

# **Estimation of Military/Defence Output in National Accounts of Nepal**

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## **Outline of Presentation**

- SNA and Classification
- Current Practices
- Output
- Intermediate Consumption
- Value Added
- SNA2008

# SNA1993 & SNA2008, Classifications

- ISIC Rev3.1  ISIC 4.0

(ISIC rev3.1 and Page 145 (6.167), Page 290 (10.65))

## COFOG (government Expenditure)

Military/Defence	Defence	CS/IS
<b>02 - Defence</b>	- <b>02.1 - Military defence</b> - <b>02.2 - Civil defence</b> - <b>02.3 - Foreign military aid</b>	Collective Services
	- 02.4 - R&D Defence - 02.5 - Defence n.e.c.	Collective Services

# Sources of Information

Financial Comptroller General Office (FCGO) monthly data

Biannual Report of Ministry of Finance

## Disaggregates of COFOG (1)

SN	Particular	Code
	<b>Compensation of Employee</b>	
1	Salary	21111
2	Local Allowance	21112
3	Dearness Allowance	21113
4	Field Allowance	21114
5	Other Allowance	21119
6	Clothing	21121
7	Fooding	21122
8	Medical Expenses	21123

## Disaggregates of COFOG (2)

SN	Particular	Code
	<b>Service and Rent</b>	
1	Water and Electricity	21111
2	Telecommunication	21112
3	House Rent	21113
4	Other Rent	21114
	<b>Expenditure on Capital Services and Maintenance</b>	
1	Fuel and Oil Vehicles	22211
2	Operation and Maintenance	22212
3	Insurance	22213

## Disaggregates of COFOG (3)

SN	Particular	Code
	<b>General Office Expenses and Services</b>	
1	General Office Expenses	22311
2	Feeds for Animal and Birds	22312
3	Books and Materials	22313
4	Fuel and Oil for Administration	22314
5	Repair and Maintenance for Public Property	22321
	<b>Consultancy and Other Service Fee</b>	
1	Consultancy and Service Exp	22411
2	Other Service Fee	22412

## Disaggregates of COFOG (4)

SN	Particular	Code
	<b>Programme Expenditure</b>	
1	Employee Training	22511
2	Skill development and awareness Training Programme	22512
3	Production Materials/Services	22521
4	Programme Expenses	22522
5	Medicine Purchases	22531

## Disaggregates of COFOG (5)

SN	Particular	Code
	<b>Monitoring and Evaluation and Travelling Expenses</b>	
1	Monitoring and Evaluation Expenses	22611
2	Travelling Expenses	22612
3	Travelling Expenses for VIP and Delegates	22613
4	Other Travelling Expenses	22614

## Disaggregates of COFOG (6)

SN	Particular	Code
	<b>Miscellaneous Expenses</b>	
1	Miscellaneous Expenses	22711
	<b>Pensions</b>	
1	Pension and Disability Allowance	27311
2	Gratuity	27312
3	Accumulated Leave	27313
4	Medical Facility	27314
5	Deceased Staff Assistance	27315

## Disaggregates of COFOG (8)

SN	Particular	Code
	<b>Building</b>	
1	Building Purchases	29211
1	Building Construction	29221
2	Capital Formation Building	29231
	<b>Furniture</b>	
1	Furniture and fixtures	29311
	<b>Vehicle</b>	
1	Vehicle	29411
	<b>Plant &amp; Machinery</b>	
1	Machinery	29511

