

Major Highlights of National Report No. 1-1 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. The final results of the NEC2018 were released on 1 July 2019 around fourteen months after the reference date, and are outlined as follows:

1. Total number of establishments is 923,356 in Nepal.

There were 923,356 establishments in Nepal as of 14 April 2018 as the final results of the NEC2018. The number of persons engaged in these establishments was 3,228,457. (Refer to Table 1-1 and 2-1.)

Definition of establishment

The establishment as an enumeration unit for the NEC2018 is defined as follows, according to the International Standard Industrial Classification (ISIC) of Economic Activities, Revision 4 of the United Nations: The establishment can be 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.

Generally speaking, there are three kinds of establishments: fixed, movable, and mobile. “Fixed” means an establishment running some economic activity always in the fixed place and building; “movable” means an establishment running some economic activity always in the fixed place, but it is possible to move the place easily; and “mobile” means an establishment running some economic activity peddling in the street. Since the NEC2018 covered “fixed” and “movable” establishments only, unfixed “mobile” establishments were not included in these final results.

Coverage

The NEC2018 covers all establishments which exist at the reference date in the territory of Nepal. The following establishments, however, are excluded:

- a) Non-registered establishments classified into “Section A, Agriculture, forestry and fishing” specified in the National Standard Industrial Classification (NSIC)¹ of Nepal,*

- b) Establishments classified into “Section O, Public administration and defense; compulsory social security” specified in NSIC,*
- c) Establishments classified into “Section T Activities of households as employers; undifferentiated goods-and services-producing activities of households for own use” specified in NSIC,*
- d) Establishments classified into “Section U, Activities of extraterritorial organizations and bodies” specified in NSIC.*

However, establishments which process agriculture, forestry, and fishery products were included in these final results as “Manufacturing” (Section C) of NSIC.

- 1) NSIC is based on ISIC Revision 4, and the contents of NSIC is basically the same as those of ISIC.*

As mentioned above, the NEC2018 covered most of the secondary and tertiary sectors.²⁾ The movement of persons engaged from the primary sector to the secondary or tertiary sector is one of the features commonly seen in the process of the development of a country. Therefore, the same movement probably has already begun also in Nepal. It means that the number of persons engaged in the secondary and tertiary sectors is probably increasing.

- 2) The primary sector means Agriculture, Forestry, and Fishery sectors, while the secondary and tertiary sectors mean other than the primary sector.*

2. New establishments are about 400,000 accounting for one third

There were 394,219 new establishments which started business between April 2015 and April 2018. New establishments accounted for a high ratio: 42.7% of the total establishments. The number of persons engaged in these new establishments was 910,490 or 28.2%. That is, a large number of new establishments appeared in April 2015 or later, and many persons engaged have been working for these new ones. It means that Nepal economy is rapidly growing, and that the recent economic policies implemented by the Government of Nepal such as the Annual Development Plan (2014-2017) and the Periodic Plan (2014-2017) are successful. (Refer to Table 1-8-1 and 2-8-1.)

3. Street businesses³⁾ are about 34,000.

The number of street businesses was 34,101 and accounted for 3.7% of the total number of establishments. The number of persons engaged in street businesses was 45,330 or 1.4%. (Refer to Table 1-11-1 and 2-11-1.)

3) *Street business means a business such as a stall, a booth, etc. that is in operation at a fixed location on sidewalk or roadside.*

4. “Wholesale and retail trade and repair of motor vehicles and motorcycles” accounts for more than 50%.

Looking at the number of establishments by Section of NSIC, “Wholesale and retail trade and repair of motor vehicles and motorcycles” (Section G) was the largest Section with 498 thousands accounting for 53.9%. Subsequently, “Accommodation and food service activities” (Section I) 131 thousands (14.1%); “Manufacturing” (Section C) 104 thousands (11.3%); “Other service activities” (Section S) 58 thousands (6.2%); and so on. (Refer to Table 1-1.)

In “Manufacturing”, especially “Wearing apparel, except fur apparel” (1410) and “Grain mill products” (1061) were outstanding. (Refer to Table 1-18.)

