



Project on Capacity Development for Implementation of Economic Census 2018 **Manufacturing Establishment Census of Nepal**

Presented by
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1. Industrial Statistics and Scope

Definition:

In brief, internationally, the Industrial Statistics are those statistics which provide information on economic activity, particularly in the areas of

- Mining and quarrying;
- Manufacturing;
- Electricity, gas, steam and air-conditioning supply; and
- Water supply, sewerage, and waste management activities.

1. Industrial Statistics and Scope

Definition (contd.):

In general, industrial statistics are statistics reflecting the characteristics and economic activities of units or establishments engaged in a class of industrial activities that are defined in ISIC, Rev.4.

Thus, Industrial Statistics are the numerical information on various Industrial economic activities those are systematically collected, processed, analyzed and disseminated.

1. Industrial Statistics and Scope

Scope:

The recommendations made on scope of industrial statistics are relevant to a limited set of economic activities undertaken in the following areas:

- (a) Mining and quarrying (sect. B of ISIC, Rev.4);
- (b) Manufacturing (sect. C of ISIC, Rev.4);
- (c) Electricity, gas, steam and air-conditioning supply (sect. D of ISIC, Rev.4);
- (d) Water supply; sewerage, waste management activities (sect. E of ISIC, Rev.4).

2. Source of Industrial Statistics

In Nepal, the main sources of Industrial Statistics are:

1. Manufacturing Census and Survey

- National Census of Manufacturing Establishments (carried out in every five year by CBs);
- Survey of Small Manufacturing Establishments (carried out in every 10 year by CBs);
- Ad hoc Survey of Industrial activities carried out by different agencies.

2. Administrative Records/Report: Administrative records/report of:

- ❖ Ministry of Industry;
- ❖ Department of Industry;
- ❖ Cottage and Small Scale Industries Development Committee;
- ❖ Centre for National Productivity and Economic Development (CNPED);
- ❖ Centre for Economic Development and Administration and many other

3. NCME and SSME of Nepal

1. Introduction:

- The National Census of Manufacturing Establishments (NCME) and the Survey of Small Manufacturing Establishments (SSME) are the two primary sources of industrial statistics in Nepal.
- The NCME and SSME are the regular periodic statistical operation for collecting, managing and disseminating data on the manufacturing sector of Nepal.
- Industrial statistics gathering exercises through census and survey are being carried out by CBS.
- The NCME is carried out in every 5 years whereas SSME is carried out in every 10 years.

3. NCME and SSME of Nepal

1. Introduction (contd.):

- In Nepal, the first Census of Manufacturing Establishments (CME) was conducted in 1964/65 (2022 B.S).
- After that the second, third, fourth, fifth, sixth, seventh, eighth, ninth and 10th CMEs were conducted in 2030, 2034, 2039, 2044, 2049, 2054, 2059, 2064 and 2069 respectively.
- The 11th census of manufacturing establishments will be carried out in 2018 (or 2019).
- Similarly, CBS conducted the first survey of Small Manufacturing Establishments (SSME) in 1972/73 (2029 B.S.).
- The second, third, fourth and fifth SSMEs were carried out in 2039, 2049, 2056 and 2064 B.S. respectively. The sixth survey of manufacturing establishment will be carried out in 2019 (2074 B.S).

3. NCME and SSME of Nepal

3. Needs and Importance of Industrial Statistics

Needs :

- To analyze past trend of the Industrial activities
- To obtain present situation of the Industrial activities
- To forecast future situation of the Industrial activities
- To helps the formulation of National plans, policies and program as well as international comparison

Importance:

- Useful to formulate Industrial plans, policies and programs
- Helps to prioritize Industrial development activities
- Useful in estimating resources and their allocation
- Useful in monitoring and evaluation of Industrial policies, plans and strategies
- Helps to compare the national Industrial status and its activities with the rest of the world and with the different parts of the country.

3. NCME and SSME of Nepal

4. Objectives of Census and Survey

The overall objective of the NCMEs were collect, process and disseminate statistics of operational manufacturing establishments engaging ten or more persons in the reference period. Similarly, the overall objective of SSMEs were to collect, process and disseminate statistics of operational manufacturing establishments engaging less than ten persons in the reference period.

