Report of the Sub-Committee

On

System of Indian National Accounts

(Chairman: Dr.A.C. Kulshreshtha)

February 2015

Ministry of Statistics & Programme Implementation
Government of India
New Delhi

Acknowledgements

The subcommittee on System of National Accounts was set up by the Ministry of Statistics and Programme Implementation to consider implementation of pending recommendations of SNA 2008 and reformatting the national accounts, as per requirements of SNA 2008. The Subcommmittee deliberated on various issues in eight meetings and finalised the report.

I take this opportunity to thank all members of the Sub-Committee, special invitees and senior officers of the National Accounts Division for their valuable contribution.

My sincere thanks are due to Shri Ashish Kumar, DG I/C, CSO; Smt T. Rajeswari and Shri S. V. Ramana Murthy; DDGs; Shri Purnendu Kishore Banerjee, Smt. P. Bhanumati , Smt. Reena Singh, Smt. Anindita Sinha Ray, Shri Iqbal S.Naqvi and Shri Nagesh Kumar, Directors; Shri S. S. Jakhar, Dy. Director and the entire team of officers and staff of the National Accounts Division for their involvement, active participation and suggestions during the entire working period of the subcommittee.

I express my sincere thanks to officers of the Reserve Bank of India for their active cooperation in terms of attending the meetings and providing valuable inputs as per requirement of the Subcommittee for further analysis. I also thank the officials of the three regulatory authorities, namely, the SEBI, IRDA and PFRDA for their inputs, including providing, for the first time, data required for preparation of national accounting aggregates.

I would like to record my deep appreciation for professional and technical suggestions provided by all members of the sub-committee and logistic support provided by the CSO.

(Dr. A. C. Kulshreshtha)

Chairman

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CHAPTER-I

INTRODUCTION

BACKGROUND

1.1 Keeping in the view the scheduled revision of base year from 2004-05 to 2011-12, the Advisory Committee on National Accounts in its meeting held on July 24, 2013, recommended that a subcommittee on System of National Accounts may be set up to consider implementation of pending recommendations of SNA 2008 and reformatting the national accounts, as per requirements of SNA 2008. Accordingly a subcommittee was constituted under the chairmanship of Dr. A C. Kulshreshtha with the following terms of reference.

(i) To assess the present status of implementation of SNA, 1993 and SNA, 2008.
(ii) Suggest measures for implementation of each of the recommendations not yet implemented, including identifying data gaps for implementation
(iii) Suggest compilation framework using SUT for each of the sector and later its aggregate compilation
(iv) Suggest revised structure of the publication, 'National Accounts Statistics", in accordance with SNA, 2008 and provide guidance for presentation
(v) Suggest appropriate prices at which data should be presented
(vi) Suggest structure of sequence of accounts and sectoral accounts including balance sheet of the nation, and identify data gaps in compilation of these accounts

1.2 Order constituting the Subcommittee is placed at Annexure-I .Eight meetings of the Subcommittee were held to deliberate on the issues suggested in the terms of reference.

MEETINGS OF THE SUB-COMMITTEE

First meeting of the Sub-Committee

1.3 In the first meeting of the Sub-Committee held on September 26, 2013, the TORs of the subcommittee were discussed. Regarding TOR relating to compilation framework of SUT it was brought out that SUT framework enables one to make appropriate adjustments in the weak areas of estimation, either on the supply or on the use sides, to reconcile the supply and use of each sector. More importantly in the 2008 SNA sequence of accounts there is no place for statistical discrepancy or errors and omissions. All errors and omissions and/or statistical discrepancy are to be reconciled in the SUT framework. On the TORs relating to revised structure of NAS publication and valuation of various aggregates, it was recommended that only one publication of NAS at basic prices as recommended by SNA need to be brought out by the CSO. The status of implementation of SNA 2008 recommendations was also discussed in the meeting. As regards SUT, it was suggested that a methodological note may be prepared on the SUT based on 2009-10 which could be used by all the units of NAD for preparation of SUT for their respective sectors. Further there were preliminary discussions on the following issues relating to recommendations of SNA 2008:

i. Economic ownership
ii. Classification of PPPs
iii. Tax credits
iv. Holding gains
v. Coverage of Head offices
vi. Production taxes
vii. Reference rate for FISIM

1.4 There were detailed discussions on the following issues:

(i) Variables that are required for preparing sequence of accounts for Non-Govt. Non-Banking Financial Companies
(ii) Data gaps in unorganised sector
(iii) Coverage of NPISH in the household sector in the NAS
(iv) Re-classification of budgets,
(v) Data issues relating to Private Corporate sector
(vi) Coverage of NPIs serving Government, i.e. autonomous bodies presently covered to some extent in the public sector of NAS
(vii) Coverage of NPI serving Corporate sector
(viii) Updation of lists of NDCUs for improvement of non-financial corporations sector estimates