In terms of the number of persons engaged by Section of NSIC, “Wholesale and retail trade and repair of motor vehicles and motorcycles” (Section G) was also the largest Section with 988 thousands accounting for 30.6%. Subsequently, “Education” (Section P) 513 thousands (15.9%); “Manufacturing” (Section C) 511 thousands (15.8%); “Accommodation and food service activities” (Section I) 346 thousands (10.7%); “Financial and insurance activities” (Section K) 207 thousands (6.4%); and so on. (Refer to Table 2-1.)

In “Manufacturing”, especially “Clay building materials” (2392); “Wearing apparel, except fur apparel” (1410), “Grain mill products” (1061), “Manufacture of furniture” (3100), “Manufacture of jewellery and related articles” (3211), and “Manufacture of structural metal products” (2511) were outstanding. (Refer to Table 2-18.)

5. In new establishments, “Wholesale and retail trade and repair of motor vehicles and motorcycles” accounts for nearly 60%.

Looking at the number of new establishments by Section of NSIC, “Wholesale and retail trade and repair of motor vehicles and motorcycles” (Section G) was

the largest Section with 229 thousands accounting for 58.1%. Subsequently, “Accommodation and food service activities” (Section I) 69 thousands (17.5%); “Manufacturing” (Section C) 43 thousands (10.9%); “Other service activities” (Section S) 22 thousands (5.7%) with outstanding “Hairdressing and other beauty treatment” (9602); and so on. (Refer to Table 1-8-1.)

In terms of the number of persons engaged in new establishments by Section of NSIC, “Wholesale and retail trade and repair of motor vehicles and motorcycles” (Section G) was also the largest Section with 412 thousands accounting for 45.3%. Subsequently, “Accommodation and food service activities” (Section I) 165 thousands (18.2%); “Manufacturing” (Section C) 145 thousands (15.9%); “Other service activities” (Section S) 46 thousands (5.0%); and so on. (Refer to Table 2-8-1.)

6. In street businesses, “Wholesale and retail trade and repair of motor vehicles and motorcycles” accounts for nearly 80%.

Looking at the number of street businesses by Section of NSIC, “Wholesale and retail trade and repair of motor vehicles and motorcycles” (Section G) was the largest Section of 27 thousands accounting for 78.4%. Subsequently, “Accommodation and food service activities” (Section I) 5 thousands (14.9%); “Other service activities” (Section S) 1 thousands (4.2%); and so on. (Refer to Table 1-11-1.)

In terms of the number of persons engaged in street businesses by Section of NSIC, “Wholesale and retail trade and repair of motor vehicles and motorcycles” (Section G) was also the largest Section with 35 thousands accounting for 77.5%. Subsequently, “Accommodation and food service activities” (Section I) 7 thousands (15.7%); “Other service activities” (Section S) 2 thousands (3.8%); and so on. (Refer to Table 2-11-1.)

7. “Owned” accounts for nearly 50% on “Tenure of Business Place (building)”.

Looking at the tenure of business place (building), 46.7% of the total number of establishments except “not applicable” own their business places (building). It means that the rate of possession is fairly high in Nepal. This situation is more advantageous for Nepal to sustain its economic growth since about 50% of

establishments can continue to operate their businesses with low cost. (Refer to Table 1-9-1.)

8. “Under 100ft²” accounts for more than 20% on “Area of Business Place (building/room)”.

Looking at the area of business place, establishments whose areas are under 100ft² (about 9.3m²) account for 20.8% of the total number of establishments except “not applicable”. It means that more than one fifth of establishments are running their businesses with a very narrow space. On the other hand, establishments whose area are 1000ft² (about 93m²) or more account for only 9.7%. (Refer to Table 1-12-1.)