The specific objectives were to:

- a) collect, produce and disseminate statistics on the composition, growth and structure of the existing manufacturing establishments;
- b) collect and produce statistics on employment in the manufacturing establishments;
- c) collect and produce statistics on legal status, ownership, raw materials, energy use;
- d) collect costs incurred, sales, stock of raw materials and finished products;

3. NCME and SSME of Nepal

The specific objectives were to (contd.):

- e) produce information by Nepal Standard Industrial Classification (NSIC) and Central Product Classification (CPC) to compare data nationally and internationally;
- f) produce information on output and input of manufacturing establishments by CPC;
- g) collect information on establishment's attempts to manage environment;
- h) collect information on problems faced by the manufacturing establishments;
- i) produce statistics of manufacturing establishments at national, regional and district levels; and
- j) fulfill the data gap (particularly SSME) arising due to limited coverage of the NCME;

3. NCME and SSME of Nepal

5. Scope and Coverage:

Regarding the scope and coverage of the CME: *“all units involved in manufacturing activities defined in the Section C of NSIC/ISIC and engaging 10 or more persons and registered in any government body, where ever they may be located in the entire territory of the country”.*

Likewise, the scope and coverage of the SSME : *“all units involved in manufacturing activities defined in the Section C of NSIC/ISIC and engaging less than 10 persons and registered in any government body, where ever they may be located in the entire territory of the country”.*

3. NCME and SSME of Nepal

6. Methodology:

NCMEs were conducted under the overall guidance of the technical committee headed by the Director General of the CBS.

The CBS staffs carried out the entire work of census planning, questionnaire and manual preparation, training, supervision, data entry, editing and processing of the NCME.

The field work was carried out with the help of the staff of the CBS and Statistics Offices located in 33 districts of the country.

3. NCME and SSME of Nepal

6. Methodology (contd.):

❖ *The information collected in Manufacturing Census and Surveys follow the international conventions, practices, concept, definition, guideline and methodology. Particularly, “Industrial Statistics Guideline and Methodology, UNIDO” and “International recommendation for Industrial Statistics, 2008, Statistical Division, UN”, are used as the guideline and procedure for conducting the Industrial census and survey.*

❖ The establishments enumerated were classified according to the Nepal Standard Industrial Classification (NSIC) which is corresponding to “**International Standard Industrial Classification, Revision 4 (ISIC Rev.4)**, Department of Economic and Social Affairs, Statistical Division, UN”.

3. NCME and SSME of Nepal

6. Methodology (contd.):

For conducting census and survey, questionnaire were designed to collect information of manufacturing establishments on the following headings: [Questionnaire of NCME,2069](#)

S.N	NCME (data items)	S.N	SSME(data items)
1	Introduction of manufacturing establishment	1	Introduction of manufacturing establishment
2	Legal status	2	Legal status
3	Type of ownership	3	Employment
4	Major manufacturing activities and products	4	Purchase of fuel, water and electricity
5	Employment particulars	5	Purchase of raw materials
6	Purchase of fuel, water and electricity	6	Details production and sale of goods
7	Receipts from sale and cost of industrial services	7	Receipts from sale and cost of industrial services
8	Cost of raw materials purchased	8	Value of stock (inventories)
9	Details of production and sale of goods	9	Indirect Tax and Fees
10	Value of stock (inventories)	10	Loan Transaction
11	Cost of non-industrial service purchased	11	Cost of non-industrial service purchased
12	Tax	12	Receipts from Non-industrial services
13	Receipts from non-industrial service	13	Utilization of Production Capacity
14	Details of fixed assets	14	Fixed Assets
15	Capacity utilization	15	Environment
16	Investment and cost of environment protection	16	Problems faced by manufacturing establishments
17	Problems faced by manufacturing establishments		

