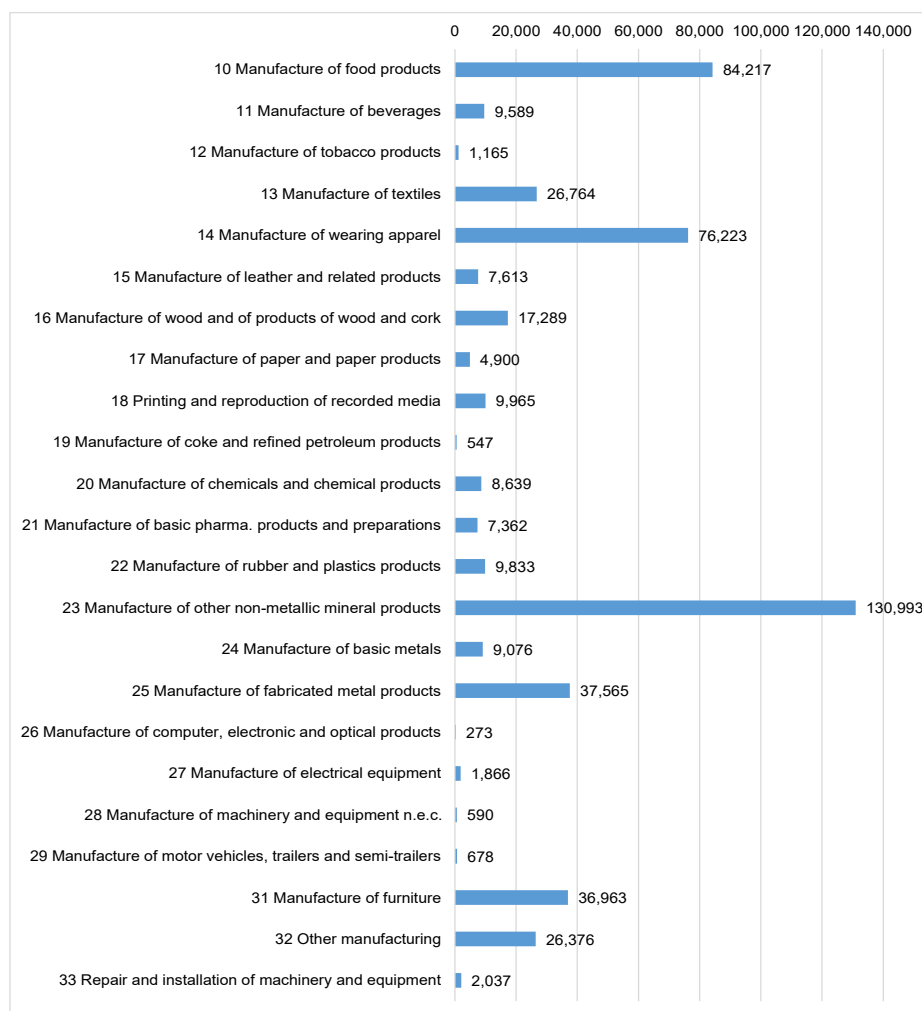


Figure 3.7 Number of person engaged in the manufacturing industry by Division of NSIC

The chart in Figure 3.8 shows the numbers of persons engaged per establishment in the subsectors of the manufacturing industry. Numbers of persons engaged per establishment vary from 2.1 to 72.9 among subsector of the manufacturing industry.

Manufacture of basic pharmaceutical products and pharmaceutical preparations industry (code 21) has the largest number of persons engaged per establishment (72.9 persons per establishment). It is followed by Manufacture

of computer, electronic and optical products (code 26) with 54.6 persons per establishment, Manufacture of other non-metallic mineral products (code 23) with 50.2 persons per establishment.

On the other hand, Manufacture of wearing apparel (code 14), Other manufacturing (code 32), and Repair and installation of machinery and equipment (code 33) are the subsectors engaging smallest number of persons per establishment with 2.1, 2.5 and 2.5 persons respectively.

In some subsectors, such as Manufacture of food products (code 10) and Manufacture of wearing apparel (code 14), the total numbers of persons are big but the numbers of persons engaged per establishment are small. This suggests that there are many small sized establishments in these subsectors across the country.

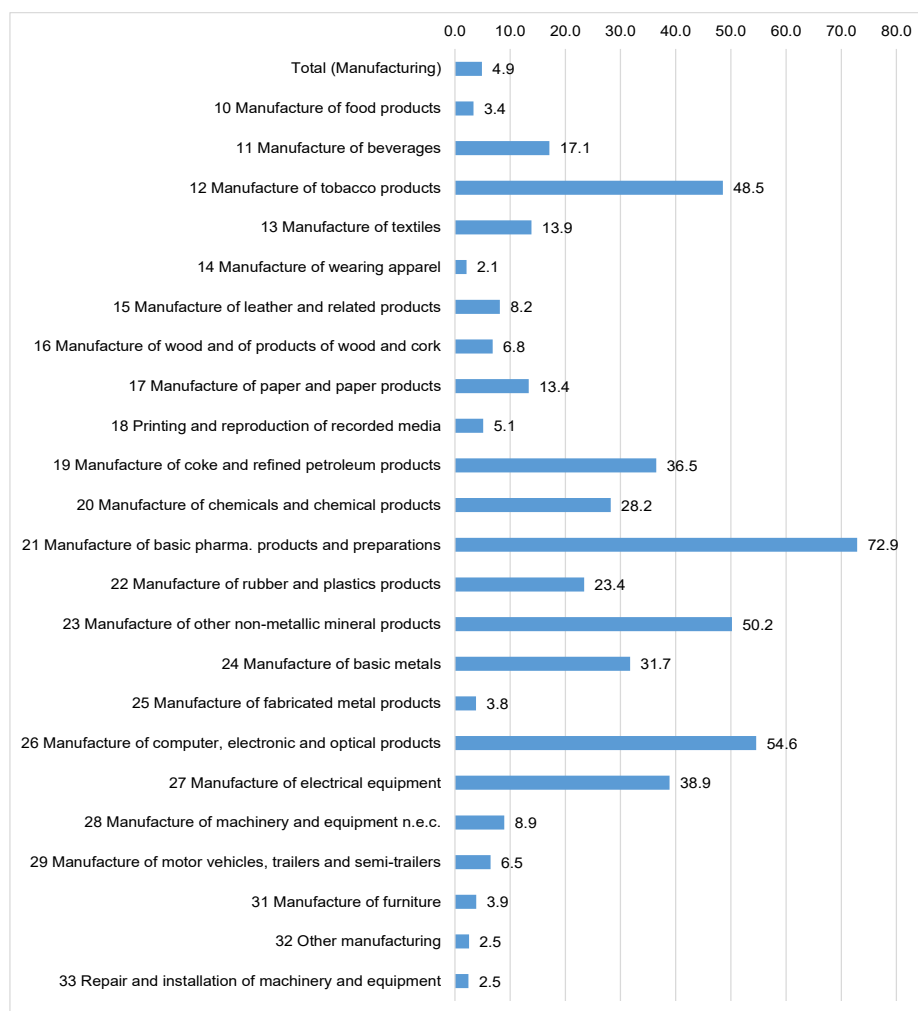


Figure 3.8 Number of person engaged per establishment in the manufacturing industry by Division of NSIC

The compositions of the persons engaged in the manufacturing industry at the national level and in each province are as described in the chart in Figure 3.9.

At the national level, Manufacture of other non-metallic mineral products (code 23) has the largest share of 25.7 % of the total persons engaged in manufacturing industry. This is followed by Manufacture of food products (code 10, 16.5%) and Manufacture of wearing apparel (code 14, 14.9%).

The compositions of the persons engaged in the manufacturing industry of each province are different from province to province as described in the following chart.

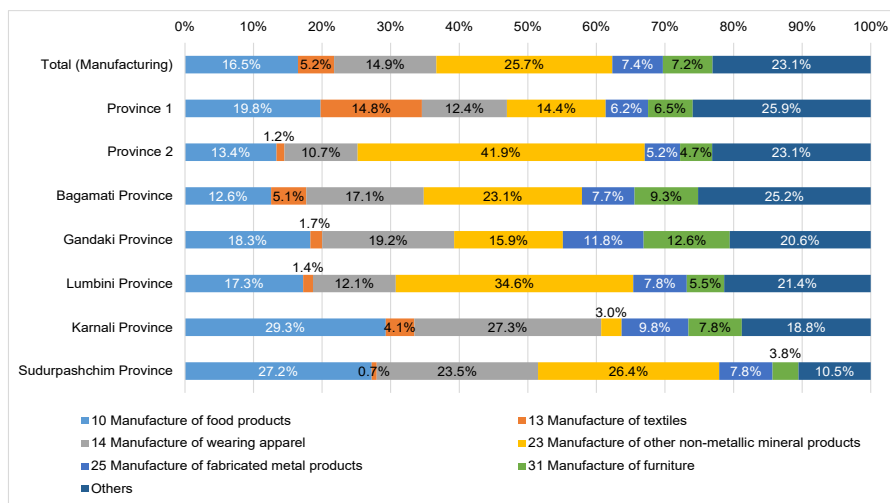


Figure 3.9 Share of number of persons engaged in the manufacturing industry by Division of NSIC and province

In Province 1, the proportion of Manufacture of textiles (code 13) is 14.8% which is higher than the average (5.2%). Meanwhile, the proportion of Manufacture of other non-metallic mineral products (code 23) is 14.4% and this is lower than the average (25.7%). The share of Manufacture of food products (code 10) is 19.8 % and this is highest among all subsectors in this province.

In Province 2, the proportion of Manufacture of other non-metallic mineral products (code 23) is 41.9% which is much bigger than the average (25.7%). It indicates the dominance of non-metallic industry in the province. While the proportion of Manufacture of textiles (code 13) is 1.2 % which is lower than average (5.2%).

In Bagmati Province, the subsector with the largest share is Manufacture other non-metallic mineral products (code 23, 23.1%).

In Gandaki Province, the subsectors whose proportions are higher than average are Manufacture of wearing apparel (code 14, 19.2%) and Manufacture of fabricated metal products (code 25, 11.8%).

In Lumbini Province, the proportion of Manufacture of other non-metallic mineral products (code 23) is big (34.6%). In this province, the proportion of Manufacture of textile (code 13) is only 1.4%.

In Karnali Province, the proportion of Manufacture of other non-metallic mineral products (code 23) is very small (3.0%) unlike other provinces. In this province, the proportions of Manufacture of food products (code 10, 29.3%) and Manufacture of wearing apparel (code 14, 27.3%) which are bigger than average.

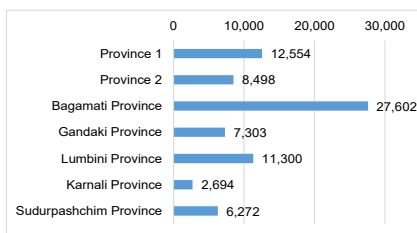
The subsectors whose proportions are bigger in Sudurpashchim Province than average are Manufacture of food products (code 10, 27.2%), Manufacture of wearing apparel (code 14, 23.5%) and Manufacture of other non-metallic mineral products (code 23, 26.4%).

The provincial distributions of the persons engaged in each subsector of the manufacturing industry are as described in the following charts in in Figure 3.10.

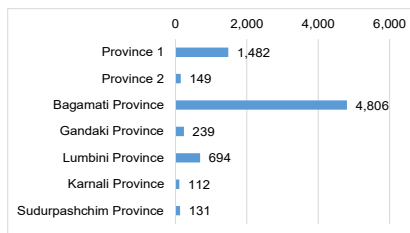
Figure 3.10 Number of persons engaged in the manufacturing industry by Division of NSIC and province



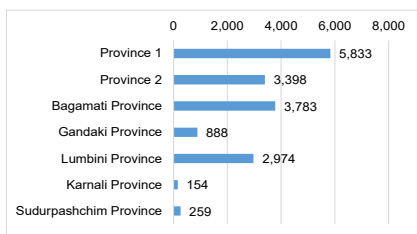
14 Manufacture of wearing apparel



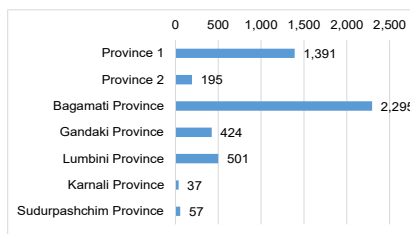
15 Manufacture of leather and related products



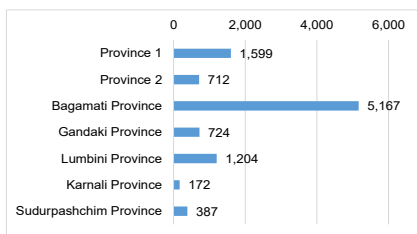
16 Manufacture of wood and of products of wood and cork



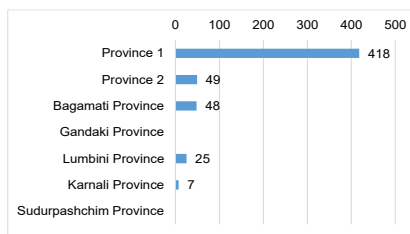
17 Manufacture of paper and paper products



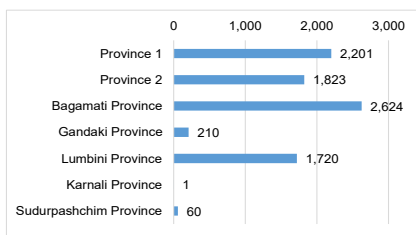
18 Printing and reproduction of recorded media



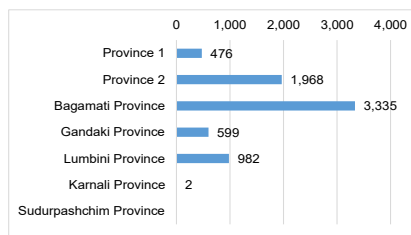
19 Manufacture of coke and refined petroleum products



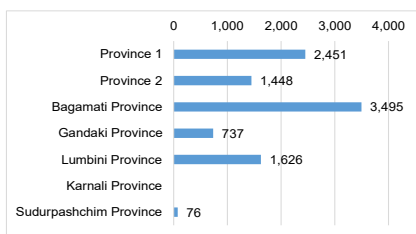
20 Manufacture of chemicals and chemical products



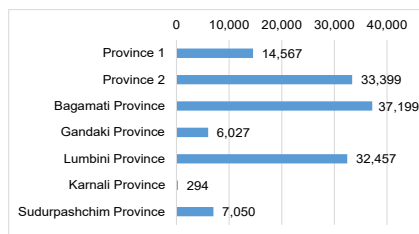
21 Manufacture of basic pharmaceutical products and pharmaceutical preparations



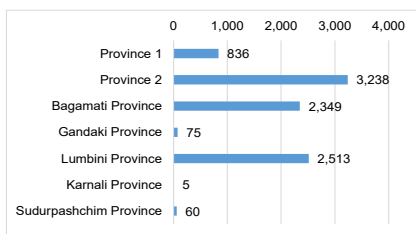
22 Manufacture of rubber and plastics products



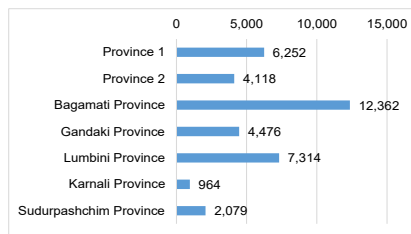
23 Manufacture of other non-metallic mineral products



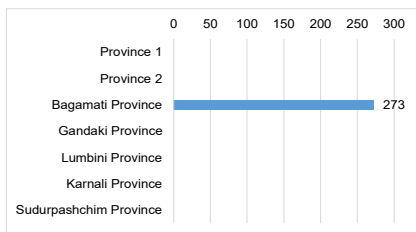
24 Manufacture of basic metals



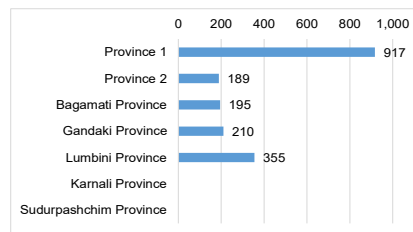
25 Manufacture of fabricated metal products, except machinery and equipment



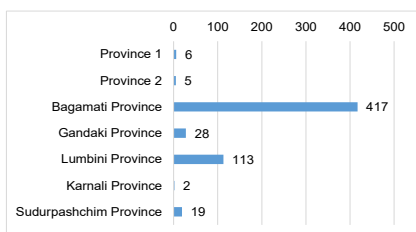
26 Manufacture of computer, electronic and optical products



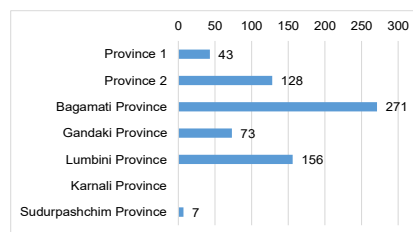
27 Manufacture of electrical equipment



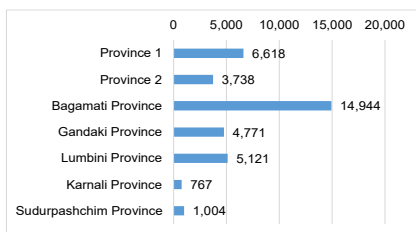
28 Manufacture of machinery and equipment n.e.c.



