

Non-Observed Economy and effect of adopting SNA 2008 on GDP

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Concept and Definition

As per OECD norms;

“The groups of activities most likely to be non-observed are those that are *underground, illegal, informal sector, or undertaken by households for their own final use*. The activities may also be missed because of *deficiencies in the basic statistical data collection programme*. These groups of activities are referred as the *problem areas*”.

Concept and Definition (contd./-)

Non-Observed Economy (NOE):-

- Activities not included in National Accounts

Measurement of Non-Observed Economy (NOE):-

- **improvements in direct measurement**
- **improvements in indirect measurement**

Need of measurement of NOE

- **Informal sector, household production undertaken for own final use**
- **capital flight, shuttle trade, cross border shopping, tax evasion, and drug trafficking**
- **Capital flight and tax evasion**

Estimation methods, data sources and key challenges in measurement of NOE

- Unincorporated Manufacturing and non-financial enterprises;
 - Labour Input Method (Effec. LI Method) in absence of regular annual surveys

Data Source

- 67th round Survey on Unincorporated Enterprises, 2010-11
- 73rd round survey Unincorporated Enterprises (non-agricultural activities), 2015-16
- Five yearly NSS Consumption Expenditure Survey for household sector

Key Challenges

- Absence of annual survey for unincorporated enterprises.
- Regular and reliable source of information in respect of capital flight, shuttle trade, cross border shopping, tax evasion, and drug trafficking etc.
- Estimates of dwellings, other buildings and structures', 'machinery and equipment', 'cultivated biological resources' and 'intellectual property products'.

Implementation of 2008 SNA in India

- Valuation of various GVA, NVA and related aggregates at basic prices and GDP at market prices
- Separately estimates of the institutional sectors
- Distinction between General Government and public corporations
- Household sector estimates

Implementation of 2008 SNA in India (Contd./-

- Expenditure on Research & Development (R&D)
- Output of Financial Intermediation Services Indirectly Measured (FISIM) using a reference rate for the financial sector
- Output of central bank (RBI) cost.
- Consumption of fixed capital at the average prices of the period to a constant-quality price index of the asset concerned.

Implementation of 2008 SNA in India (Contd./-

- Non-financial assets
- Harmonisation between SNA and BPM

Data Dissemination/Releases

Release	Date of release	Time-lag
1. Advance Estimates of national income	7 th Feb.	2 months before the year
2. Provisional Estimates of national income	31 st May	2 months
3. Estimates of GDP for Q1 (Apr-Jun)	31 st August	2 months
4. Estimates of GDP for Q2 (Jul-Sep)	30 th Nov.	2 months
5. Estimates of GDP for Q3 (Oct-Dec)	7 th Feb.	2 months
6. Estimates of GDP for Q4 (Jan-Mar)	31 st May	2 months
7. First Revised Estimates of national income	31 st Jan.	10 months

Thank You Very Much