

Major Highlights of National Report No. 3-1 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, firstly National Report No. 1 series (1-1, 1-2, and 1-3) contains information on establishments and persons engaged by industry, by size of persons engaged, and by province and district. Secondly, National Report No. 2 series (2-1, 2-2, and 2-3) contains information on sales, expenses, and profit and loss by industry, by size of persons engaged, and by province and district. Thirdly, National Report No. 3-1 contains information on salaries and wages by industry, that is, the seventh release is outlined as follows:

1. Total number of entities¹ with paid employees is 219,303 in Nepal.

There were 219,303 entities with paid employees in Nepal as of 14 April 2018 as the final results of the NEC2018. The number of paid employees was 1,709,101. (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. Annual salaries and wages² were 421 billion rupees in Nepal in 2017/18³.

Looking at the annual salaries and wages by industry (Section of NSIC⁴), “Manufacturing” (Section C) such as tea factories and brick factories was the largest Section with Rs. 86 billions accounting for 20.3%. Subsequently,

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 salaries and wages is close to that of Compensation of Employees in national accounts.

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

⁴ NSIC stands for Nepal Standard Industrial Classification. NSIC is based on International Standard Industrial Classification (ISIC) Revision 4, and the contents of NSIC is basically the same as those of ISIC.

“Education” (Section P) such as schools, universities, and technical schools was 68 billions (16.3%); “Wholesale and retail trade; repair of motor vehicles and motorcycles” (Section G) such as shops, super markets, and department stores was 66 billions (15.6%); “Financial and insurance activities” (Section K) such as banks and insurance companies was 52 billions (12.4%); and so on. On the other hand, “Arts, entertainment and recreation” (Section R) such as football clubs, fitness centers, and amusement parks was the smallest Section with Rs. 2.0 billions accounting for 0.5% except “Real estate activities” (Section L)⁵. Subsequently, “Mining and quarrying” (Section B) such as quarrying of stone, sand, and clay was 3.9 billions (0.9%); “Water supply; sewerage, waste management and remediation activities” (Section E) such as purification of water and distribution of water was 5.6 billions (1.3%) except “Construction” (Section F)⁶; and so on. (Refer to Table 1-1.)

Secondly, looking at the annual salaries and wages per entity by industry, “Information and communication” (Section J) such as internet providers and TV stations was the largest with Rs. 13.8 millions per entity. Subsequently, “Mining and quarrying” (Section B) was 9.80 millions; “Electricity, gas, steam and air conditioning supply” (Section D) such as power generation and sale of electricity to users was 9.79 millions; and so on.

On the other hand, “Other service activities” (Section S) such as hairdressing, repairing computers, and repairing mobiles was the smallest Section with Rs. 583 thousands per entity. Subsequently, “Agriculture, forestry and fishing” (Section A⁷) was 830 thousands; “Wholesale and retail trade; repair of motor vehicles and motorcycles” (Section G) was 1,026 thousands; and so on. (Refer to Table 1-2.)

Thirdly, looking at the annual salaries and wages per paid employee by industry, “Electricity, gas, steam and air conditioning supply” (Section D) was the largest Section with Rs. 765 thousands per paid employee. Subsequently, “Information

⁵ In “Real estate activities” (Section L), individual real-estate owners who lend his extra house or land, are not registered, and don’t have his/her office were not surveyed due to establishment approach. Individuals who make real-estate transactions informally or individually were also the same.

⁶ In “Construction” (Section F), individual construction builders such as carpenters, house painters, electricians, mason, plumbers who are not registered and don’t have his/her office were not surveyed due to establishment approach.

⁷ In “Agriculture, forestry and fishing” (Section A), registered establishments only.

and communication” (Section J) was 718 thousands; “Water supply; sewerage, waste management and remediation activities” (Section E) was 594 thousands; “Mining and quarrying” (Section B) was 592 thousands; and so on.

On the other hand, “Education” (Section P) was the smallest Section with Rs. 140 thousands per paid employee. Subsequently, “Other service activities” (Section S) was 154 thousands per persons engaged. “Agriculture, forestry and fishing” (Section A) was 175 thousands; “Arts, entertainment and recreation” (Section R) 176 thousands; and so on. (Refer to Table 1-3.)

Fourthly, looking at the international comparison⁸ of the annual salaries and wages by industry, at first for “Manufacturing” (Section C), Cambodia⁹ was Rs, 27 billions. Subsequently, Nepal Rs. 86 billions; Sri Lanka¹⁰ Rs. 160 billions; Egypt¹¹ Rs. 729 billions; Indonesia¹² Rs. 2,795 billions; Viet Nam¹³ Rs. 3,517 billions; and Japan¹⁴ Rs. 46.437 billions.