Second meeting of the Sub-Committee

1.5 In the second meeting of the Sub-committee held on January 02, 2014, the main issue discussed was estimation of FISIM as per SNA recommendations. Two papers, one each prepared by RBI and CSO, giving their views on FISIM estimation, were discussed during the meeting. It was brought out that the concept of FISIM is still an agenda for research, however, SNA 2008 provides some improvement over SNA 1993 extending the applicability of FISIM to the activity of lending exclusively from own funds (corporates as well as informal sector like money lenders). Further, the SNA 2008 has introduced the concept of a reference rate but has not provided any clear guidance on its computation. Hence, it was recommended that a widely acceptable definition of reference rate may be used in Indian national accounts. Some modifications were suggested in the NAD estimates of FISIM to be presented in the next meeting.

1.6 As the use of the term FISIM in case of insurance sector is not mentioned in SNA, the committee recommended that NAD may stop using this terminology in output calculation of insurance sector.

1.7 A note on implementability of SNA recommendations relating to financial instruments and external transactions was submitted by RBI for deliberations. It was stated by RBI that most of the recommendations could be implemented subject to data availability and presented details on each of such recommendation.

1.8 Regarding the recommendation relating to ‘Treatment of securities repurchase agreement’, it was stated that in the present scenario there is a possibility of same security being shown in investment account of two different entities at one particular point of time. This may lead to double counting and it is difficult to assess information on such cases of double counting. It was pointed out that the recommendation on ‘Treatment of debt instruments indexed to a foreign currency’ cannot be implemented as at present no debt instrument is indexed to a foreign currency. On the issue of unallocated gold accounts, it was brought out that unallocated gold accounts do not exist in the Indian context.

1.9 The recommendations on “Valuation of unlisted equity” and classification of financial assets into “Monetary gold”, “Currency”, “Loans”, “Trade credits & advances “ and “Other accounts receivable/payable” have already been implemented. Amongst the recommendations on external transactions, “Merchanting” and “Goods sent abroad for processing” have been implemented by the RBI.

Third meeting of the Sub-Committee

1.10 In the third meeting of the Sub-committee held on May 06, 2014, discussions on the implementability of SNA recommendations were continued. Following decisions were taken.

i. As information on **holding gains** is not reported separately by companies in their balance sheets, some procedure could be worked out for estimating holding gains. Moreover, if change in stock is re-valued, its impact may also be adjusted in the production account of respective industries. Initially, an exercise may be done for a few industries.

ii. As regards **coverage of head offices in the corporate sector**, it was decided to take up this issue separately as a research study, as to whether the head offices are covered under ASI.

iii. For preparing sequence of accounts for **Non-Govt. Non-Banking Financial Companies**, it was informed that NAD has identified the variables and these variables have been sent to RBI. The RBI was requested to examine the issue and provide their comments to the Committee.

iv. For the base year revision exercise, the existing study results on NPIs, could be used to enhance the coverage of NPISHs after blowing up for adequate coverage of NPIs.

Survey results of NPISH would be used to work out the contribution of NPISH in PFCE.

v. Regarding analysis of the **private corporate sector** data, it was informed that based on the data received from Ministry of Corporate Affairs, a status note would be submitted to the Sub-Committee after deliberations by the Sub-Committee on private corporate sector.

vi. For coverage of **NPI serving corporate sector**, it was informed that data for 1779 companies having section 25 code as "NPL" in their CIN (Company Identification Number) have been received from MCA. Based on information received from MCA, section 25 companies will be accounted for in the NAS.

vii. The issue of **tax credits** was discussed with representative of CBDT. It was pointed out that as MAT is a fictitious asset which does not have a corresponding liability for the Government in the budget, MAT must be excluded from the credits. It was informed that in analysis of NDCUs reports, MAT is subtracted from income tax paid. Hence, the SNA recommendation on payments of tax credits on gross basis has already been implemented. Further, it was informed that SNA recommendation on "Accrual recording of taxes" cannot be implemented as the entries of economic flows in Government Finance Statistics are not on accrual basis.

viii. Regarding breakup of **production taxes/subsidies**, it was informed that a re-classification of taxes and subsidies available in the budget for the year 2011-12 into product and production taxes/ subsidies is being done at NAD, in view of SNA 2008. A list of classification of a few central taxes and subsidies, prepared by NAD was also discussed. This would be taken up as a part of base year revision exercise.

ix. As regards data **gaps in unorganized sector** it was mentioned that another sub-committee is examining issues related to unorganized sector. It was recommended that those unincorporated enterprises which maintain accounts (covered by enterprise surveys) may be treated as quasi-corporate in the corporate sector, and included in the organized sector. As regards GVA of unorganized banking and insurance industry, there was a suggestion that NSS 67th round data may be used, by considering SHGs separately.

x. As regards methodology for estimation and allocation of **FISIM**, RBI was requested to examine the methodology and send their comments.