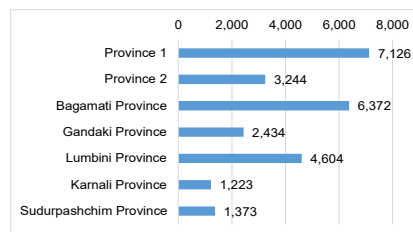
29 Manufacture of motor vehicles, trailers and semi-trailers



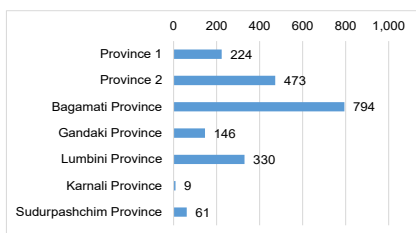
31 Manufacture of furniture



32 Other manufacturing



33 Repair and installation of machinery and equipment



3-4 Number of persons engaged in the manufacturing industry (technical staff)

This analysis is based on unpublished results of NEC2018. The NEC2018 also collected the information of the engagement of technical human resources in establishments. The technical staff in the NEC2018 comprise the staff in Major Group 2 (Professionals) and Major Group 3 (Technicians and associate professionals) under the definition of International Standard Classification of Occupation (ISCO).

The proportion of technical staff in the manufacturing industry is 7.4% (37,770 persons), as described in the chart in Figure 3.11.

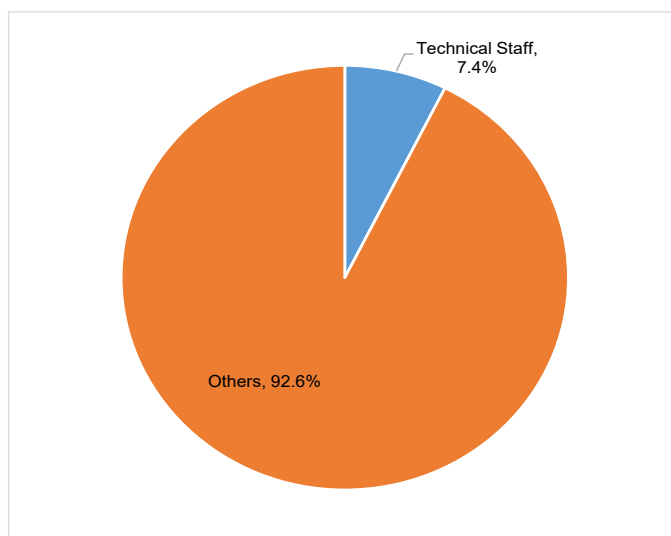


Figure 3.11 Share of number of persons engaged in the manufacturing industry (technical staff)

The proportions of technical staff are very high in some subsectors, such as Manufacture of motor vehicles, trailers and semi-trailers (code 29, 20.4%), Manufacture of computer, electronic and optical products (code 26, 20.1%), Manufacture of basic pharmaceutical products and pharmaceutical preparations (code 21, 18.4%) and Manufacture of chemicals and chemical products (code 20, 18.0%).

On the other hand, the proportions of technical staff are low in the subsectors such as Manufacture of coke and refined petroleum products (code 19, 2.9%), and Manufacture of other non-metallic mineral products (code 23,

3.4%). Figure 3.12 shows the proportions of technical staff engaged in 24 subsectors in the manufacturing industry.

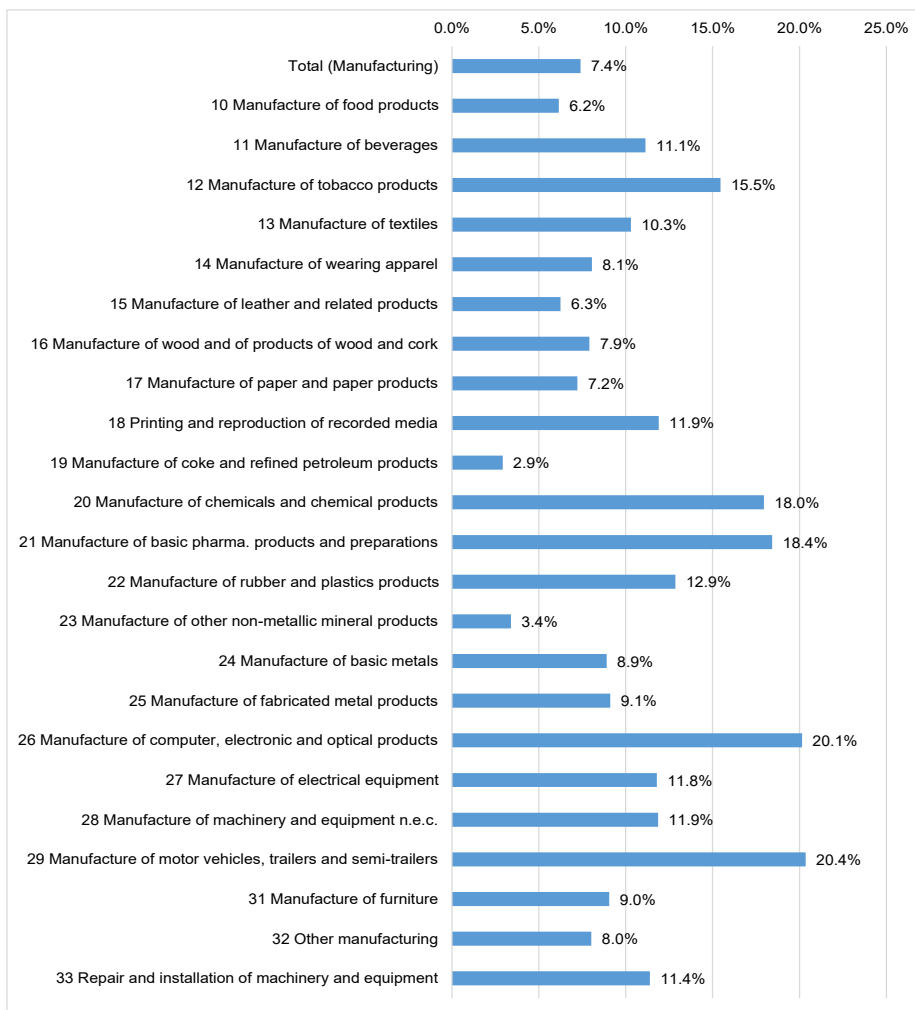


Figure 3.12 Proportion of persons engaged in the manufacturing industry (technical staff) by Division of NSIC

The following chart in Figure 3.13 shows the major subsectors where technical staff is engaged.

Major subsectors in the manufacturing industry are Manufacture of food products (code 10), Manufacture of textiles (code 13), Manufacture of wearing apparel (code 14), Manufacture of other non-metallic mineral products

(code 23), Manufacture of fabricated metal products, except machinery and equipment (code 25) and Manufacture of furniture (code 31).

About two-thirds of technical staff in the manufacturing industry (67.0%) are engaged in these six subsectors.

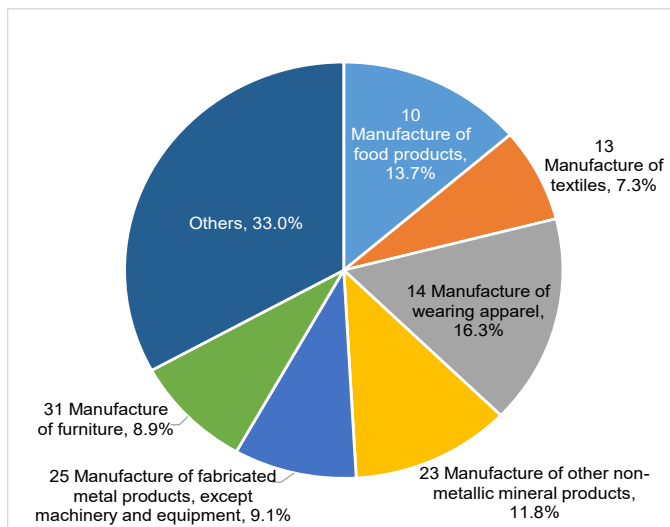


Figure 3.13 Share of persons engaged in the manufacturing industry (technical staff) by Division of NSIC

3-5 Number of persons engaged in the manufacturing industry (disabled staff)

This analysis is based on unpublished results of NEC2018. In the NEC2018, information on the involvement of persons with disability was also collected to address the inclusion issues and also to understand the quantitative status of the disabled persons' engagement in establishments.

As the result of the NEC2018, it was found that a total of 449 persons are engaged in the manufacturing industry, which is 0.09% of total persons engaged in the manufacturing industry (Figure 3.14). It may indicate that the inclusion of persons with disability is a challenging aspect of employment opportunity in the manufacturing industry.

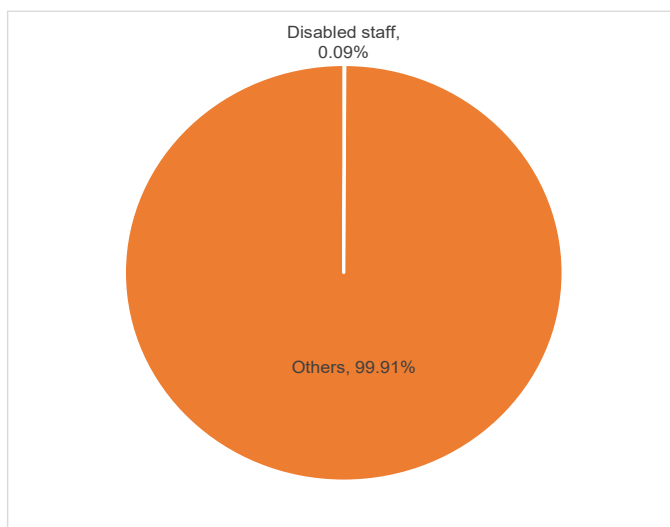


Figure 3.14 Share of persons engaged in the manufacturing industry (disabled staff)

3-6 Number of persons engaged in the manufacturing industry (accepted workers from other institutions)

This analysis is also based on unpublished results of NEC2018. The NEC2018 also collected information on institutional contracted employees from external institutions. These were the employees other than “regular employees”. An institutional contract employee is hired for a specific job at a specific rate of pay and is not considered regular staff of the enumerated establishments.

The NEC2018 reveals that about 2,643 institutional contracted staff members are accepted in the establishments from other institutions in the manufacturing industry. This equals to 0.52 % of all persons engaged in the manufacturing industry, as shown in Figure 3.15.

Figure 3.15 also shows the ratio of institutional contracted persons engaged from other institutions engaged in each subsector to the total persons engaged in the respective subsector.

Looking at the subsector levels, the ratio of institutional contracted workers is highest in Manufacture of tobacco products (code 12) with 8.50 %, followed by Manufacture of chemicals and chemical products (code 20) with 4.64%.

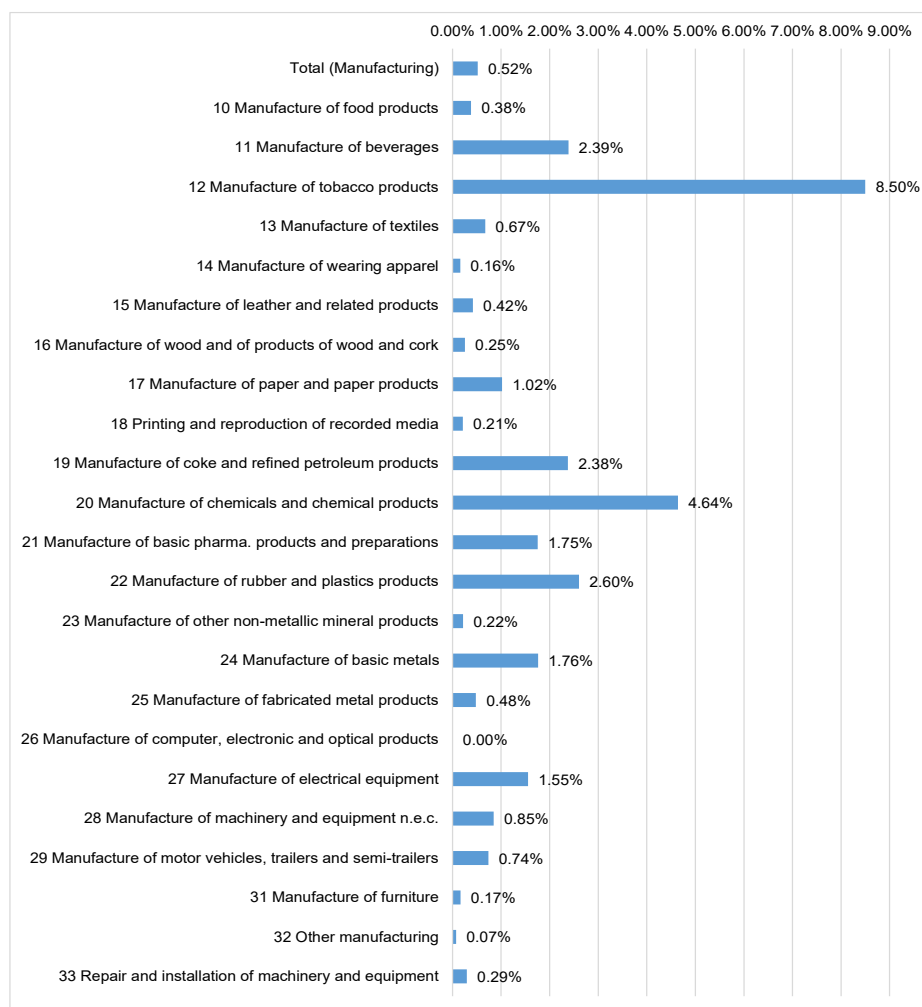


Figure 3.15 Proportion of persons engaged in the manufacturing industry (accepted workers from other institutions) by Division of NSIC

Figure 3.16 shows the proportional distribution of institutional contracted workers among different subsectors in the manufacturing industry.

The major subsectors of the manufacturing industry where institutional contracted workers are engaged are Manufacture of food products (code 10), Manufacture of beverages (code 11), Manufacture of textiles (code 11), Manufacture of chemicals and chemical products (code 20), Manufacture of rubber and plastics products (code 22), Manufacture of other non-metallic

mineral products (code 23), and Manufacture of fabricated metal products (code 25). These subsectors comprise about 70% of institutional contracted workers.

Manufacture of chemicals and chemical products (code 20) engages a highest proportion (15.2%) of institutional contracted workers among all subsectors, which is followed by Manufacture of food products (code 10, 12.1%) and Manufacture of other non-metallic mineral products (code 23, 10.7%).

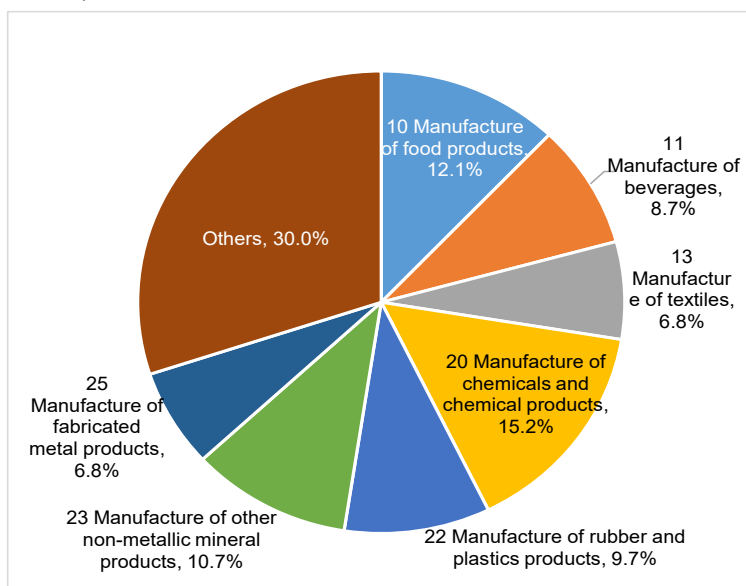


Figure 3.16 Share of persons engaged in the manufacturing industry (accepted workers from other institutions) by Division of NSIC

Chapter 4 Financial status of the entities in the manufacturing industry

The NEC2018 of Nepal also collected information on the finance related information of entities, or establishments with the status of single establishment or head office. Financial related information include preparation of accounting records, annual sales, annual profits and access to credit.