For “Wholesale and retail trade; repair of motor vehicles and motorcycles” (Section G), Cambodia⁹ was Rs, 7 billions. Subsequently, Sri Lanka¹⁰ Rs. 42 billions; Nepal Rs. 66 billions; Egypt¹¹ Rs. 429 billions; Indonesia¹² Rs. 1,464 billions; Viet Nam¹³ Rs. 2,522 billions; and Japan¹⁴ Rs. 35,498 billions.

3. For ratio of annual salaries and wages to sales¹⁵, “Other service activities” was highest.

Looking at the ratio of the annual salaries and wages to sales by industry,

⁸ *There are some slight differences in the definition of entity, salaries and wages, industrial classification among six countries.*

⁹ *Source: Cambodia Economic Census 2011, USD 241 millions, USD 1 = Rs. 110.*

¹⁰ *Source: Sri Lanka Economic Census 2013/14, LKR 267 billions (Formal only), LKR 1= Rs.0.6.*

¹¹ *Source: Egypt Economic Census 2017/2018, EGP (LE) 104 billions, EGP 1 = Rs. 7.*

¹² *Source: Indonesia National Labor Force Survey 2019, IDR 411,051 billions (Net Salaries/Wages or Net Income), IDR 10,000 = Rs. 68.*

¹³ *Source: Viet Nam Statistical Yearbook 2019 and Labor Force Survey 2017, VND 748,246 billions (Labor Productivity), VND 10,000 = Rs. 47.*

¹⁴ *Source: Japan Economic Census 2016 (under Japan Standard Industrial Classification), JPY 46,437 billions, JPY 1 = Rs. 1.*

¹⁵ *Ratio of annual salaries and wages to sales (Personnel Expenditure Ratio) = annual salaries and wages / annual sales * 100*

Herein, sales mean revenues/sales.

“Other service activities” (Section S) was the highest Section with 32.5%. Subsequently, “Arts, entertainment and recreation” (Section R) was 31.8%; “Human health and social work activities” (Section Q) was 30.5%; and so on. This means that personnel expenditure in these Sections are relatively higher than other Sections.

On the other hand, “Electricity, gas, steam and air conditioning supply” (Section D) was the lowest Section with 8.1% except “Construction” (Section F). Subsequently, “Information and communication” (Section J) was 11.4% except “Transportation and storage” (Section H)¹⁶; “Manufacturing” (Section C) was 13.3% except “Real estate activities” (Section L); and so on. (Refer to Table 1-1.)

4. Registered entities’ annual salaries and wages accounted for 96.4% of the total

The annual salaries and wages of “Registered” entities were Rs. 406 billions accounting for 96.4% of the total. On the other hand, those of “Not registered” entities were 15 billions (3.5%) only. It means most of salaries and wages are paid by registered entities. (Refer to Table 2-1 and 3-1.)

5. Female manager entities’ annual salaries and wages accounted for 8.5% of the total

Looking at the annual salaries and wages of entities with female managers by industry, “Financial and insurance activities” (Section K) was the largest Section with Rs. 7.2 billions accounting for 20.1%. Subsequently, “Education” (Section P) 6.8 billions (19.0%); “Wholesale and retail trade; repair of motor vehicles and motorcycles” (Section G) 4.1 billions (11.5%); and so on.

On the other hand, “Mining and quarrying” (Section B) was the smallest Section with Rs. 26 millions accounting for 0.1% except “Real estate activities” (Section L). Subsequently, “Arts, entertainment and recreation” (Section R) 101 millions (0.3%) except “Construction” (Section F); “Electricity, gas, steam and air conditioning supply” (Section D) 240 millions (0.7%) except “Transportation and storage” (Section H); and so on. (Refer to Table 5-1.)

¹⁶ In “Transportation and storage” (Section H), individual mobile businesses such as taxis, buses, motorcycle taxis which are not registered and don’t have his/her/ their office were not surveyed due to establishment approach.

6. Kathmandu was the largest district in annual salaries and wages.

Looking at the annual salaries and wages by district, Kathmandu, the capital of Nepal was the largest district with Rs. 141 billions accounting for 33.4%. Subsequently, Lalitpur was 32 billions (7.6%); Morang was 21 billions (5.0%); Rupandehi where is the birthplace of Buddha was 18.5 billions (4.38%); Kaski was 18.3 billions (4.35%); Sunsari was 17.7 billions (4.21%); and so on. There are big differences between three districts in Kathmandu Valley and other districts. This is because many head offices and entities with paid employees are located in Kathmandu Valley. All financial statements are managed by head office. Therefore, for example, even if big factories are being operated in Morang, their financial data are counted in Kathmandu if their head offices are located in Kathmandu.

On the other hand, Rukum East was the smallest district with Rs. 100 millions accounting for 0.02%. Subsequently, Manang was 103 millions (0.02%); Rasuwa was 173 millions (0.04%); and so on. (Refer to Summary Table 1-1.)

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

