

Major Highlights of National Report No. 2-2 of the Final Results

The National Economic Census 2018 (the NEC2018) was conducted with the reference date set on 14 April 2018. The NEC2018 covered all of fixed and movable establishments in the whole territory of Nepal. With regard to National Reports of the NEC2018, No. 1-1 on establishments and persons engaged by industry was released on 1 July 2019; No. 1-2 by size of persons engaged was released on 1 September 2019; No. 1-3 by province and district was released on 2 January 2020; and No.2-1 on sales, expenses, and profit and loss by industry was released on 5 May 2020. Subsequently, No. 2-2 by size of persons engaged of the fifth release is outlined as follows:

1. Total number of entities¹ is 900,924 in Nepal.

There were 900,924 entities in Nepal as of 14 April 2018 as the final results of the NEC2018. The number of persons engaged in entities was 3,115,112. (Refer to Table 1-2 and 1-3.)

With regard to the definition of terms and the coverage of NEC2018, refer to “Outline, Concepts and Definitions of NEC2018” in this report.

2. For annual sales², entities with 100 to 499 persons engaged was largest in Nepal in 2017/18³.

Looking at the annual sales by size of persons engaged, entities with 100 to 499 persons engaged was the largest group with Rs. 641 billions accounting for 22.0%. Subsequently, 20 to 49 persons engaged 339 billions (11.6%); 500 to 999 persons engaged 331 billions (11.4%); 10 to 19 persons engaged 264 billions (9.1%); and so on.

On the other hand, nine persons engaged was the smallest group with Rs. 40 billions accounting for 1.4%. Subsequently, eight persons engaged 50 billions (1.7%); seven persons engaged 55 billions (1.9%); and so on. (Refer to Table 1-1.)

¹ *An entity manages its accounting record which includes an account book, an income statement, etc. An entity consists of a single-unit establishment or a head office only. It means branches are excluded.*

² *The concept of the annual sales is close to that of Gross Output in national accounts.*

³ *Herein, the year 2017/18 in the western calendar means the year 2074 in Nepal calendar.*

Secondly, looking at the annual sales per entity by size of persons engaged, 500 to 999 persons engaged was the largest group with Rs. 2,629 millions per entity. Subsequently, 1,000 persons engaged and over 2,019 millions; 100 to 499 persons engaged 434 millions; and so on.

On the other hand, one person engaged was the smallest group with Rs. 441 thousands per entity. Subsequently, two persons engaged 778 thousands; three persons engaged 1,505 thousands; and so on. (Refer to Table 1-2.)

Thirdly, looking at the annual sales per persons engaged by size of persons engaged, 500 to 999 persons engaged was the largest group with Rs. 3,974 thousands per persons engaged. Subsequently, 100 to 499 persons engaged 2,281 thousands; 50 to 99 persons engaged 2,096 thousands; and so on.

On the other hand, two persons engaged was the smallest group with Rs. 389 thousands per persons engaged. Subsequently, one person engaged 441 thousands; three persons engaged 502 thousands; and so on. (Refer to Table 1-3.)

Fourthly, looking at the international comparison⁴ of the annual sales by size of persons engaged, for entities with 50 persons engaged and over, Cambodia⁵ was Rs. 622 billions. Subsequently, Nepal Rs. 1,377 billions; and Japan⁶ Rs. 1,294,623 billions.

3. For annual profit and loss⁷, entities with 100 to 499 persons engaged was largest in Nepal in 2017/18.

Looking at the annual profit and loss by size of persons engaged, entities with 100 to 499 persons engaged was the largest group with Rs. 140 billions accounting for 16.4%. Subsequently, 20 to 49 persons engaged 111 billions (13.0%); 10 to 19 persons engaged 98 billions (11.4%); 50 to 99 persons engaged 85 billions (10.0%); and so on.