This chapter analyzes the financial status of the entities in the manufacturing industry from different aspects. For example, the sales of the entities in this industry are compared among provinces and also among subsectors.

This chapter also analyzes the key factors which might affect the levels of access to credit.

4-1 Preparation of accounting records

Out of the 103,115 entities in the manufacturing industry in Nepal, 44.9% of them have accounting records, while 55.0% do not.

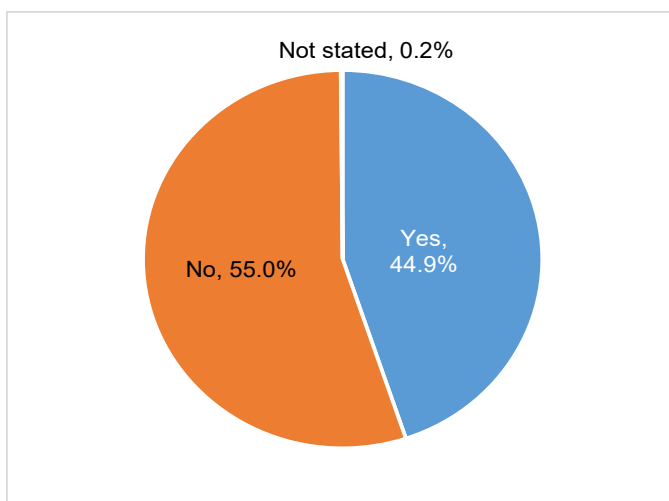


Figure 4.1 Share of entities having accounting records or not

The preparation status of accounting records by province is as in the following chart. The proportion of the entities which have accounting records is lowest in Karnali Province (30.3%), and highest in Gandaki Province (54.6%).

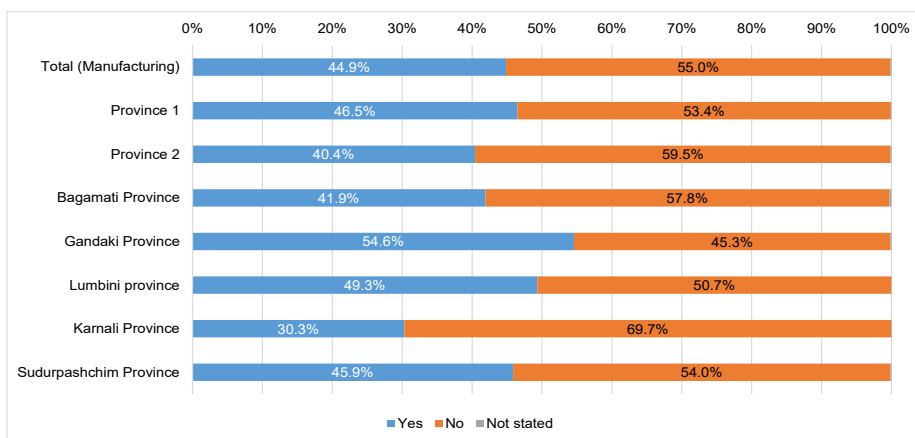


Figure 4.2 Share of entities having accounting records or not by province

The share of entities having accounting records of each subsector of the manufacturing industry is as in the following chart.

The proportions of entities which have accounting records are low in the subsectors, such as Manufacture of wearing apparel (code 14, 34.2%), Manufacture of food products (code 10, 44.7%), Manufacture of textiles (code 13, 44.8%), Repair and installation of machinery and equipment (code 33, 45.3%) and Manufacture of fabricated metal products (code 25, 45.4%).

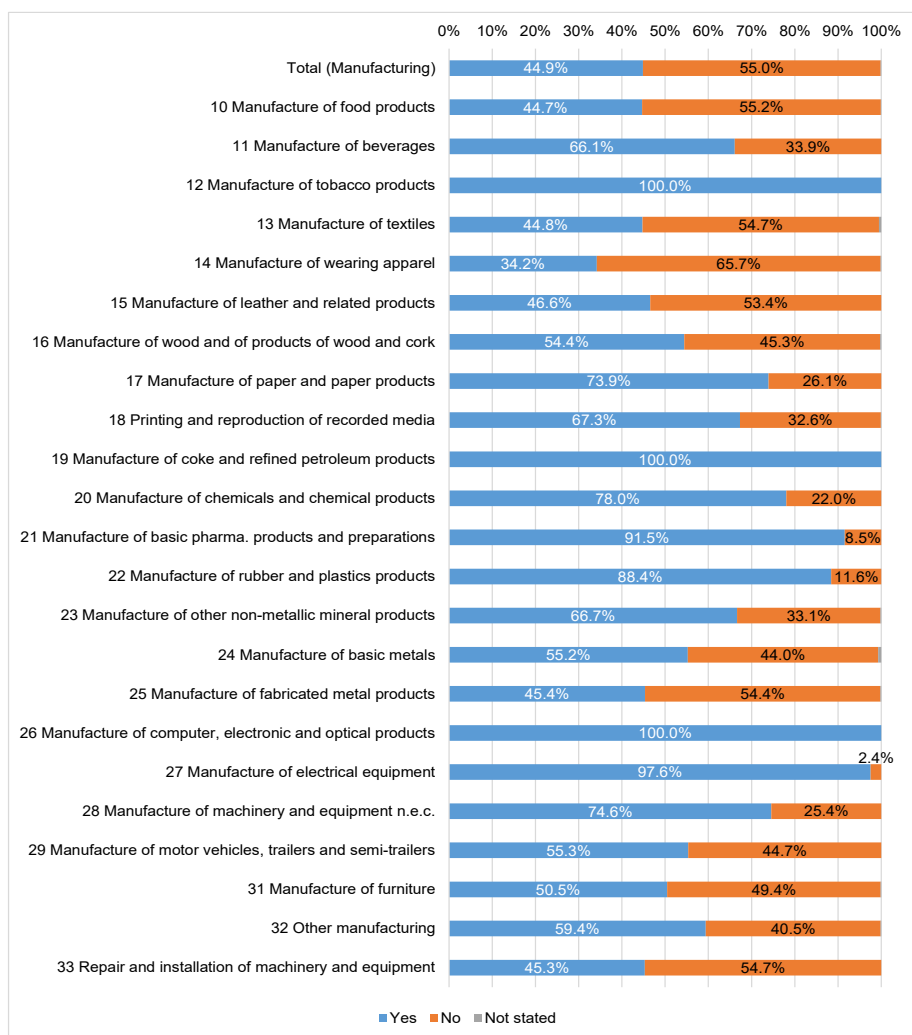


Figure 4.3 Share of entities having accounting records or not by Division of NSIC

The proportion of entities which have accounting records rises as the scale of industry becomes bigger, as depicted in the following charts in Figure 4.4 and Figure 4.5.

In case of micro entities, the proportion of entities which have accounting records is only 42.8%. In contrast, majority of small, medium and large entities have accounting records. For example, 95.0% of large entities have accounting records.

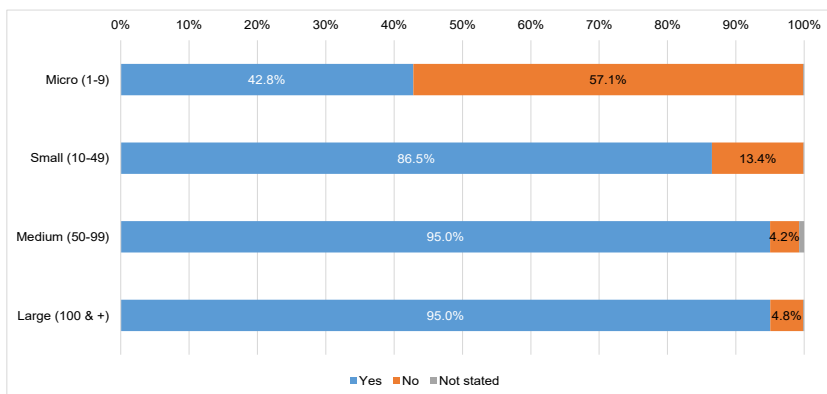


Figure 4.4 Share of entities having accounting records or not by scale of industry

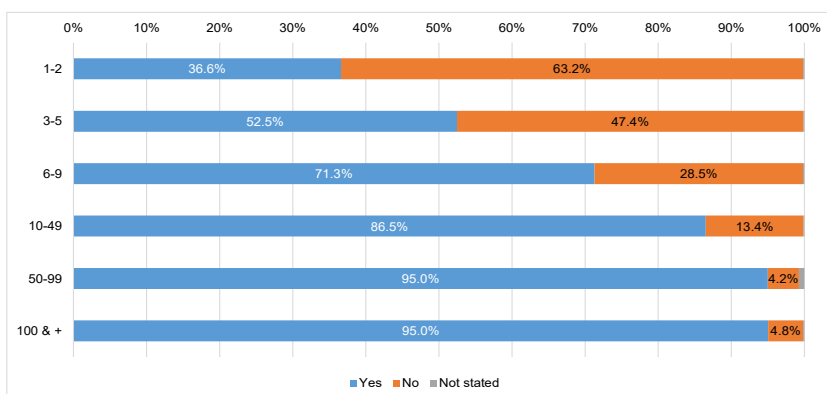


Figure 4.5 Share of entities having accounting records or not by size of persons engaged

4-2 Annual revenue / sales

The distribution of the entities in the manufacturing industry according to the size of annual revenue / sales (sales) is as in the following chart in Figure 4.6.

The number of entities whose annual sales are between Rs. 200,000 and Rs. 499,999 is biggest among all categories (25,524 entities).

As this chart shows, the number of entities whose annual sales are smaller than Rs. 500,000 is 67,169 and this comprises 65.1% of all entities in the manufacturing industry. This shows that the most of the entities in the manufacturing industry are very small in terms of size of annual sales.

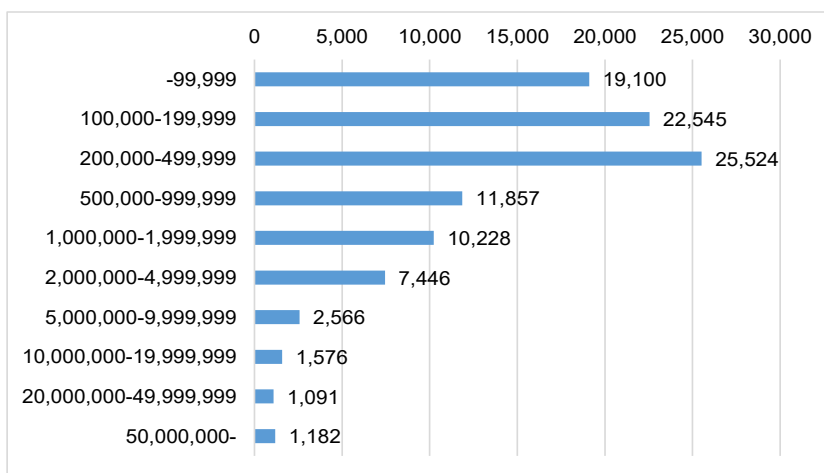


Figure 4.6 Number of entities by size of annual sales

(Average annual sales)

The amount of average annual sales or the annual sales per entity in the manufacturing industry is Rs. 6,533 thousand as depicted in the chart below.

The amount of average sales is biggest in Province 2 (Rs. 9,686 thousand) and smallest in Karnali Province (Rs. 695 thousand).

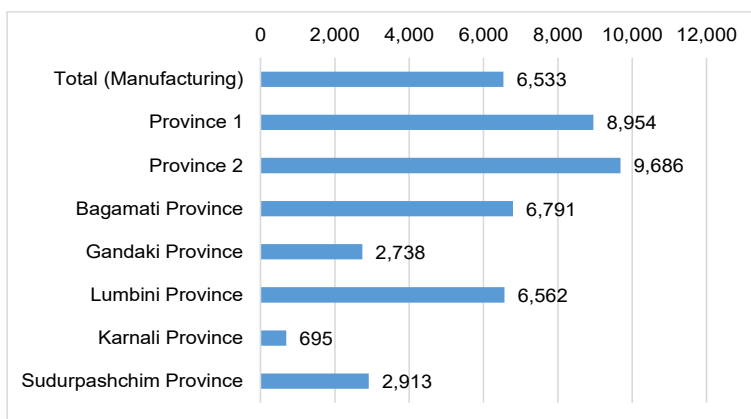


Figure 4.7 Average annual sales by province (1,000 Rs.)

The amount of average sales of each subsector of the manufacturing industry is as shown in the following chart. The amount of average sales is biggest in Manufacture of chemicals and chemical products (code 20, Rs.

262,573 thousand), which is followed by Manufacture of basic metals (code 24, Rs. 178,786 thousand) and Manufacture of basic pharmaceutical products and pharmaceutical preparations (code 21, Rs. 150,831 thousand). Please note that the chart does not include the subsectors whose numbers entities are smaller than 50.

Meanwhile, the amount of average sales is smallest in Manufacture of wearing apparel (code 14, Rs. 455 thousand), which is followed by Repair and installation of machinery and equipment (code 33, Rs. 1,069 thousand) and Manufacture of furniture (code 31, Rs. 1,838 thousand).

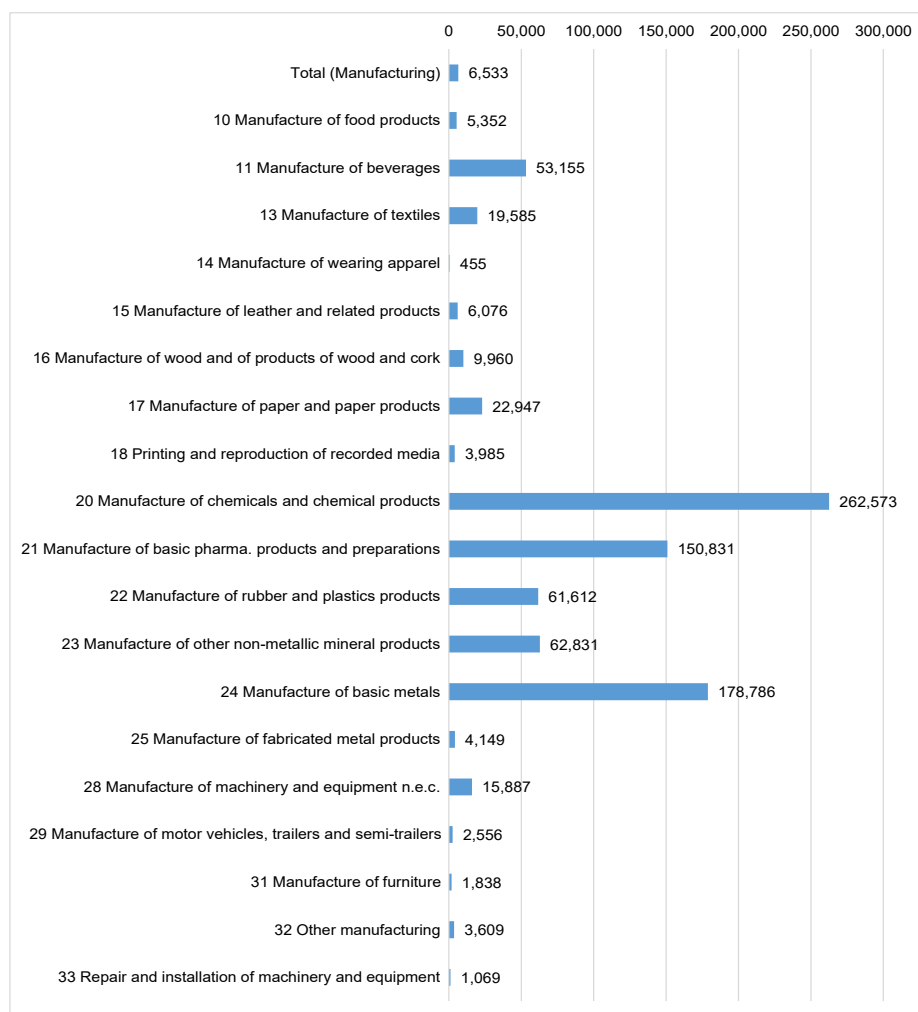


Figure 4.8 Average annual sales by Division of NSIC (1,000 Rs.)