9. Female managers account for nearly 30%.

The number of female managers were 273 thousands accounting for 29.6% of the total number of establishments. Looking at the ratio of female managers by Section of NSIC, “Accommodation and food service activities” (Section I) was the highest accounting for 40.3%. Followed by “Human health and social work activities” (Section Q) 40.2% with outstanding “Other social work activities without accommodation” (8890) like activities for disaster victims and refugees. In addition, both “Medical and dental practice activities” (8620) and “Hospital activities” (8610) were also outstanding. Subsequently, “Wholesale and retail trade; repair of motor vehicles and motorcycles” (Section G) 31.7%; and so on. (Refer to Table 1-2-1 and 1-18.)

10. Young managers account for more than 50%.

The number of young managers, that was under 40 years old, were 499 thousands accounting for 54.0% of the total number of establishments. Looking at the ratio of young managers by Section of NSIC, “Arts, entertainment and recreation” (Section R) was the highest accounting for 63.7% with outstanding “Creative, arts and entertainment activities” (9000) like painters and engravers. Subsequently, “Other service activities” (Section S) 62.8% with outstanding “Hairdressing and other beauty treatment” (9602); “Information and communication” (Section J) 61.7% with outstanding “Other telecommunications activities” (6190) like provision of telephone and Internet access; “Financial and insurance activities” (Section K) 59.2% with outstanding “Other monetary

intermediation” (6419) like banks; and so on. (Refer to Table 1-3-1.)

11. “Not registered” accounts for nearly 50%.

The number of non-registered establishments⁴⁾ were 460 thousands accounting for 49.9% of the total number of establishments. It means that about a half of the establishments were not registered in Nepal. Looking at the ratio of non-registered establishments by Section of NSIC, “Accommodation and food service activities” (Section I) was the highest with 63.3%. Subsequently, “Wholesale and retail trade; repair of motor vehicles and motorcycles” (Section G) 56.0%; “Other service activities” (Section S) 52.7%; and so on. (Refer to Table 1-1.)

4) Establishments having not yet registered at any ministries and agencies.

12. “Single Unit” accounts for more than 97%.

Single-unit establishments accounted for more than 97.4% of the total number of establishments. It means that most of establishments in Nepal consisted of single-unit establishments, while head offices and branches accounted for a very few percent only. (Refer to Table 1-14-1.)

13. “No accounting record” accounts for more than 50%.

The number of entities⁵⁾ with no accounting record were 472 thousands accounting for 52.4% of the total number of entities. It means that more than half of the entities have no accounting record in Nepal. Looking at the ratio of entities with no accounting record by Section of NSIC, “Accommodation and food service activities” (Section I) was the highest with 60.8%. Subsequently, “Wholesale and retail trade; repair of motor vehicles and motorcycles” (Section G) 58.2%; “Manufacturing” (Section C) 55.0%; and so on. (Refer to Table 1-15.)

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

14. Kathmandu accounts for more than 10% of establishments in “Manufacturing”.

Looking at the number of establishments in “Manufacturing” (Section C) by

district, Kathmandu was the largest with 11,691 accounting for 11.2%. Subsequently, Jhapa 4,318 (4.1%); Morang 4,081 (3.9%); Rupandehi 4,022 (3.9%); Sunsari 3,836 (3.7%); Lalitpur 3,733(3.6%); Chitawan 3,462 (3.3%); Bhaktapur 3,367 (3.2%); and so on. This means that manufacturing industrial areas are concentrated in two places, Kathmandu valley and south-east plain area. (Refer to Table 3.)

In terms of the number of persons engaged in “Manufacturing” (Section C) by district, Kathmandu was also the largest with 55,468 accounting for 10.9%. Subsequently, Morang 36,499 (7.1%); Sunsari 27,260 (5.3%); Bhaktapur 24,364 (4.8%); Lalitpur 22,012 (4.3%); Jhapa 20,451 (4.0%); and so on. (Refer to Table 4.)

Finally, as mentioned above, 50% are non-registered establishments, 90% are individual proprietors, 97% are single-units, and 50% have no accounting record at present in Nepal. Under such circumstances, Nepal has relatively low domestic production, and needs to import most of materials and goods. It means that the economy of Nepal has a high-cost structure in the secondary and tertiary industries. Therefore, it is very important for Nepal to enhance domestic production and to break away from this high-cost economy in order to achieve further socio-economic development.