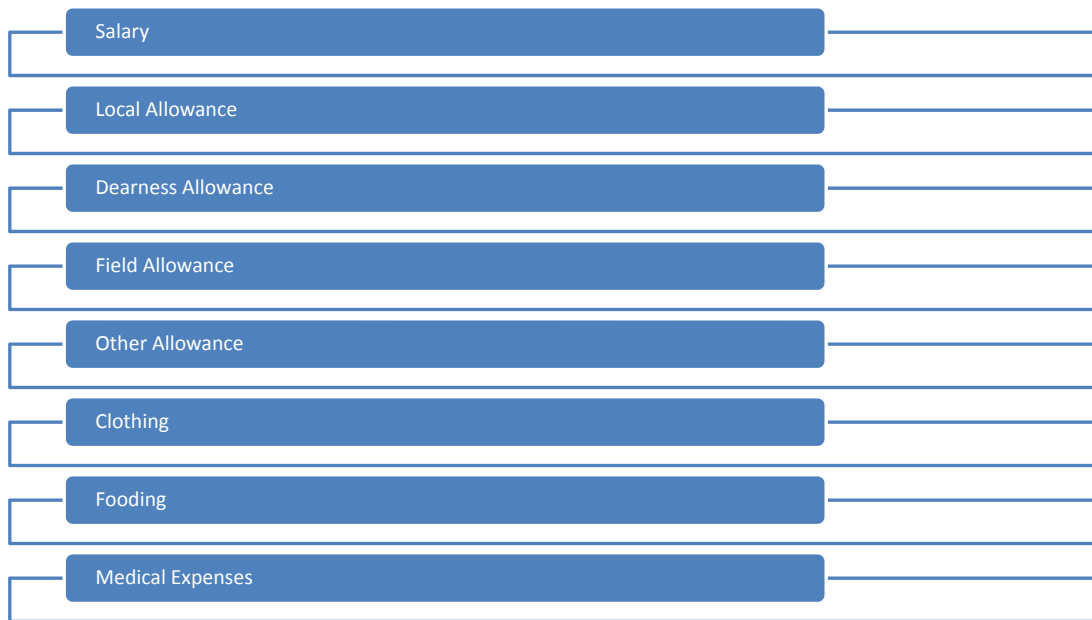
## Disaggregates of COFOG (9)

SN	Particular	Code
	<b>Civil Work &amp; Construction</b>	
1	Civil Work Construction	29611
2	Capital Formation	29621
	<b>Capital Research</b>	
1	Capital Research and Consultancy	29711
1	Software Development and Purchases	29712

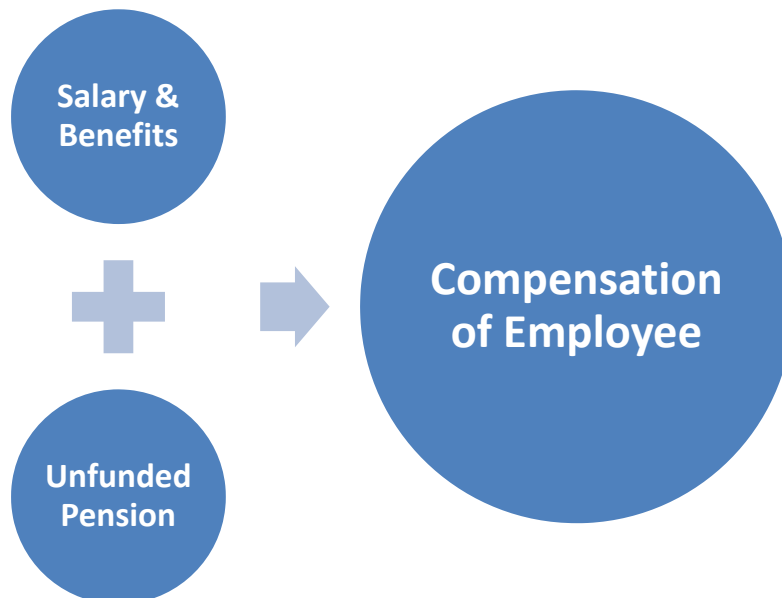
## Methodology

- Military Output = Compensation of Employee + Intermediate Consumption + CFC – receipt from Sales (revenue)