(Annual sales per person engaged)

This section analyzes the amount of annual sales per person engaged. This will be useful to compare the size of annual sales generated by a person engaged in an entity from different perspectives.

The distribution of the entities in the manufacturing industry according to the size of annual sales per person engaged is as in the following chart.

The number of entities whose annual sales per person engaged are between 100,000 and 199,999 is biggest among all categories (28,387 entities).

Out of the 103,115 entities in the manufacturing industries, the proportions of the entities whose annual sales per person engaged are smaller than Rs. 50,000, Rs. 100,000 and Rs. 200,000 are 13.5% (13,966 entities), 33.7% (34,779 entities) and 61.3% (63,166 entities). The sizes of annual sales per person engaged in the manufacturing industry are concentrated at the level below Rs. 200,000.

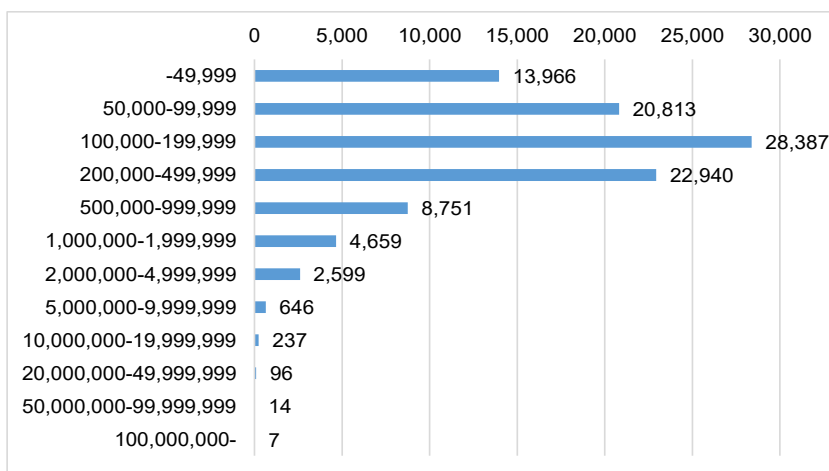


Figure 4.9 Number of entities by size of annual sales per person engaged

The annual sales per person engaged in the manufacturing industry as a whole is Rs. 1,405 thousand. This is largest in Province 1 (Rs. 1,906 thousand) and smallest in Karnali Province (Rs. 312 thousand).

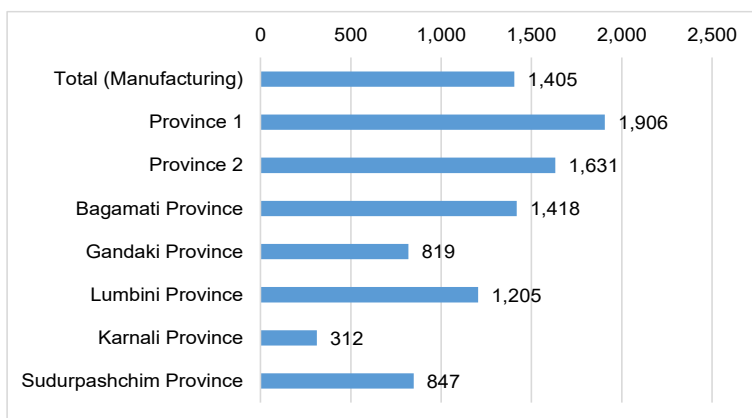


Figure 4.10 Annual sales per person engaged by province

The subsector of the manufacturing industry whose annual sales per person engaged is biggest is Manufacture of chemicals and chemical products (code 20, Rs. 9,883 thousand), which is followed by Manufacture of basic metals (code 24, Rs. 7,908 thousand).

On the other hand, the subsector whose annual sales per person engaged is smallest is Manufacture of wearing apparel (code 14, Rs. 218 thousand), which is followed by Manufacture of motor vehicles, trailers and semi-trailers (code 29, Rs. 442 thousand), Repair and installation of machinery and equipment (code 33, Rs. 449 thousand) and Manufacture of furniture (code 31, Rs. 480 thousand).

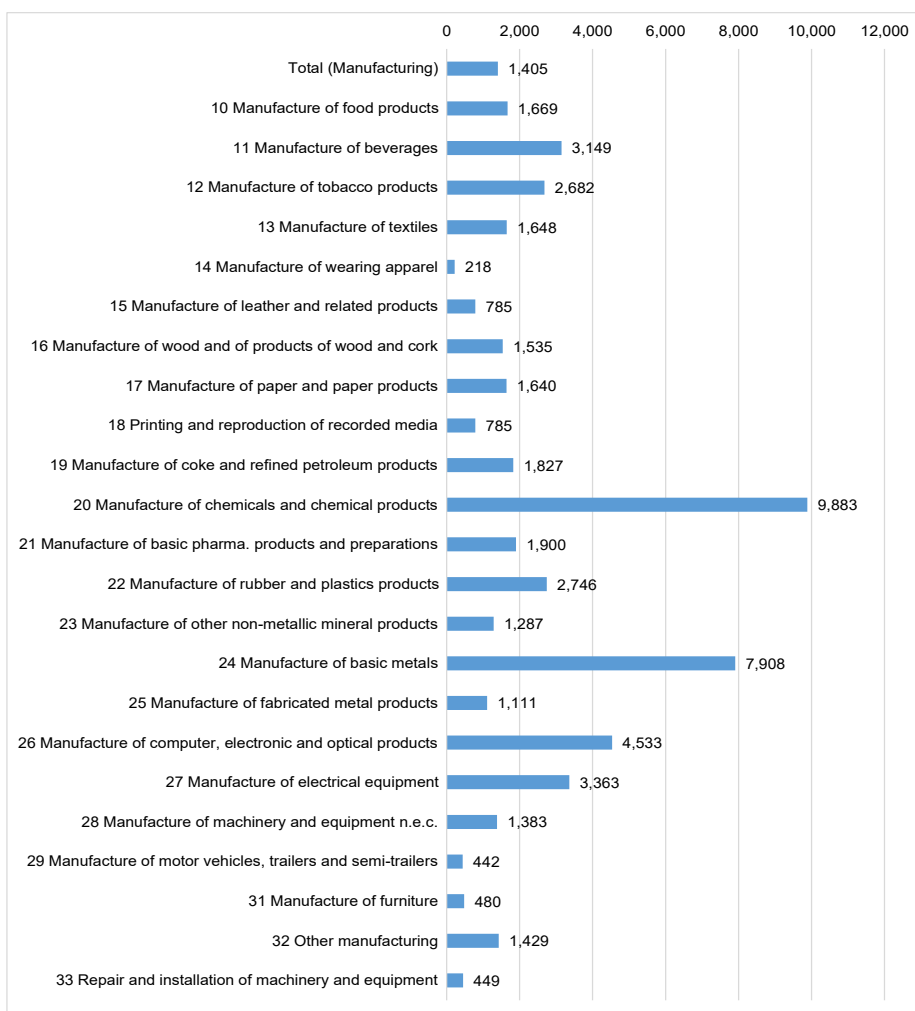


Figure 4.11 Annual sales per person engaged by Division of NSIC (1,000 Rs.)

4-3 Annual profit

The distribution of the entities in the manufacturing industry according to the size of profits is as in the following chart.

The number of entities whose annual profits are between Rs. 20,000 and Rs. 49,999 is biggest among all categories (21,433 entities).

Out of 103,115 entities in the manufacturing industries, the proportion of the entities whose annual profits are negative is 17.1% (17,616 entities).

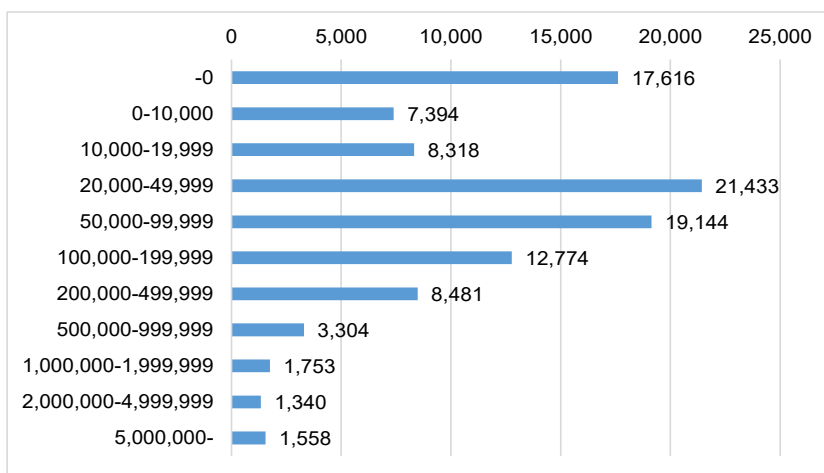


Figure 4.12 Number of entities by size of annual profit

(Average profit)

The average profit or the annual profit per entity is Rs. 958 thousand in the manufacturing industry as depicted in the chart below.

The average profit in the manufacturing industry is largest in Province 2 (Rs. 1,900 thousand) and smallest in Karnali Province (Rs. 141 thousand) and Gandaki Province (Rs. 192 thousand).

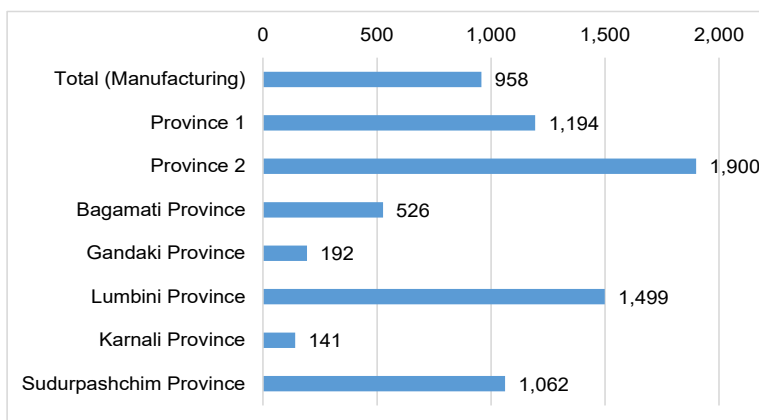


Figure 4.13 Average annual profit by province (1,000 Rs.)

The average profits of the subsectors of the manufacturing industry are as shown in the following chart. The average profit is biggest in Manufacture

of basic metals (code 24, Rs. 20,800 thousand), which is followed by Manufacture of basic pharmaceutical products and pharmaceutical preparations (code 21, Rs. 19,683 thousand).

The average profit is smallest in Manufacture of wearing apparel (code 14, Rs. 90 thousand), which is also followed by Repair and installation of machinery and equipment (code 33, Rs. 213 thousand) and Manufacture of furniture (code 31, Rs. 274 thousand).

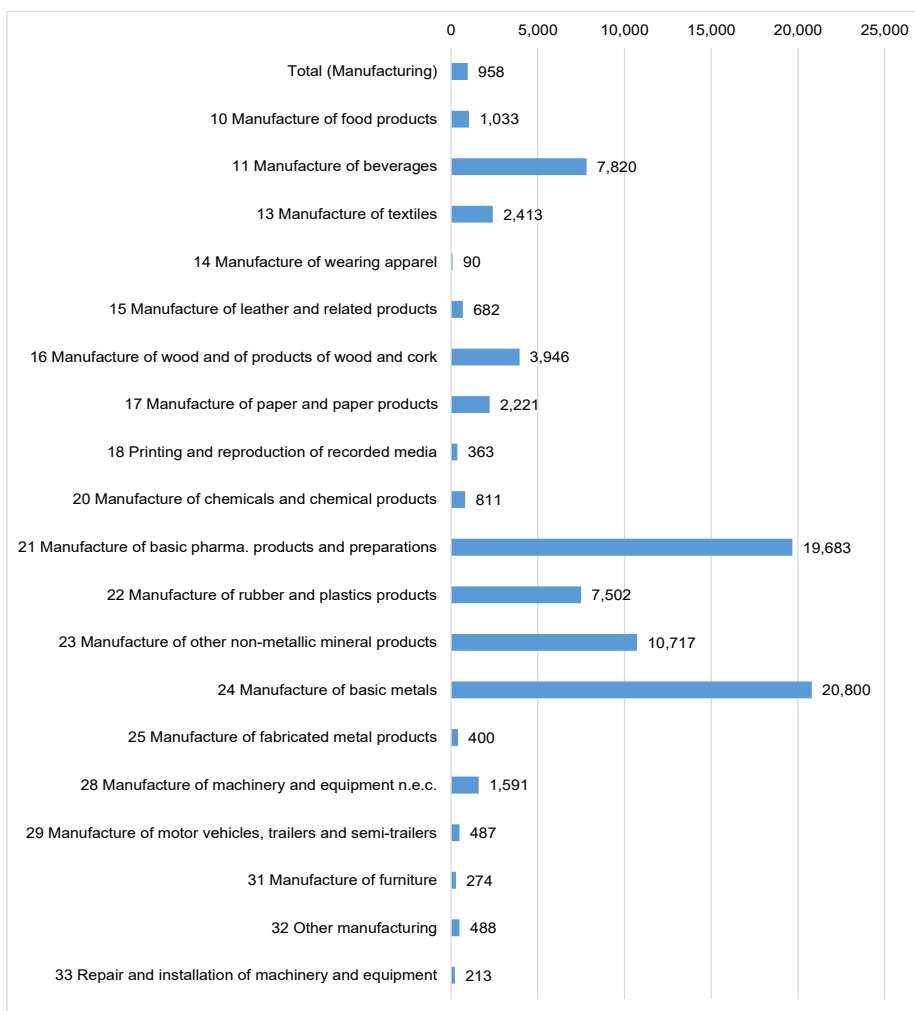


Figure 4.14 Average annual profit by Division of NSIC (1,000 Rs.)

(Annual profit per person engaged)

This section analyzes the amount of annual profit per person engaged. Looking at this figure, it is possible to compare the size of annual profit generated by one person engaged in an entity from different perspectives.

The distribution of the entities in the manufacturing industry according to the size of annual profit per person engaged is as in the following chart.

The number of entities whose annual profits per person engaged are between Rs. 0 and Rs. 19,999 is biggest among all categories (28,024 entities).

Out of the 103,115 entities in the manufacturing industry, the number of the entities whose annual profits per person engaged are between Rs. 0 and Rs. 49,999 is 55,233. This consists 53.6% of all entities in the industry.

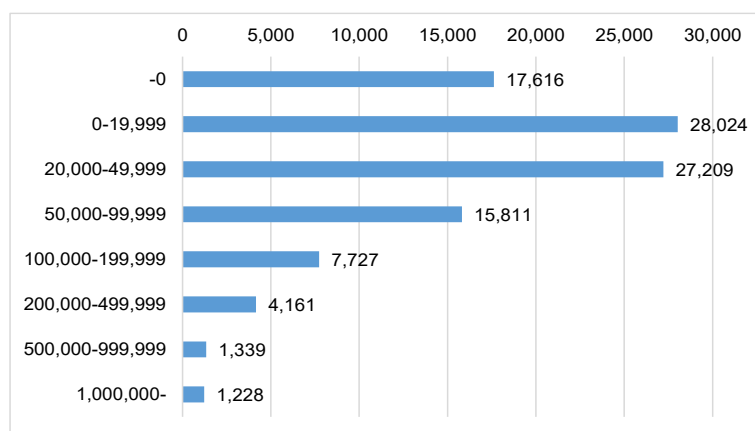


Figure 4.15 Number of entities by size of annual profit per person engaged

The annual profit per person engaged in the manufacturing industry as a whole is Rs. 206 thousand, and this varies among provinces.

The provinces which achieved bigger profits per person engaged are Province 2 (Rs. 320 thousand) and Sudurpashchim Province (Rs. 309 thousand).

On the other hand, the annual profits per person are small in Gandaki Province (Rs. 58 thousand) and Karnali Province (Rs. 63 thousand). The profit per person of Bagamati Province (Rs. 110 thousand) is also much smaller than the average.