Fourth meeting of the Sub-Committee

1.11 In the fourth meeting of the Sub-committee held on July 22, 2014, there were mainly discussions on SNA 2008 treatment to be given to the output of the central bank (Reserve Bank of India) and the methodology for estimation of FISIM as per SNA 2008 was revisited. Following decisions were taken.

i. As information on holding gains is not available explicitly in the annual accounts, an exercise was undertaken by NAD for estimating re-valued change in stock for public sector enterprises i.e. NDCUs, for all industries, for the year 2011-12 and placed for discussion in the Sub-Committee meeting. After discussion it was recommended that this methodology may be adopted for NDCUs as well as private corporate sector in the new series.
ii. Re-classification for taxes/subsidies as prepared by NAD and DES, Himachal Pradesh was suggested for discussion in the subsequent meeting.
iii. As regards unorganized financial enterprises, the sub-committee recommended that a detailed paper may be prepared and presented by NAD on estimation of GVA and other national accounts statistics in respect of this sector using available survey data of National Sample Survey Office (NSSO), stock exchanges, stock brokers, financial institutions like SEBI, IRDA etc. This exercise will increase the coverage of financial institutions in Indian national accounts statistics.
iv. Based on discussions, certain revisions were required in the working paper on FISIM estimation to firm up the methodology of estimation in the next meeting.
v. RBI was requested to provide their comments/information on the following:
    a. Branch of a non-resident unit recognized as institutional unit: Information available in a database format so that national accounts estimates could be generated
    b. Non-government non-banking financial companies (NGNBFC): Data on all the housing finance companies
    c. Import of FISIM: Details of RBI's Balance of Payment (BPM) estimate of import of FISIM
    d. Regional rural banks (RRB): Comments on the deposit, loan and interest figures
vi. As regards SUT, a balanced SUT for 2009-10 was prepared and presented to the members. After discussions it was decided that an unbalanced SUT 2009-10 may also be presented in the next meeting so that the level of discrepancy in supply and use side could be examined.
vii. Major issues of finalizing the structure of NAS publication and SUT framework for deriving estimates of GDP were suggested for discussion in the next meeting.

Fifth meeting of the Sub-Committee

1.12 The revised structure of statements of "National Accounts Statistics (NAS)" publication was discussed in detail by the members in the fifth meeting held on 20th November 2014, keeping in view the users requirements while ensuring that the terminology and concepts are in line with SNA 2008 and that no significant information as per present NAS is being missed out. The unanimous decisions taken by the sub-committee on each of the Statements were incorporated in the structure of Press note and NAS publication, presented in a separate chapter of this report.

Sixth to Eighth meetings of the Sub-Committee

1.13 In the last three meetings, there were deliberations on mainly the following issues:

i. *Reclassification of taxes/subsidies on production and product* in the Central Government Budget identified by officers of National Accounts Division (in discussion with Sh. Naresh Kumar) and State Budgets as identified by the Economic Adviser, DES, Himachal Pradesh for the year 2011-12. After deliberations, certain recommendations were provided. These are mentioned in a separate chapter of the report.

ii. *Deliberations on SUT framework for deriving estimates of GDP:* Each product group in the note on discrepancies observed in unbalanced SUT 2009-10 was discussed in detail by the members and appropriate guidance/ recommendations were given. Thereafter, in the last meeting, an unbalanced SUT, 2011-12 was presented by NAD officials. After discussion, it was suggested to examine the ratios used. Further, it was decided to prepare the SUT till 2013-14 (first revised estimates) elaborately to the extent possible.

iii. *Changes in recommendations for recording pension entitlements:* Assessing the availability of information, appropriate decisions were taken.

iv. *Sequence of accounts for Non-Govt. Non-Banking Financial Companies (NGNBFCs):* It was informed by NAD officials that a list of top 500 NGNBFCs was earlier provided to RBI which comprised of NGNBFCs covering more than 80% of PUC and revenue of all the NGNBFCs for 2011-12 from the 23 AC/ACA data from Ministry of Corporate Affairs (MCA). Out of this list, RBI has provided the requested summary financial information on 195 NGNBFCs having PUC coverage of 45% of the total PUC. Moreover the interest income (total income) of the 195 NGNBFCs is 82% (81%) of the interest income (total income) of 1015 NGNBFCs. RBI agreed to improve the coverage of NGNBFCs from the list of 500 provided, keeping the same panel, in future years. Since the composition of NGNBFCs in RBI's regular annual sample study varies over the years, sub-committee suggested using the results of the 195 NGNBFCs, estimating the contribution of NGNBFCs using the PUC as weights.