# Compensation of Employee

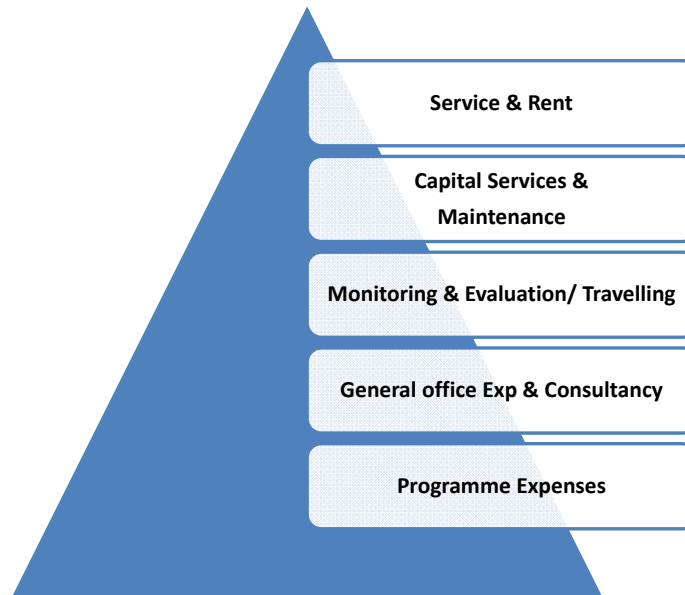


# Compensation of Employee

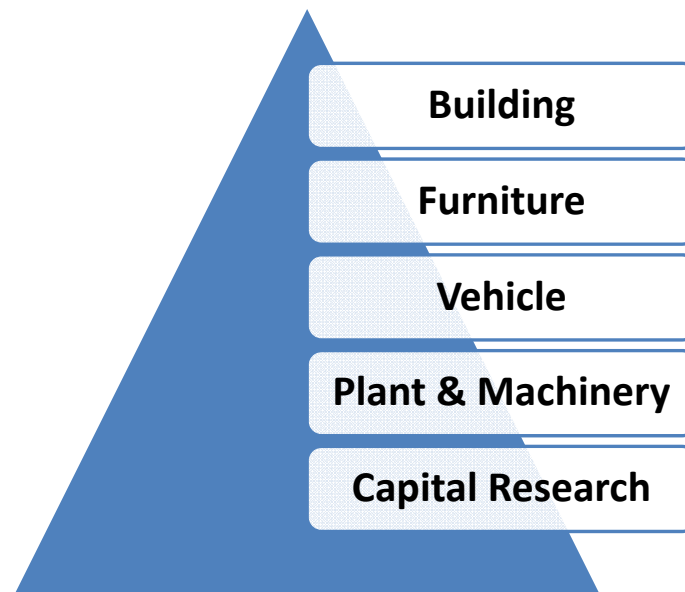




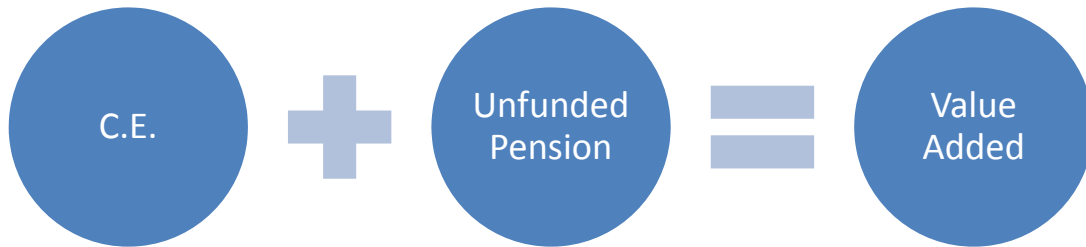
# Intermediate Consumption (1)



# Intermediate Consumption (2)



# Value Added of Military/Defense



## Military Equipment is Fixed asset 2008SNA

1. Military equipment can provide economic benefits to the economy in the form of defence services, in more than one period
2. Significant expenditure on equipment 2 to 5% of GDP.

## Military/Defence Output

- $SNA_{1993} = C.E. + \text{Intermediate Consumption} + \text{Military Equipment} + CFC - \text{Sales from receipt}$
  - $SNA_{2008} = C.E. + \text{Intermediate Consumption} + CFC - \text{Sale from receipt.}$
  - $SNA_{1993} \neq SNA_{2008}$
- Or  $SNA_{1993} = SNA_{2008} + \text{Military Equipment}$**

**Thank you for Kind Attention**  
**Any Question?**