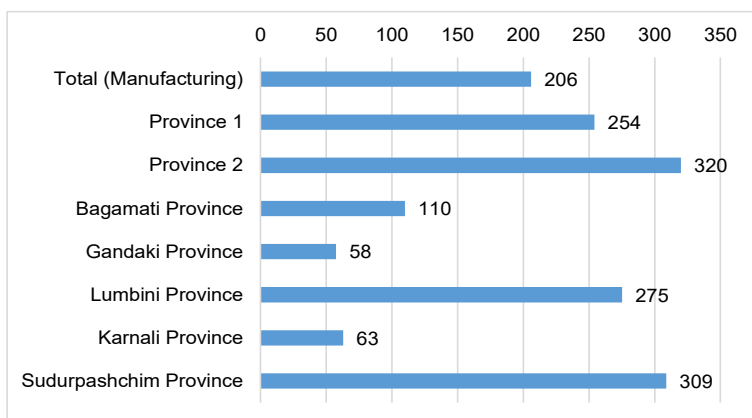


Figure 4.16 Average annual profit per person engaged by province (1,000 Rs)

The subsector of the manufacturing industry whose annual profit per person engaged is biggest was Manufacture of basic metals (code 24, Rs. 920 thousand), which is followed by Manufacture of wood and of products of wood and cork (code 16, Rs. 608 thousand) and Manufacture of beverages (code 11, Rs. 463 thousand).

The subsectors whose annual profits per person engaged are smallest were Manufacture of chemicals and chemical products (code 20, Rs. 31 thousand) and Manufacture of wearing apparel (code 14, Rs. 43 thousand).

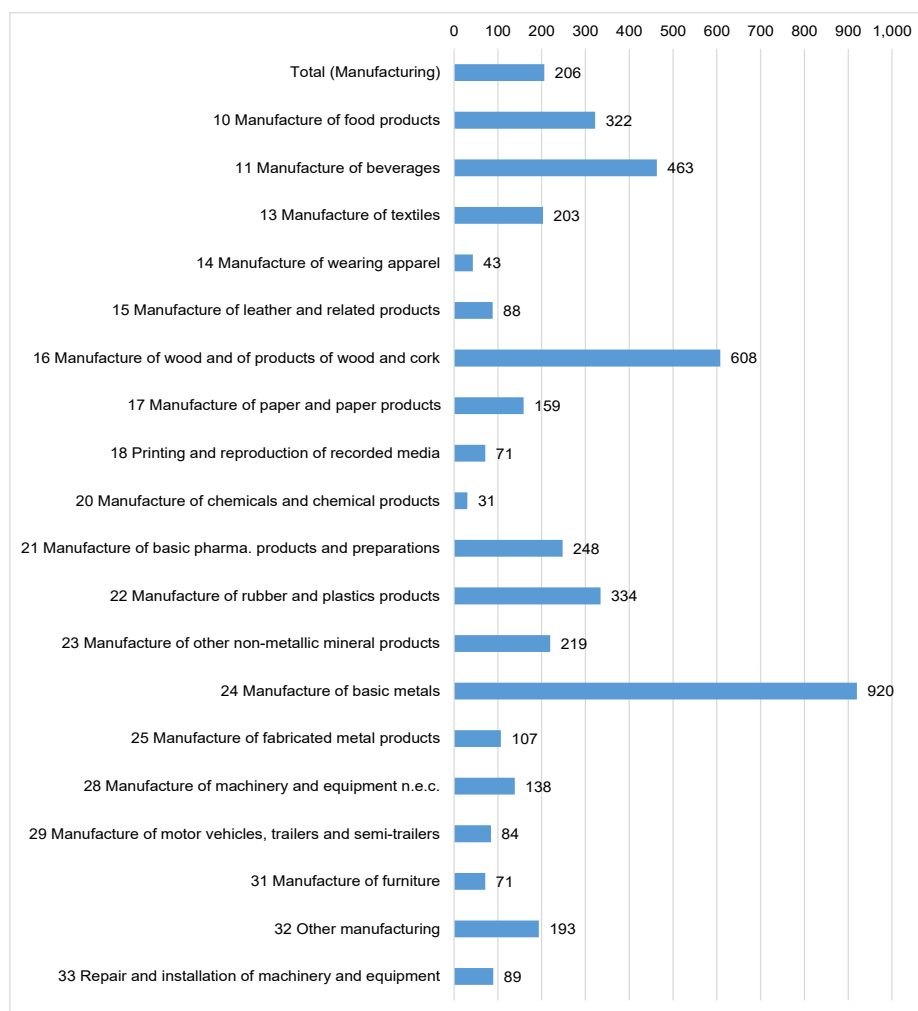


Figure 4.17 Average annual profit per person engaged by Division of NSIC (1,000 Rs)

(Profit to sales ratio)

This section analyzes the profit to sales ratio of entities. The profit to sales ratio, which shows the profitability of business, is calculated by dividing the amount of profit by sales. Because the profit is obtained by deducting the amount of expense from sales, a high profit to sales ratio means that a big portion of sales was converted into profit.

The distribution of the entities in the manufacturing industry according to the size of profit to sales ratio is as in the following chart. The number of entities whose profit to sale ratios are between 0% and 20% is biggest among all categories (34,280 entities).

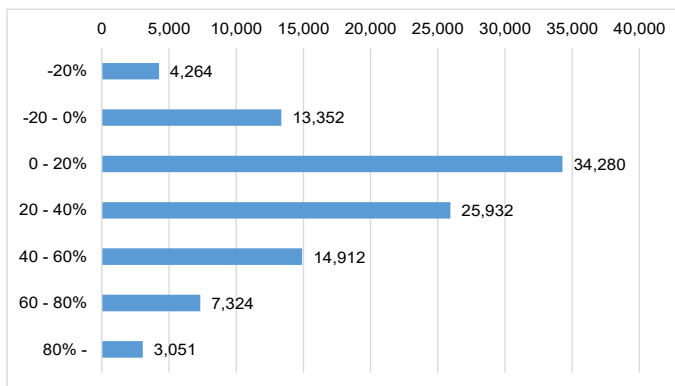


Figure 4.18 Number of entities by profit to sales ratio

The profit to sales ratio of the manufacturing industry in Nepal is 14.7% and it varies among provinces. The profit to sales ratio in Sudurpashchim Province is highest among all provinces (36.4%). In contrast, the profit to sales ratios in Gandaki Province (7.0%) and Bagamati Province (7.7%) are much lower than average.

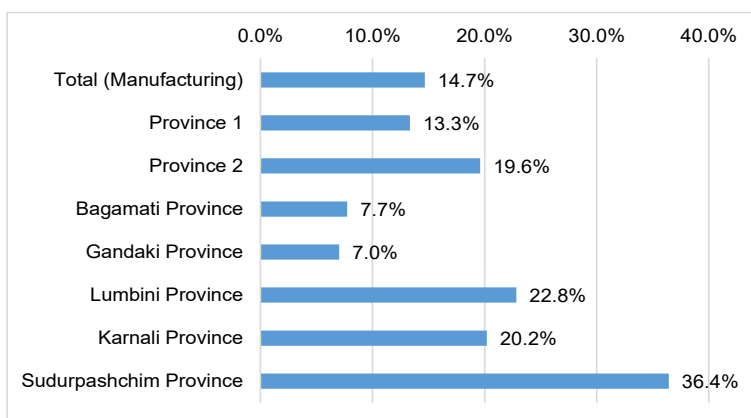


Figure 4.19 Average profit to sales ratio by province

The profit to sales ratios of the subsectors of the manufacturing industry are as depicted in the following chart. The subsector with highest profit to sales ratio is Manufacture of wood and of products of wood and cork (code 16, 39.6%). Other subsectors which achieved higher profit to sales ratios are Repair and installation of machinery and equipment (code 33, 19.9%), Manufacture of wearing apparel (code 14, 19.7%), Manufacture of food products (code 10, 19.3%).

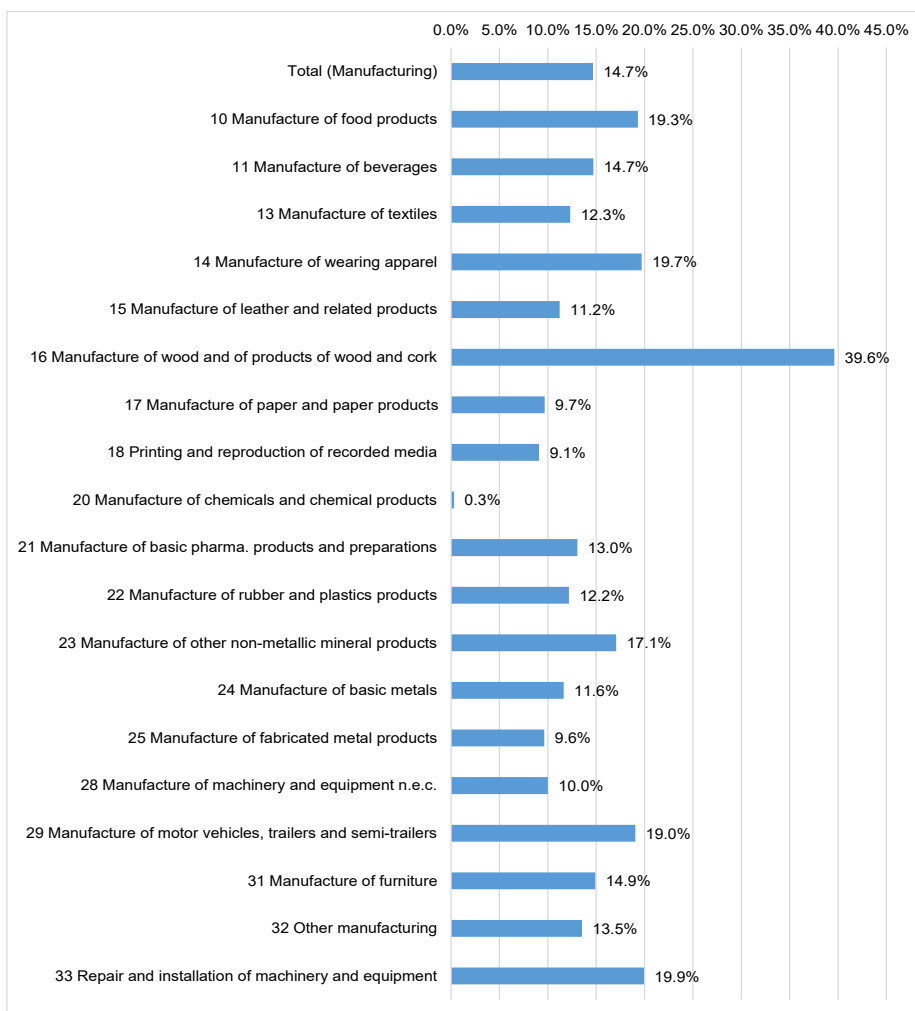


Figure 4.20 Average profit to sales ratio by Division of NSIC

The profit to sales ratio of Manufacture of chemicals and chemical products (code 20) is only 0.3%. As depicted in the following chart, this is because 34.1% (87 entities) of all entities in this subsector made deficits.

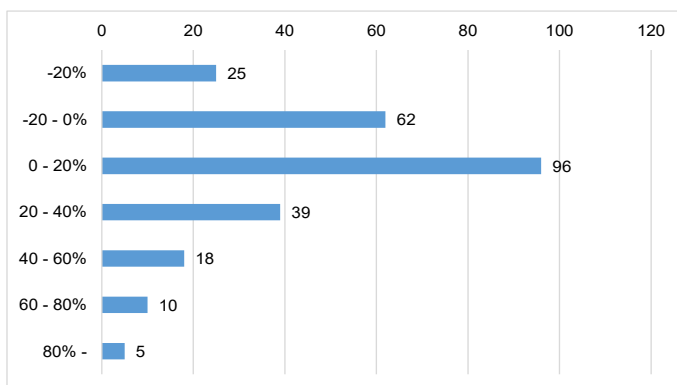


Figure 4.21 Number of entities by profit to sales ratio (20 Manufacture of chemicals and chemical products)

4-4 Access to Credit

The NEC2018 also collected the information on the access to credit of entities. The entities which actually took loans for the last three years, including those which already repaid the loans, are regarded as the entities with access to credit.

(Access to Credit)

The proportion of the entities with access to credit is 38.6% and remaining 61.3% do not have such credit access.

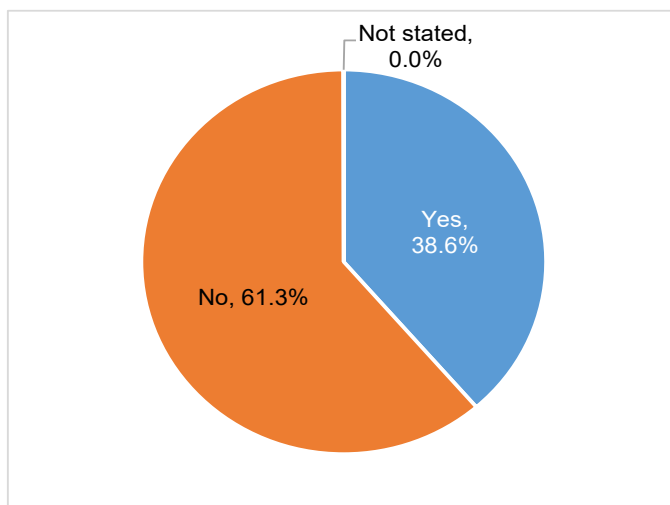


Figure 4.22 Share of entities with access to credit

The proportions of the entities which have access to credit in the manufacturing industry are almost same among all provinces. The proportions are rather high in Lumbini Province (40.8%) and low in Province 2 (36.1%).

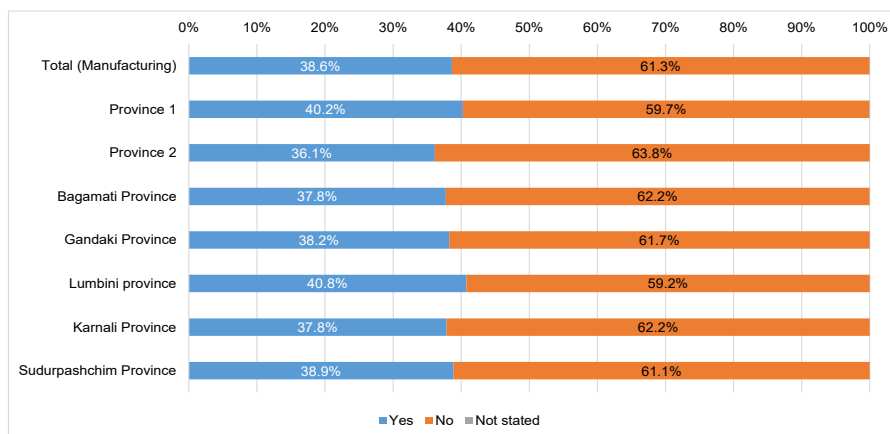


Figure 4.23 Share of entities with access to credit by province

The proportions of the entities which have access to credit in the manufacturing industry vary among subsectors. Such proportions are low in Manufacture of textiles (code 13, 31.9%), Manufacture of wearing apparel (code 14, 30.8%), Manufacture of motor vehicles, trailers and semi-trailers

(code 29, 31.1%) and Repair and installation of machinery and equipment (code 33, 33.3%).

On the other hand, the proportion is highest in Manufacture of electrical equipment (code 27, 82.9%), which is followed by Manufacture of rubber and plastics products (code 22, 67.9%), Manufacture of basic pharmaceutical products and pharmaceutical preparations (code 21, 63.4%) and Manufacture of paper and paper products (code 17, 58.0%).