3. NCME and SSME of Nepal

7.1 The principal indicators of last five NCMEs

Principal Indicators	2049 (1991/92)	2054 (1996/97)	2059 (2001/02)	2064 (2006/07)	2069 (2011/12)
Total Number of establishments	4,271	3,557	3,213	3,446	4,076
Total Number of persons engaged	223,463	196,708	191,853	177,550	204,360
Total Number of employees	213,653	187,316	181,943	169,891	194,989
Total wages, salaries and other benefits ('000 Rs.)	3,348,493	4,058,069	6,389,661	8,044,096	16,440,763
Value of fixed assets at the end of the reference period ('000 Rs.)	20,067,126	26,491,045	40,371,381	78,889,352	119,728,060
Value of input during the reference period ('000 Rs.)	20,937,000	34,868,272	69,484,824	115,304,387	241,767,640
Value of output during the reference period ('000 Rs.)	33,086,808	54,930,649	95,096,951	156,305,650	322,551,699
Total value added during the reference period ('000 Rs.)	12,149,808	20,062,377	25,612,127	41,001,263	80,784,059

3. NCME and SSME of Nepal

7.2 The principal indicators of SSMEs

Principal Indicators	2029 (1972/73)	2039 (1981/82)	2049 (1991/92)	2056 (1999/2000)	2069 (2008/09)
Total Number of establishments	376832		46413	43671	32326
Total Number of persons engaged	1040510		86703	121270	122200
Total Number of employees	16865		54081	46051	67376
Total wages, salaries and other benefits ('000 Rs.)	6125		654233	1104167	3583173
Value of fixed assets at the end of the reference period ('000 Rs.)			4951024	8165338	22860914
Census input during the reference period ('000 Rs.)	175276		4967453	19270532	28408636
Census output during the reference period ('000 Rs.)	303792		7530981	29945645	41428396
Total Census value added during the reference period ('000 Rs.)			2563528	6675113	13019760

3. NCME and SSME of Nepal

8. National Policy and Plan

The Industrial Policy 2010 aims to bring further positive changes in the area of manufacturing sector development in Nepal.

National 13th periodic plan (three years plan) aims to increase employment and reduce poverty by developing this sector by increasing investment and using skills, means, and possibility of existing manufacturing establishments. This plan has set to generate employment by 50 thousand per year. But there are a lot of obstacles and problems to fulfill the aim of the plan. Yet, the major problems in political instability, electricity supply, skilled labour and labour relations remain to be solved or tackled.

3. NCME and SSME of Nepal

9. The overall picture of the manufacturing sector

Analytical report “*Development of Manufacturing Industries in Nepal, 2014*”, based on the last regular census of manufacturing establishments and others agencies reports and documents such as the Ministry of Finance, Customs Department, Ministry of Industry, Ministry of Agriculture Development, Nepal Investment Board, Federation of Nepalese Chambers of Commerce and Industries (FNCCI) and the Confederation of Nepalese Industries (CNI), showed the present scenario or status of the manufacturing sector as follow:

➤ *Nepal’s manufacturing sector did not perform as the engine of growth. It is the smallest in the south Asia region (see figure 1 given below)*

3. NCME and SSME of Nepal

9. The overall picture of the manufacturing sector (contd.)

➤ *The manufacturing sector had its best year in 1991/92, declined in the census years 1996/97, 2001/2002, and 2006/07, and started a cautious recovery by the year 2011/12*

Figure 1: Regional comparison of MVA share in GDP (2012)