On the other hand, nine persons engaged was the smallest group with Rs. 14

⁴ *There are some slight differences in the definition of entity, sales, industrial classification among three countries.*

⁵ *Source: Cambodia Economic Census 2011, USD 5,657 millions, USD 1 = Rs. 110.*

⁶ *Source: Japan Economic Census 2016 (under Japan Standard Industrial Classification, enterprise, etc.), JPY 1,294,623 billions, JPY 1 = Rs. 1.*

⁷ *The concept of the annual profit and loss is close to that of Operating Surplus/Mixed Income in Gross Domestic Products (GDP).*

billions accounting for 1.6%. Subsequently, eight persons engaged 18 billions (2.1%); seven persons engaged 19 billions (2.2%); and so on. (Refer to Table 1-1.)

Secondly, looking at the annual profit and loss per entity by size of persons engaged, 500 to 999 persons engaged was the largest group with Rs. 531 millions per entity. Subsequently, 1,000 persons engaged and over 438 millions; 100 to 499 persons engaged 95 millions; and so on.

On the other hand, one person engaged was the smallest group with Rs. 162 thousands per entity. Subsequently, two persons engaged 268 thousands; three persons engaged 504 thousands; and so on. (Refer to Table 1-2.)

The above mentioned results are in line with economic theory of “Economies of Scale”. That is, the larger the entity, the more the profit. (Refer to Graph 1.)

Thirdly, looking at the annual profit and loss per persons engaged by size of persons engaged, 500 to 999 persons engaged was the largest group with Rs. 802 thousands per persons engaged. Subsequently, 50 to 99 persons engaged 650 thousands; 100 to 499 persons engaged 499 thousands; and so on.

On the other hand, two persons engaged was the smallest group with Rs. 134 thousands per persons engaged. Subsequently, 1,000 persons engaged and over Rs. 146 thousands; one person engaged 162 thousands; three persons engaged 168 thousands; and so on. This indicates that the entities with 1,000 persons engaged and over in Nepal are relatively labor intensive. Generally, the entities with a large number of persons engaged tend to have a high wage cost ratio. This leads to a decrease in profits. (Refer to Table 1-3.)

4. For annual profit ratio to sales⁸, entities with eight persons engaged was largest.

Looking at the annual profit ratio to sales by size of persons engaged, entities with eight persons engaged was the largest group with 37.0%. Subsequently, 10 to 19 persons engaged 36.9%; one person engaged 36.7%; and so on.

On the other hand, 500 to 999 persons engaged was the smallest group with 20.2%. Subsequently, 1,000 persons engaged and over 21.7%; 100 to 499 21.9%; and so on. (Refer to Table 1-1.)

⁸ *Annual profit ratio to sales = annual profit and loss / annual sales * 100*

5. For female managers' annual sales, entities with two persons engaged was largest.

Looking at the annual sales of female managers by size of persons engaged, entities with two persons engaged was the largest group with Rs. 61 billions accounting for 21.2%. Subsequently, one person engaged 47 billions (16.5%); 100 to 499 persons engaged 30 billions (10.5%); and so on.

On the other hand, nine persons engaged was the smallest group with Rs. 3.9 billions accounting for 1.4%. Subsequently, seven persons engaged 5.2 billions (1.8%); eight persons engaged 5.5 billions (1.9%), and so on. (Refer to Table 5-1.)

6. For female managers' annual profit and loss, entities with two persons engaged was largest.

Looking at the annual profit and loss of female managers by size of persons engaged, entities with two persons engaged was the largest group with Rs. 20 billions accounting for 21.9%. Subsequently, one person engaged 16 billions (17.4%); 20 to 49 persons engaged 9 billions (9.8%); 100 to 499 persons engaged 8 billions (9.1%); and so on.

On the other hand, 1,000 persons engaged and over was the smallest group with Rs. 1.30 billions accounting for 1.4%; Subsequently, nine persons engaged 1.35 billions (1.5%); seven persons engaged 2.00 billions (2.2%), and so on. (Refer to Table 5-1.)

Note: In Major Highlights, some proportions are calculated from respective reference table.