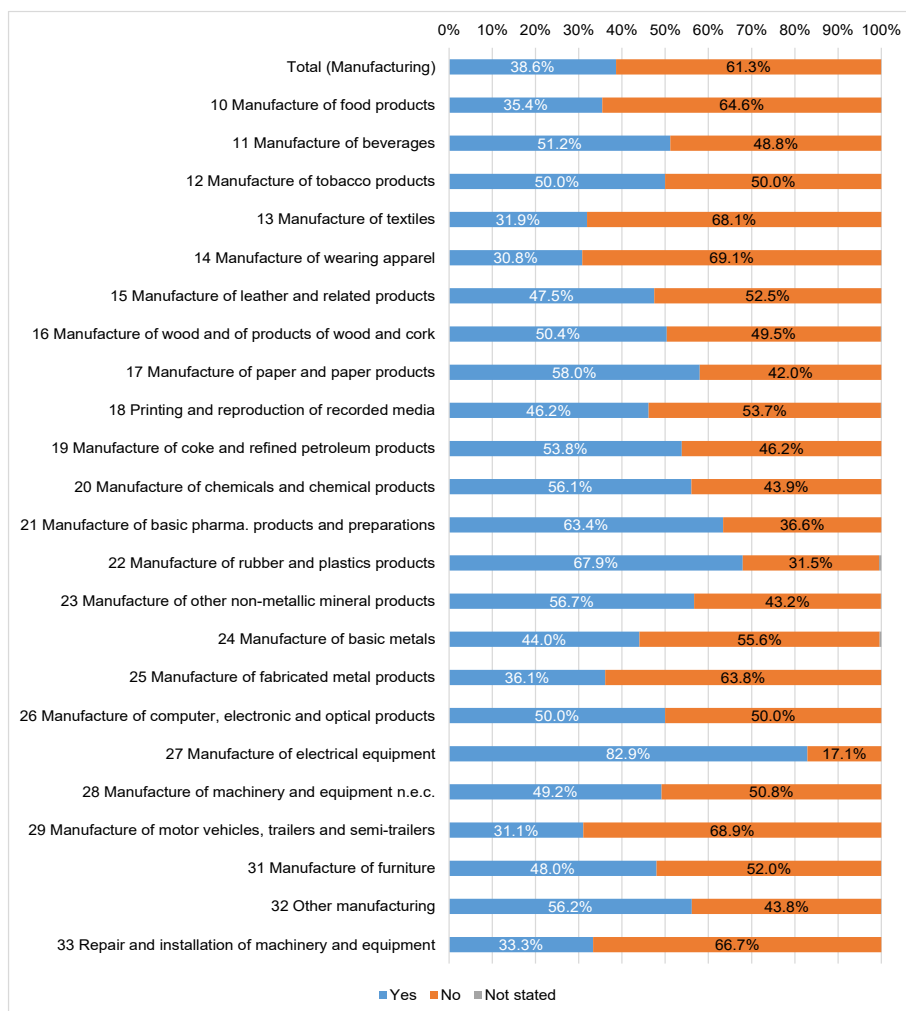


Figure 4.24 Share of entities with access to credit by Division of NSIC

The proportions of the entities which have access to credit in the manufacturing industry increase as the scale of industry becomes bigger.

Naturally, micro entities have the lowest credit access (37.1%) while large entities have the highest (79.5%).

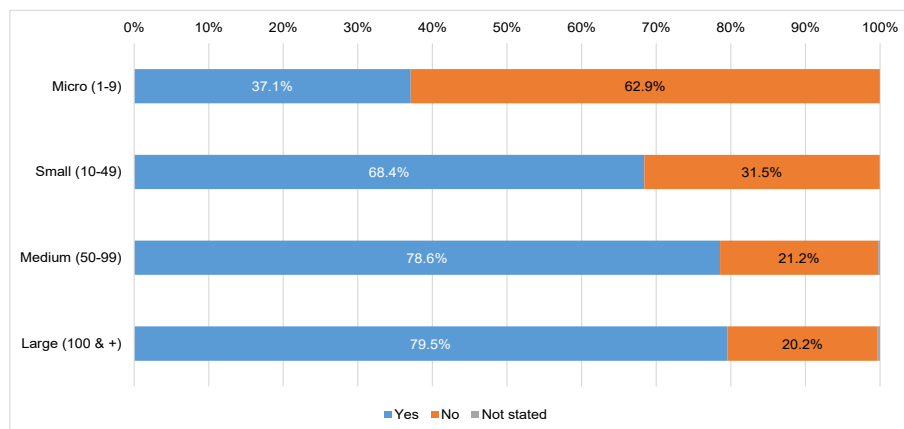


Figure 4.25 Share of entities with access to credit by scale of industry

Similarly, the proportions of the entities which have access to credit in the manufacturing industry increase as the number of persons engaged increases.

In case the number of the persons engaged are one or two, the proportion of entities with access to credit is 32.1%, while the proportion reaches at 79.5% in case the numbers of persons are 100 or more.

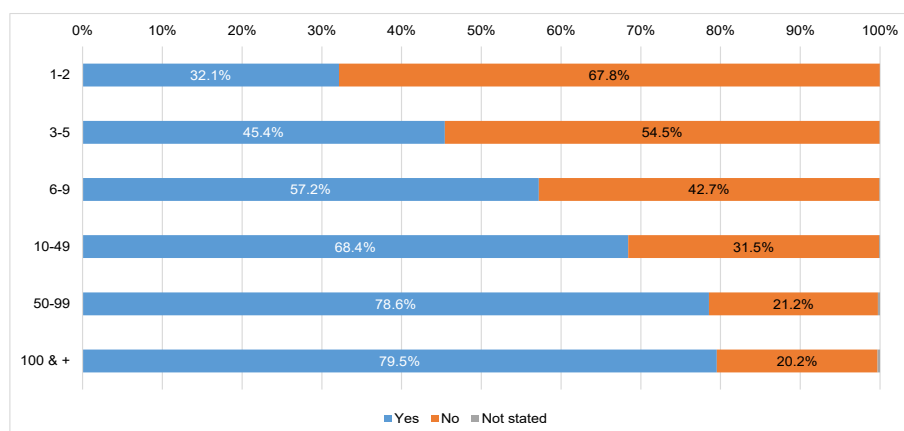


Figure 4.26 Share of entities with access to credit by size of persons engaged

The proportions of the entities which have access to credit in the manufacturing industry also increase as the sizes of annual sales increase.

In case the sizes of sales are smaller than Rs. 1,000,000 (-999,999), the proportion of entities with access to credit is only 32.8%. In contrast, 86.1% of the entities have access to credit, in case their sizes of annual sale are Rs. 500,000,000 or more.

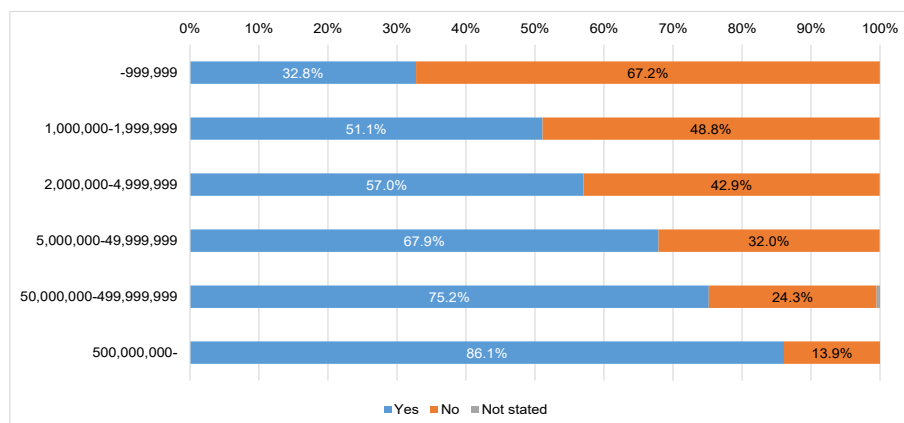


Figure 4.27 Share of entities with access to credit by size of annual sales

It was also revealed that the proportion of the entities which have access to credit in the manufacturing industry is higher if they have accounting records.

If entities have accounting records, the proportion with access to credit reaches 45.6%. Meanwhile, the proportion with access to credit is only 33.0%, if they do not have accounting records.

However, it should be noted that this might be because large sized companies have both accounting records and access to credit.

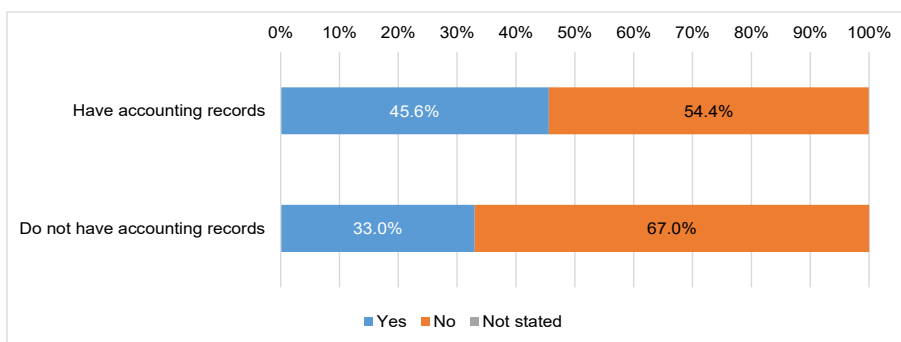


Figure 4.28 Share of entities with access to credit by having accounting records or not

Similarly, the proportion of the entities which have access to credit in the manufacturing industry is higher if they are registered. As depicted in the chart below, 51.3% of the registered entities have access to credit, while the proportion of the non-registered companies which have access to credit is only 26.8%.

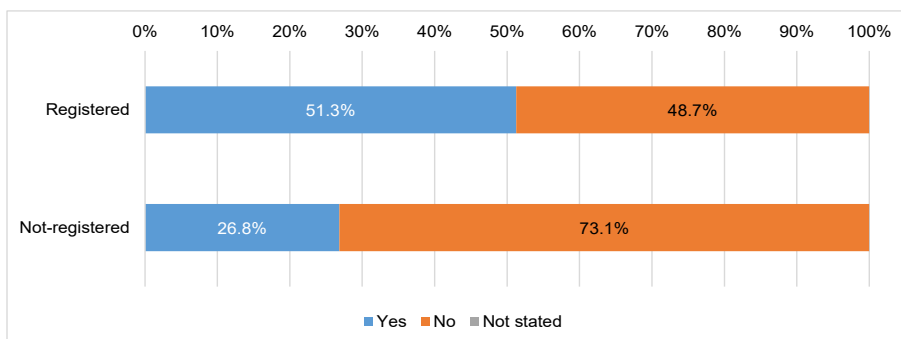


Figure 4.29 Share of entities with access to credit by registration

Dividing the entities into those with male owners and female owners, the proportion of entities with access to credit is higher if they are with male owners. The proportions of access to credit of entities with male owners and that of female owners are 40.4% and 32.7% respectively, as in the following chart.

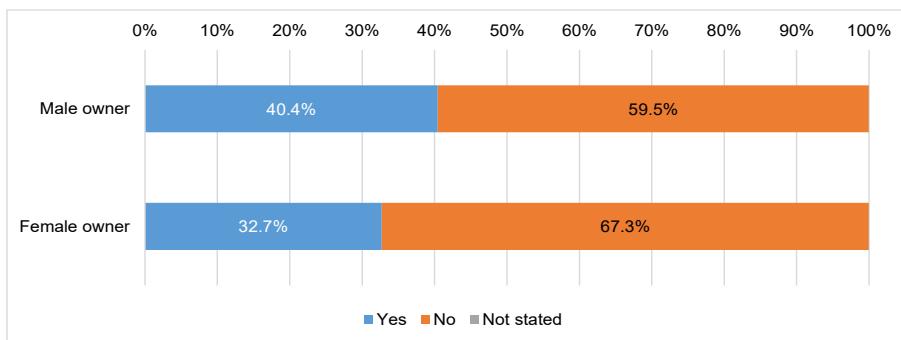


Figure 4.30 Share of entities with access to credit by sex of owner

Similarly, the proportion of entities with access to credit is higher if they are with male managers. The proportions of access to credit of entities with male managers and that of female managers are 40.4% and 32.5% respectively.

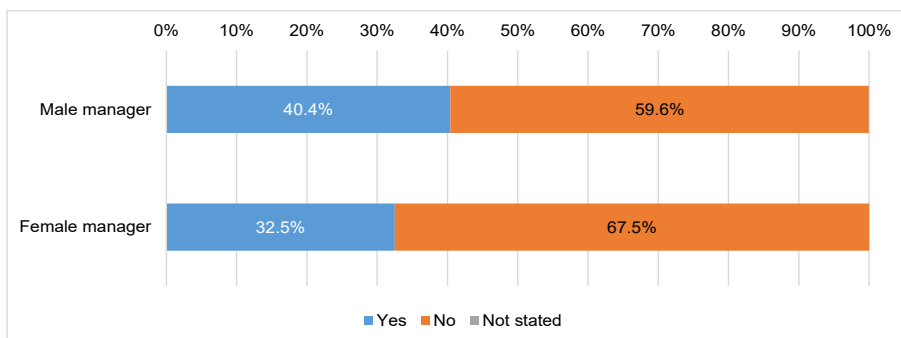


Figure 4.31 Share of entities with access to credit by sex of manager

(Loan providers)

The composition of the loan providers to the entities in the manufacturing industry is as described in the following chart in Figure 4.32.

The major loan providers to the entities in the manufacturing industry are banks (42.2%), which are followed by cooperatives (26.7%). Personal loans are also common in the manufacturing industry in Nepal (14.4%).

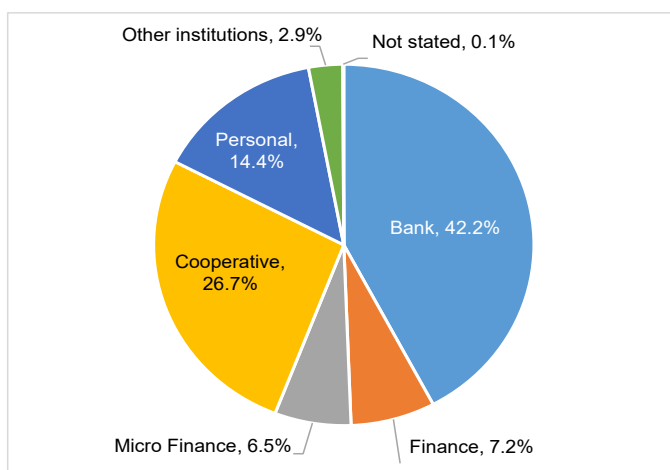


Figure 4.32 Share of loan providers

The compositions of the loan providers are different among provinces. For example, the proportion of the entities which take loans from banks in Lumbini Province is very high (56.9%) and that of personal loans are low (10.9%).

In contrast, the proportion of the entities which take loans from banks is very low in Karnali Province (26.6%) and Bagamati Province (29.9%). In these provinces, the proportions of the entities which take personal loans are high.

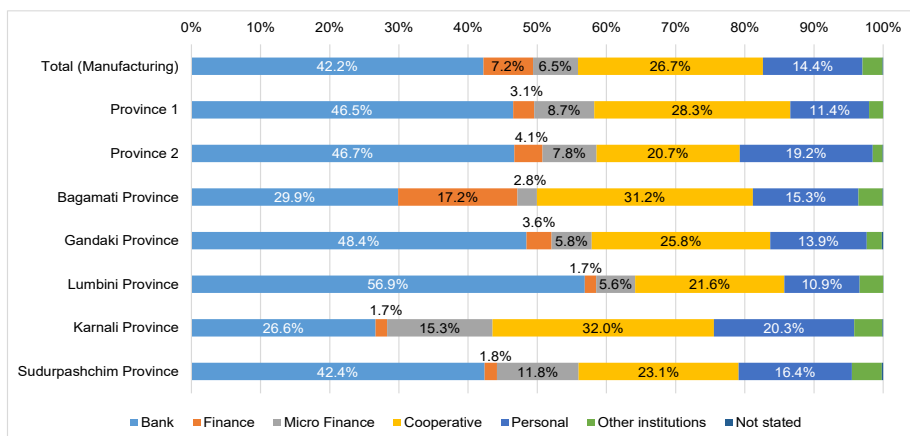


Figure 4.33 Share of loan providers by province

The compositions of the loan providers are different among subsectors too. For example, the subsectors which mainly take loans from banks are Manufacture of basic pharmaceutical products and pharmaceutical preparations (code 21, 97.8%), Manufacture of electrical equipment (code 27, 97.1%) and Manufacture of rubber and plastics products (code 22, 87.3%).

In contrast, subsectors such as Manufacture of wearing apparel (code 14) and Manufacture of leather and related products (code 15) take loans mainly from microfinance and cooperatives.