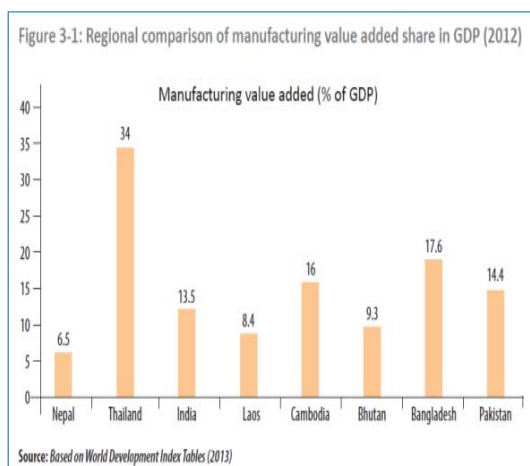
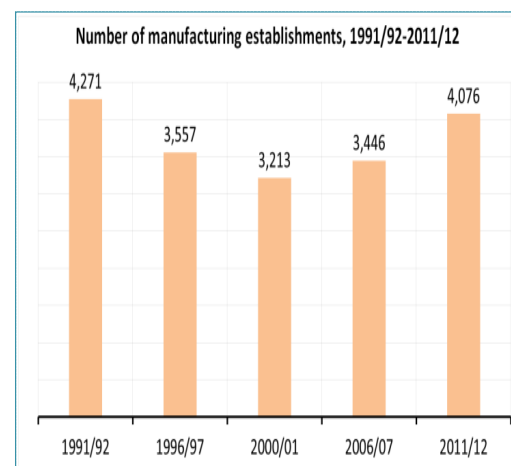


Figure 2: No. of manufacturing estabs, 1991/92 to 2011/12



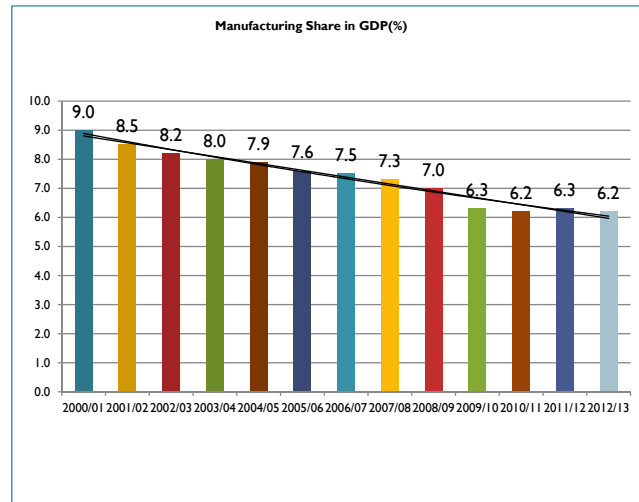
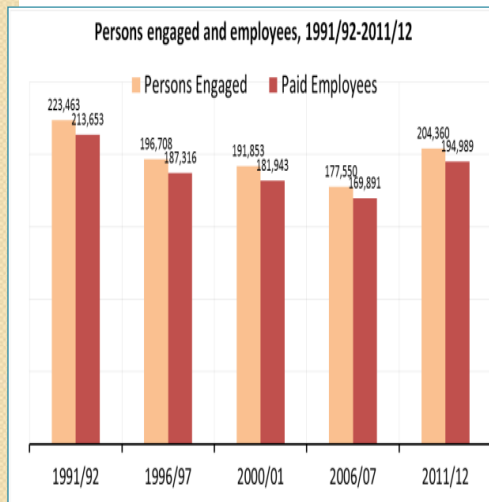
3. NCME and SSME of Nepal

9. The overall picture of the manufacturing sector (contd.)

➤ The share of manufacturing in the GDP gradually declined from 9.0 per cent in 2000/01 to 6.2 per cent in 2012/13 (see figure 4 given below).

Figure 3: Persons engaged and employee, 1991/92 to 2011/12

Figure 4: Manufacturing Share in GDP in percent



2. Industrial Statistics of Nepal

10. Data Gap

- ❖ Industrial statistics of Nepal could not cover all the sector of industrial economic activities as recommendation for industrial statistics, 2008;
- ❖ Proper industrial business register or economic census is essential tool for Industrial statistics and its improvement. Due to the poor industrial business register system and lack of the economic census in the country, we don't have a complete list or frame of industrial business units. With the absence of complete list of industrial business units, it is difficult to manage and control the under coverage. Thus, the coverage of a survey and census cannot be assumed to be complete;

2. Industrial Statistics of Nepal

Data Gap(contd.)

❖ Census and survey of manufacturing industry covered only those establishments which are registered in any government body. Those manufacturing industries operated without register and operated by household level could not capture;

❖ High frequency data (yearly and quarterly) needed for the National Account purpose as well as for the planner, policy and decision maker are not available.

Thank you
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