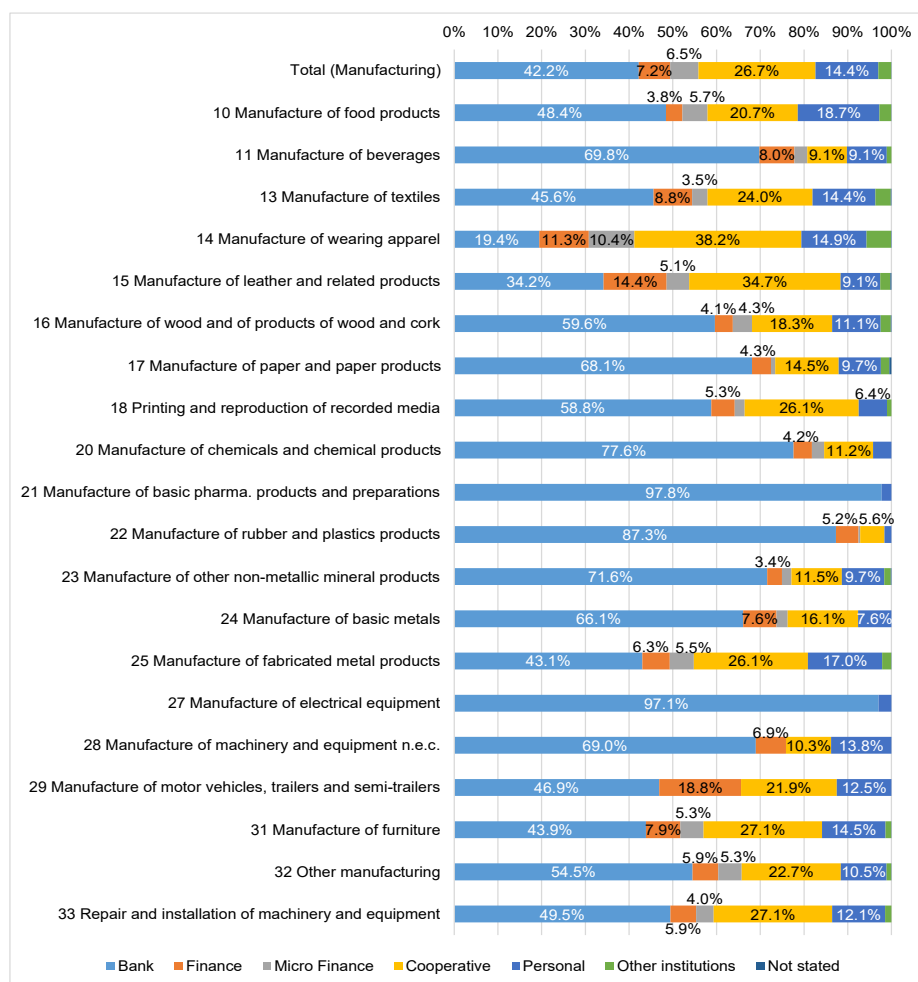


Figure 4.34 Share of loan providers by Division of NSIC

The compositions of the loan providers also change according to the size of annual sales of entities. Entities whose annual sales are smaller tend to take personal loans or loans from microfinance and cooperatives, while entities with larger sales take loans from banks.

In case annual sales are below Rs. 100,000 (-99,999), the percentage of the entities which take loans from banks is only 18.5%. Such entities rely more on cooperatives (30.8%) and personal loans (28.8%).

In contrast, almost all entities whose annual sales are Rs. 50,000,000 or more take loans from banks (94.8%).

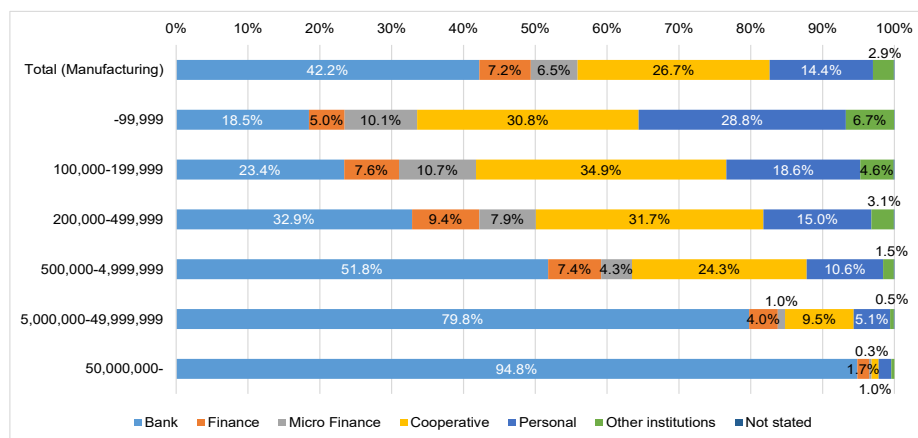


Figure 4.35 Share of loan providers by size of annual sales

Similarly, micro entities tend to take loans more from microfinance and cooperatives, while larger entities (small, medium and large enterprises) take loans mainly from banks.

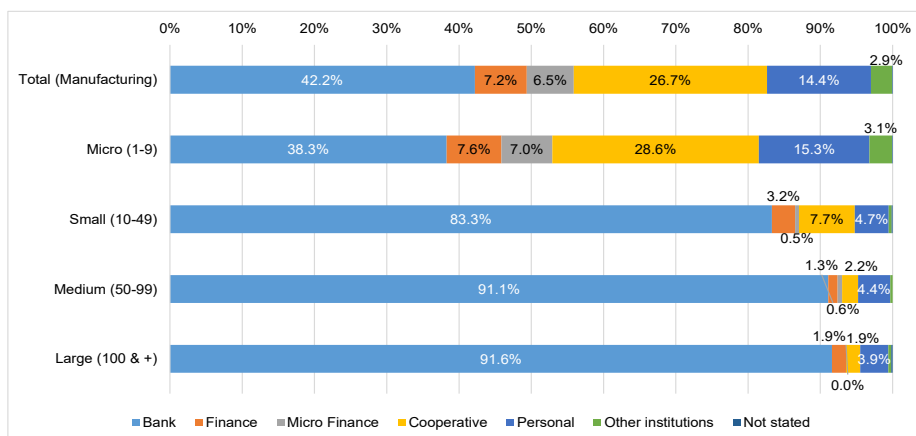


Figure 4.36 Share of loan providers by scale of industry

As can be seen from the table below, entities with smaller number of persons engaged take loans from microfinance and cooperatives, while entities with larger number of persons engaged take loans from banks.

In case the number of persons engaged are one or two (1-2), 31.6% of them take loans from cooperatives and 18.9% take personal loans. The percentage of the entities which take loans from banks is only 28.5%.

In contrast, if the numbers of persons engaged are 100 or more, the proportion of the entities taking loans from bank jumps up to 91.6%.

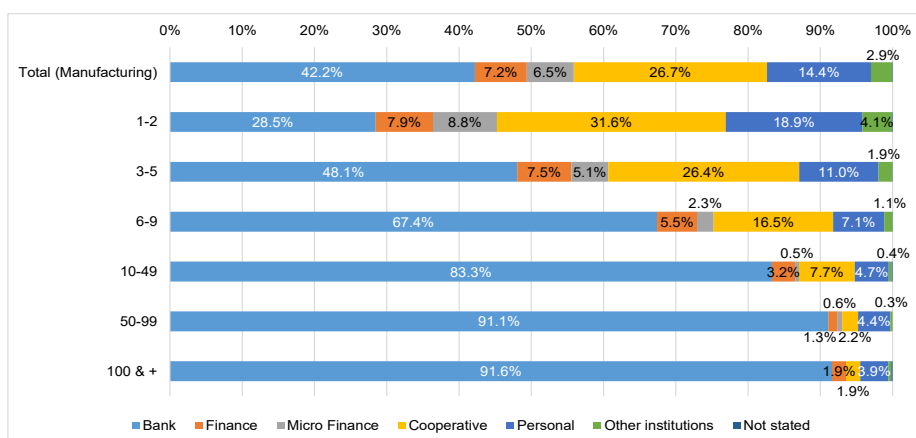


Figure 4.37 Share of loan providers by size of persons engaged

(Loan interest rate)

The distribution of the entities in the manufacturing industry according to the level of loan interest rate is as in the following chart.

The number of entities whose loan interest rates are between 15% and 20% is biggest among all categories (17,166 entities).

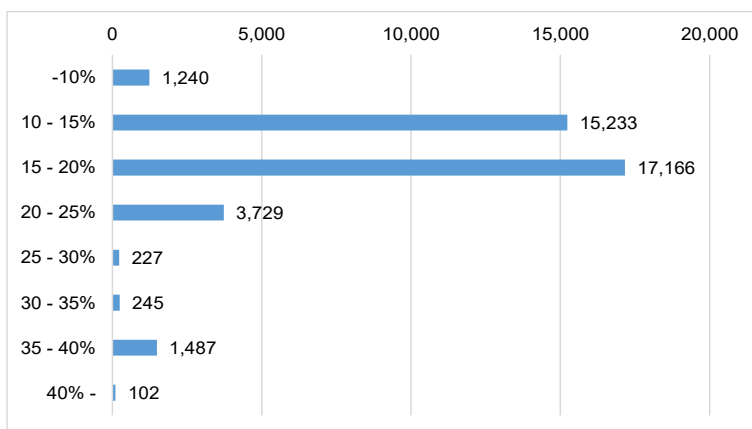


Figure 4.38 Number of entities by loan interest rate

Because many entities take loans at 36% per year or 3% per month, the number of entities whose loan interest rates are 35-40% is rather big.

This is due to the interest rates of personal loans, whose distribution is illustrated in the following chart. Many personal loans are provided at the annual interest rates of 24% (2% per month) or 36% (3% per month).

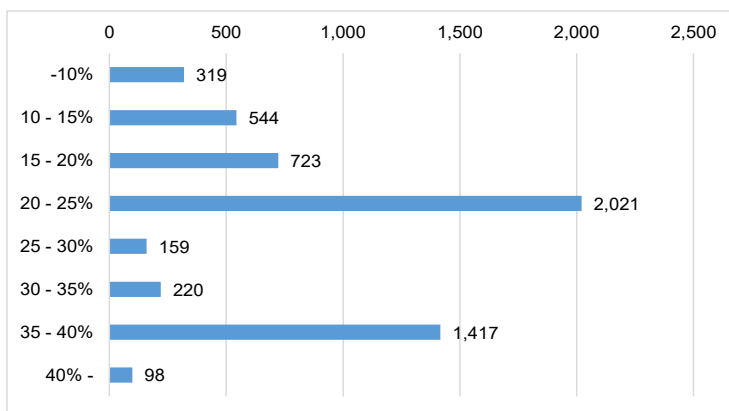


Figure 4.39 Number of entities by loan interest rate (Personal loan)

Loan interest rates vary among types of loan providers. The loan interest rate of banks stands at 13.8% and this is much lower than the average loan interest rate (16.4%).

Naturally, the loan interest rate of personal loans is highest among all loan providers, which is 24.3%. Entities, which do not have formal financing, such as loans from banks, thus have to bear higher loan interest costs.

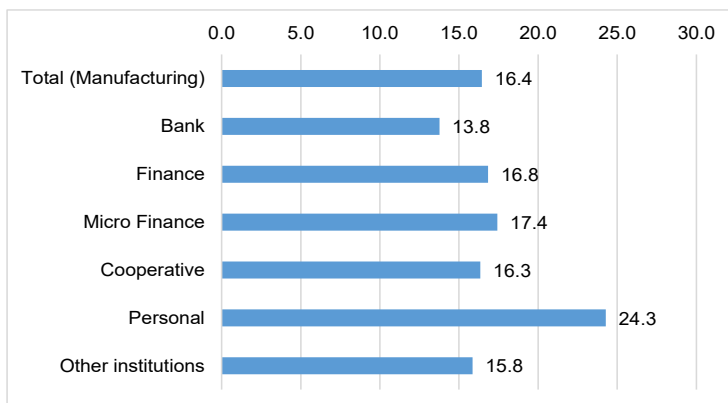
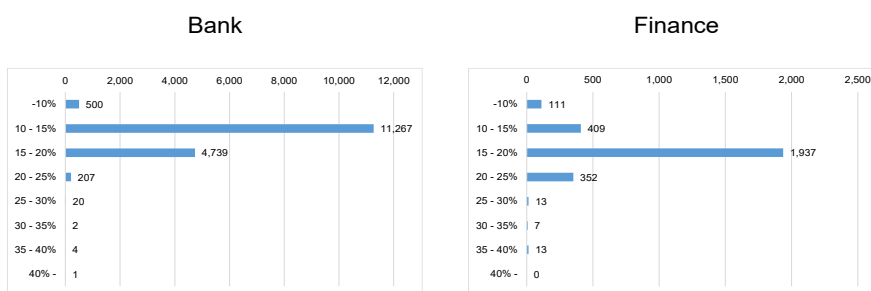
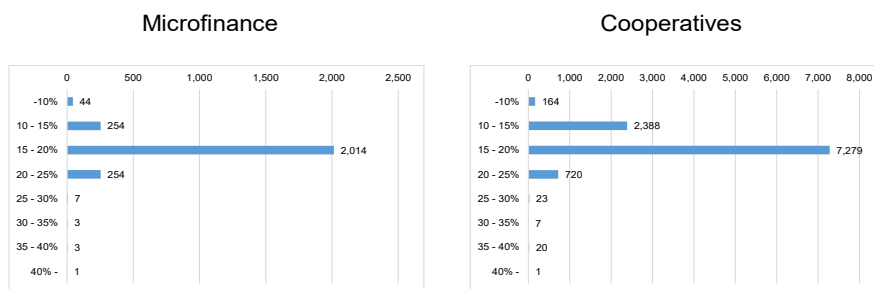


Figure 4.40 Average loan interest rate per year by type of loan providers (%)

The distribution of interest rates of each loan provider is as shown in the following charts in Figure 4.41.

Figure 4.41 Number of entities by loan interest rate and type of loan providers





The average interest rate of the manufacturing industry in each province is as illustrated in the following chart. Among all provinces, the average loan interest rates of Karnali Province (19.4%) and Province 2 (18.5%) are higher than the average (16.4%).

The high interest rate in Karnali Province would be due to its low proportion of the entities taking loans from banks and high proportions of personal loans. A higher proportion of personal loans in Province 2 probably resulted in higher loan interest rate in the province.

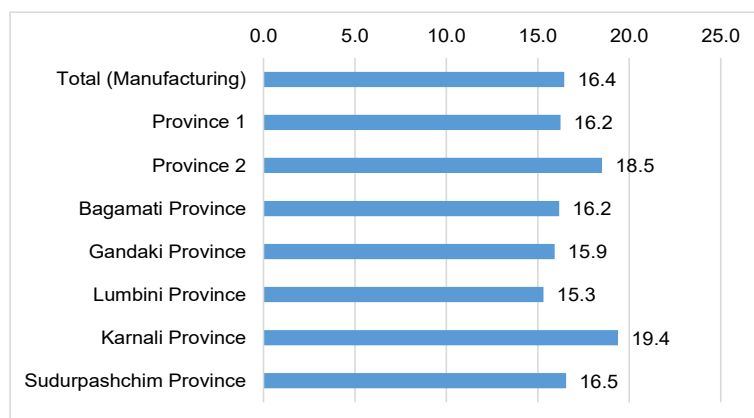


Figure 4.42 Average loan interest rate per year by province

The loan interest rates of subsectors are higher than average in Manufacture of wearing apparel (code 14, 17.2%) and Manufacture of fabricated metal products, except machinery and equipment (code 25, 16.6%), also reflecting the low proportions of the entities taking loans from banks and high proportions of personal loans.

In contrast, the loan interest rates of Manufacture of basic pharmaceutical products and pharmaceutical preparations (code 21, 12.3%), Manufacture of electrical equipment (code 27, 12.9%), Manufacture of machinery and equipment n.e.c. (code 28, 13.1%) and Manufacture of rubber and plastics products (code 22, 13.4%) are much lower than the average, reflecting the high proportions of the entities taking loans from banks.

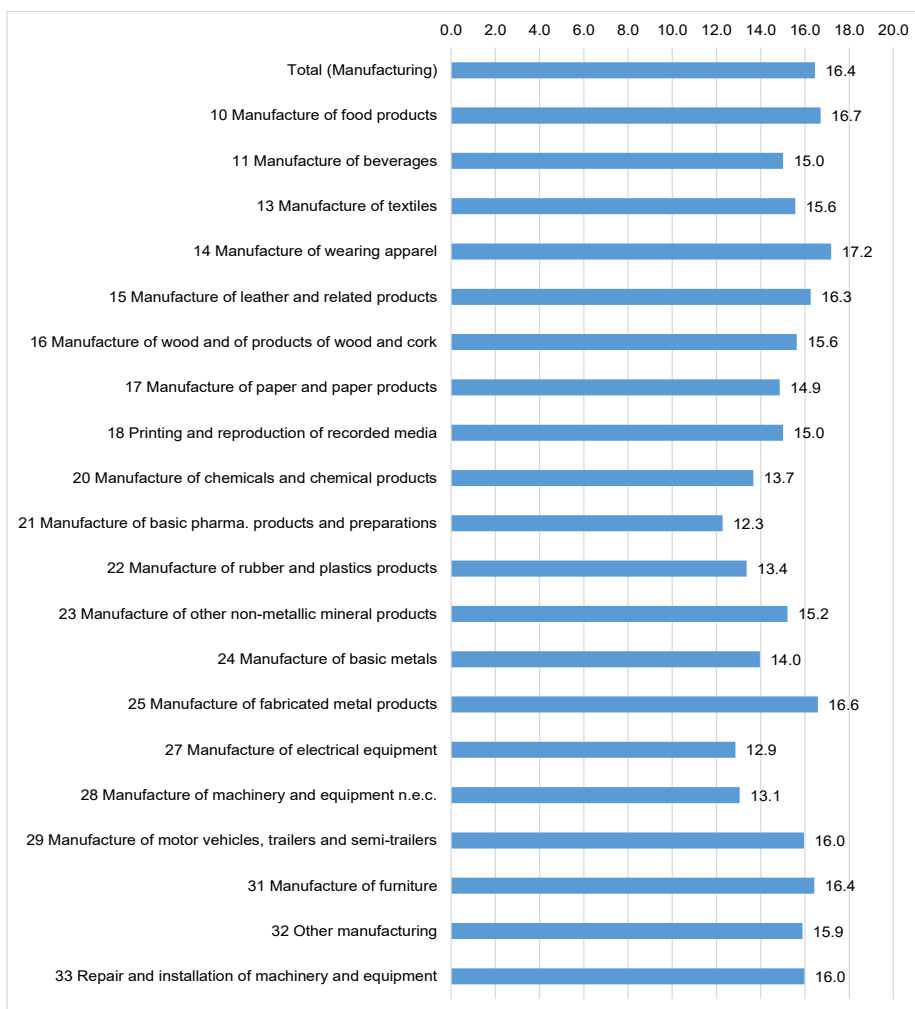


Figure 4.43 Average loan interest rate per year by Division of NSIC

Appendices

Appendix 1: Specimen of Form B of NEC2018

Appendix 2: Coverage of National Economic Census 2018

STRICTLY CONFIDENTIAL



Government of Nepal
National Planning Commission
Central Bureau of Statistics



National Economic Census 2018

Form B

The information collected with this questionnaire will be kept confidential according to Statistical Act, 1958 of Nepal. No any information of individual business establishment will be published as not to disclose individual identification. The information collected in this census will not be used for taxation purpose. These collected individual data will only be used as statistical aggregates. That is, economic statistics required for formulating of plans and policies are produced by collecting basic information on the current status of the establishment.

Please fill in the following questions as of Balshakh 1, 2075 (14 April 2018 in Western calendar) if no other individual instruction. The questions should be asked to establishment owner, manager, or concerned person of the establishment.

If a response is not applicable, please fill in a bar "-" in the appropriate box.

1- Area Information			AI
Area	Name	Code	
AI1. District			
AI2. Municipality/ Rural Municipality			
AI3. Ward			
AI4. Village/ Settlement Name			
AI5. Enumeration Area (EA)			
AI6. Sub Enumeration Area (SEA)			

2- Establishment Information			
EI1. Establishment Number (Please transcribe from column 2 of Form A: Establishment List.)			
EI2. Name of Establishment or Business			
EI3. Type of Business			
EI4. Address of Establishment	EI4A. Name of Road/ Street:	EI4B. House Number:	
	EI4C. Name of the Business Complex/ Mall/ Building:		
	EI4D. Flat Number/ Floor Number:	EI4E. Shop Number:	
EI5. Information for Contact	EI5A. Phone Number of Establishment:	EI5B. E-mail Address:	EI5C. Website Address:
	EI5D. Name of Contact Person:	EI5E. Designation of Contact Person:	EI5F. Phone Number of Contact Person:

3- Registration at Government Agencies			
RI1. Is this establishment registered at any Government Agencies? (if not go to OW1)	1- Registered	2- Not registered (Go to OW1)	<input type="text"/>

Registered or not at the following Government Agencies									
RI2. Inland Revenue Office	1- Registered			2- Not registered (Go to RI3)			<input type="text"/>		
RI2.1 Permanent Account Number (PAN) , VAT No., or TPIN									
RI3. District Office/ Development Committee of Cottage and Small Industries	1- Registered			2- Not registered			<input type="text"/>		
RI4. Office of Company Registrar	1- Registered			2- Not registered			<input type="text"/>		
RI5. Department of Industry	1- Registered			2- Not registered			<input type="text"/>		
RI6. Office of Commerce and Supplies	1- Registered			2- Not registered			<input type="text"/>		
RI7. District Administrative Office	1- Registered			2- Not registered			<input type="text"/>		
RI8. Ministry of Health	1- Registered			2- Not registered			<input type="text"/>		
RI9. Ministry of Education	1- Registered			2- Not registered			<input type="text"/>		
RI10. Office of Cooperative Registrar	1- Registered			2- Not registered			<input type="text"/>		
RI11. District Development Committee/ District Coordinating Committee	1- Registered			2- Not registered			<input type="text"/>		
RI12. Municipality/ VDC/ Rural Municipality	1- Registered			2- Not registered			<input type="text"/>		
RI13A. Other (specify):							<i>CBS and SOs use only</i> <input type="text"/>		
RI13B. Other (specify):							<input type="text"/>		

4- Legal Status of Registered Establishment or Business		
LS1. Legal Status of Registered Establishment or Business		
1- Individual proprietor 2- Partnership 3- Private limited company 4- Public limited company 5- Cooperative	6- Government agency 7- State-owned organization (including quasi government and autonomy-owned organization) 8- NGO (Non-Governmental Organization) 9- Users' Group / Consumer Group 10- Others (specify):	<input type="text"/>
LS2. Is this Establishment or Business Multinational Company ?		
	1- Yes	<input type="text"/>
	2- No	
(Go to MO1)		

5- Ownership Status of "Not Registered" Establishment or Business			
OW1. Ownership of "Not Registered" Establishment or Business			
1- Individual proprietor 2- Partnership 3- Others (specify)			<input type="text"/>
6- Characteristics of Manager and Owner (If there are any owners, the most investing owner should be filled in.)			
MO1. Sex of Manager	1- Male	<input type="text"/>	Age in completed years
	2- Female	
MO2. Sex of Owner	1- Male	<input type="text"/>	Age in completed years
	2- Female	
	3- Not applicable (Go to BO1)	
MO3. Country of Owner	1- Nepal 2- India 3- China 4- Pakistan 5- Bangladesh 6- Sri Lanka 7- Malaysia 8- Thailand	9- Singapore 10- Other ASEAN countries 11- Japan 12- Gulf countries 13- United State of America 14- United Kingdom 15- EU countries 16- Others (specify country)	<input type="text"/>

7- Business Operation Information				
	o'clock	minutes	working hours	Circle either of them
BO1. Opening Time				1- AM 2- PM
BO2. Closing Time				1- AM 2- PM
BO3. Working Hours				

BO4. Business Period Is this establishment regularly operating through the year? Circle Yes or No.	1- Yes		<input type="text"/>
	2- No (seasonal business) (Go to BO6)		
BO5. How many working days did this establishment have for the last one year?	<input type="text"/> working days (Go to BO8)		
BO6. When is the season? Choose the opening month and the closing month.	Opening month	Closing month	Opening month
	1 Baishakh 2 Jestha 3 Ashadh 4 Shrawan 5 Bhadra 6 Ashwin 7 Kartik 8 Mangsir 9 Poush 10 Magh 11 Phalgun 12 Chaitra	1 Baishakh 2 Jestha 3 Ashadh 4 Shrawan 5 Bhadra 6 Ashwin 7 Kartik 8 Mangsir 9 Poush 10 Magh 11 Phalgun 12 Chaitra	<input type="text"/> Closing month <input type="text"/>

BO7. How many working days did this establishment have in the season?	<input type="text"/> working days	
BO8 Year of Starting the Business (Baishakh 1, 2075 in Nepali calendar is April 14, 2018 in western calendar.) ► Fill in the month and year of starting the business in Nepali calendar.	yyyy	mm
	<input type="text"/>	<input type="text"/>

8- Tenure, Kind, and Area (square feet: ft ²) of Business Place (If using land directly, respond not only building but also land.)		
BP1. Tenure of Business Place (Building)	1- Owned 2- Rented 3- Lease or contract out 4- Others (Specify:) 5- Not applicable	<input type="text"/>
BP2. Tenure of Business Place (Land)	1- Owned 2- Rented 3- Lease or contract out 4- Others (Specify:) 5- Not applicable	<input type="text"/>
BP3. Kind of Business Place	1- Street business 2- Home business (Business place and owner's residence are united into one) 3- Business in a building with sturdy construction for shop, office, apartment, etc. (Business place and owner's residence are separate.) 4- Business in traditional market with flat building or simple construction 5- Business in modern shopping mall with signboard and sturdy construction (building with more than two stories where a number of establishments are operating) 6- Business occupying exclusively one block or one building with signboard and sturdy construction (Ex: Factory, Bank, Hospital, School, Hotel, etc.) 7- Others	<input type="text"/>
BP4. Total Area of Business Place (square feet: ft ²)		
BP4.1 Building / Room occupied area using for Business (square feet: ft ²)	1- Yes 2- Not applicable (Go to BP4.2)	Specify the total area ft ²
BP4.2 Land occupied area using for Business (square feet: ft ²)	1- Yes 2- Not applicable (Go to Part 9)	Specify the total area ft ²

9- Number of Persons Engaged in this establishment as of the reference date						
(In the case of "Head office" (OF1=2), all persons engaged in its branch office(s) and subbranch office(s) are excluded.)						
(1)	(2)	1- Total	Persons engaged			
			Nepali		Foreigner	
			2- Male	3- Female	4- Male	5- Female
(1)	(2)	(3)	(4)	(5)	(6)	(7)
PE1.1	Working proprietors/ partners					
PE1.2	Unpaid family workers					
PE1.3	Working directors (Managers) (excluding unpaid directors)					
PE1.4	Regular employees (those who are employed on a continuous basis with six month period or longer)					
PE1.5	Temporary employees (other employees than "regular employees")					
PE1.	Total number of persons engaged (Total of "PE1.1" to "PE1.5")					

(1)	(2)	1- Total	Persons engaged or Workers			
			Nepali		Foreigner	
			2- Male	3- Female	4- Male	5- Female
(1)	(2)	(3)	(4)	(5)	(6)	(7)
PE2.1	Aged 15 and under					
PE2.2	Technical staff					
PE2.3	Disabled staff					
PE2.4	Accepted workers from other institutions (Other than the employees cited in PE1, persons dispatched from separately operated establishments to work at the establishment)					

10- Main Economic Activity						
<p>►Describe a main economic activity that is done in this establishment. For example, selling (to wholesalers or consumers), manufacturing or repairing goods, or providing services.</p> <p>►Describe about these goods or services also.</p> <p>►In the case of "Head office" (OF1), all activities of its branch office(s) are excluded.</p>						
EA1. Main Economic Activity	<p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>	<p><i>CBS and SOs use only</i></p> <table border="1"> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </table>				

11- Single Unit, Head Office or Branch Office																	
OF1. Single Unit, Head Office, or Branch Office				1- Single unit (Go to AR1) 2- Head office (Go to HO1) 3- Branch office 4- Subbranch office				<input type="text"/>									
OF2. Name, Address and PAN of Head Office ▶ In case of "Branch office" or "Subbranch office". ▶ In case of "Subbranch office", fill in the name and address of its upper-level office.																	
OF2.1 Name:								(Go to CS1 Part 18)									
OF2.2 Address:																	
OF2.3 Permanent Account Number (PAN):				<table border="1"> <tr> <td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td> </tr> </table>													
12- Questions HO1 to HO4 below refer only to establishments of "Head office".																	
HO1. Number of Branch Offices and Subbranch Offices that establishment supervises								<input type="text"/>									
HO2. Total number of entire regular employees ▶ The "entire regular employees" include regular employees of head office, branch office(s), and subbranch office(s) (namely, "Head office + Branch office(s) + Subbranch office(s)")								<input type="text"/>									
Economic activities of the entire entity that include not only those of this head office but also those of branch office(s) and subbranch office(s) (namely, "Head office + Branch office(s) + Subbranch office(s)")																	
HO3. Main economic activity ▶ State a main economic activity in terms of the largest value added or the largest manpower input.							<i>CBS and SOs use only</i> <input type="text"/>									
HO4. Secondary economic activity if this entity has two or more kinds of economic activities.							<input type="text"/>									

Part 13 to 17 are asked only to establishments of "Single unit" and "Head office".

13- Accounting Record

AR1. Does this establishment or this enterprise prepare its accounting record?

- ▶ An accounting record includes an account book, an income statement, etc.
- ▶ An enterprise consists of a head office and its branches.

1- Yes

2- No

11/11/2019

14- Average monthly revenues/ sales and operating expenses in the fiscal year of 2073/2074 or in 2074

- ▶ If the average monthly figures are unclear, that of past one month should be filled in.
- ▶ In the case of "Head office", average amount of revenues/ sales and operating expenses including its branch office(s) and subbranch offices should be filled in.
- ▶ These amounts should be filled in with left alignment and a thousand separator, ending with a bar "-".

IE1. Average monthly revenues/sales in fiscal year of 2073/2074 or in 2074

- Include all income gained from operating activities such as selling of goods, providing services, etc.
(Sales and non-operating revenues)

Rs. _____

IE2. Average monthly expenses in fiscal year of 2073/2074 or in 2074

- Include all expenses for operating activities such as purchase of products for sales, costs for providing services, rent for shops, salaries and wages for managers and workers, tax, etc.
(Cost of goods sold, operating expenses, non-operating expenses, and tax)

Rs. _____

IE2.1 Average monthly compensation (salaries and wages) for managers and workers in fiscal year of 2073/2074 or in 2074

Rs. _____

15- Capital and Ratio of Foreign Capital

CI1. Capital

- Fill in the amount of capital, investment, and funds. (both fixed and current capital)
- This amount should be filled in with left alignment and a thousand separator, ending with a bar.

Rs. _____

CI1.1 Ratio of Foreign Capital

(Please round off it to the one decimal place.)

				■	%
--	--	--	--	---	---

CI1.2 Fixed Capital

Land, building, plant, equipment, machineries, etc.

Rs. _____

16- Access to Credit					
AC1. Has this establishment or this enterprise borrowed or paid back financial loan for business purpose within the last three years? ▶ Circle the code.	1- Yes 2- No (Go to AC4)				<input type="text"/>
AC2. From where has this establishment or this enterprise borrowed the financial loan?	1- Bank 2- Finance 3- Micro Finance 4- Cooperative 5- Personal 6- Other Institutions				<input type="text"/>
AC3. How much is its average interest rate per year? (Please round off it to the one decimal place.)			.	%	Go to PC1
AC4. Has this establishment or this enterprise had experience that it couldn't borrow institutional financial loan although it tried to do? ▶ Circle the code.	1- Yes 2- No				

17- Parent Company										
PC1. Does this establishment have a parent company? Parent company holds a majority of all shares in this company.					1- Yes 2- No (Go to CS1)					<input type="text"/>
PC2. Name, Address and PAN of Parent Company										
	PC2.1 Name:									
	PC2.2 Address:									
	PC2.3 Permanent Account Number (PAN):									

18- Census Status (To be filled in by enumerator)

CS1. Status of Survey ▶ Circle the code.	1- Completely enumerated 2- Partially completed 3- Unable to complete	<input type="text"/>
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19- Respondent's Information

Respondent's Name :
Designation :
Date of Interview :
Stamp of Establishment :


	Name	Signature	Date
Enumerator			
Supervisor			

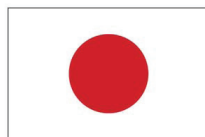
Appendix 2

14 April 2018

Coverage of National Economic Census 2018

Section of ISIC Rev. 4		Kind of Establishment		
		Registered / Not registered	Not registered	
		Fixed location	Movable but the same place	Mobile
A	Agriculture, forestry and fishing	(Registered only)		
B	Mining and quarrying			
C	Manufacturing			
D	Electricity, gas, steam and air conditioning supply			
E	Water supply; sewerage, waste management and remediation activities			
F	Construction			
G	Wholesale and retail trade; repair of motor vehicles and motorcycles			
H	Transportation and storage			
I	Accommodation and food service activities			
J	Information and communication			
K	Financial and insurance activities			
L	Real estate activities			
M	Professional, scientific and technical activities			
N	Administrative and support service activities			
O	Public administration and defence; compulsory social security			
P	Education			
Q	Human health and social work activities			
R	Arts, entertainment and recreation			
S	Other service activities			
T	Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use			
U	Activities of extraterritorial organizations and bodies			

 shows the coverage of the Economic Census.



From
the People of Japan