v. *Treatment of Output of Reserve Bank of India (RBI):* The GVA of RBI figures arrived at different methods were discussed. During discussions, points in favour of a mixed approach came up, and counterview arguments were also presented. It was also pointed out that the SNA recommends that reference rate used for calculating FISIM should be such that it contains no service element and reflects the risk and maturity structure of deposits and loans. Hence due to the complexity involved in choice of a reference rate, this issue is still referred to as a research agenda in SNA 2008. In view of the points raised and non-availability of market and non-market output s of RBI, it was decided that computation of output of the RBI, may be done by considering entire activities of RBI as non-market activities. The RBI is an institutional unit of Corporate- Financial Sector. Further details are given in separate chapter of this report.

vi. *FISIM of Money lenders:* The data source and methodology used for estimation of FISIM of money lenders was discussed in depth and accordingly decisions taken. Ratio of loans on agriculture and personal loans to households by all financial institutions (FI's) to that of moneylenders as available from the AIDIS 2003 and data on outstanding credit of all commercial banks' may be used to estimate quantum of loan advanced by money lenders. These ratios would be updated when more recent data from AIDIS become available. This approach was considered better option than the one proposed earlier wherein loans on agriculture and personal loans to households by only commercial banks were considered. The output of the activity of moneylenders is to be obtained as a product of the quantum of loan and average interest rate less reference rate. To obtain GVA of the activity some intermediate consumption (IC) is required and for it a suggestion was made that unit level data of the 67th round of NSS may be examined to find the IC as a percentage of the interest receipts of the moneylenders. Details are given in separate chapter of this report.

Status of the TORs

1.14 The following table shows the brief recommendations of the Sub-Committee against each of the TORs.

Table 1.1: Table showing recommendations of the Sub-Committee for the TORs:

S.No.	Terms of Reference	Recommendation
i)	To assess the present status of implementation of SNA, 1993 and SNA, 2008	The SNA 2008 is an update of SNA 1993 and all the changes are well documented in SNA 2008. All the recommendations have been discussed at length in the meetings of the Sub-committee. While most of the recommendations are either implemented or being implemented, some of them have been noted as not being implementable at present due to data unavailability. The same have been recorded appropriately. The implementability status of each recommendation is presented in Chapter II.
ii)	Suggest measures for implementation of each of the recommendations not yet implemented, including identifying data gaps for implementation	
iii)	Suggest compilation framework using SUT for each of the sector and later its aggregate compilation	SUT, 2009-10 was prepared by NAD officials and discussed in detail by the sub-committee. Appropriate guidance/ recommendations were given. Further, an unbalanced SUT, 2011-12 was also presented by the NAD officials, however, it was suggested to examine the various ratios used. It has been decided that NAD may prepare the SUT

S.No.	Terms of Reference	Recommendation
		for 2011-12 and onwards, elaborately to the extent possible. When balanced SUT is not available, the discrepancies between supply and uses would be reconciled using information from latest available balanced SUT.
iv)	Suggest revised structure of the publication, “National Accounts Statistics”, in accordance with SNA, 2008 and provide guidance for presentation.	The revised structure of the publication, “National Accounts Statistics”, in accordance with SNA, 2008, was discussed in depth by the Sub-Committee.
v)	Suggest appropriate prices at which data should be presented.	The Sub-Committee has recommended that GVA must be presented at basic prices, in line with the SNA recommendations. This requires separate estimates of taxes less subsidies on ‘products’ and ‘production’, which is not available separately but has to be segregated from the taxes/ subsidies information. This exercise of breakup of taxes less subsidies on products and production has been carried out. Details are given in Chapter V of this report.
vi)	Suggest structure of sequence of accounts and sectoral accounts including balance sheet of the nation, and identify data gaps in compilation of these accounts.	The Sub-Committee has recommended that both the publications “National Accounts Statistics” and “Sequence of National Accounts” may be merged into a single publication. The details are given in Chapter VI of this report. As regards Balance Sheet account it was suggested that first the compilation of Other Changes in Volume and Price Accounts be initiated as a research agenda. When the work on Natural Resource Account develops the Balance sheet account would be prepared by adding the Net Worth and Other changes in Volume and Prices to the Opening Balance Sheet to arrive at the Closing Balance Sheet.

1.15 This Report is organised into seven chapters. Chapter II of this report presents all the recommendations of SNA 2008, whether each of these recommendations are implementable or not, along with data gaps, if any. The working paper on “FISIM and financial sub-sectoring with improved coverage” is given in Chapter III of the report. Chapter IV presents the working paper on revaluation of change in stock. “Re-classification of Production & Product taxes/subsidies” and “Structure of the press note statements and National Accounts Statistics publication in line with the SNA 2008” are given in chapters V and VI, respectively. Recommendations are given in Chapter VII.

CHAPTER-II

IMPLEMENTABILITY OF RECOMMENDATIONS OF SNA 2008

2.1 All the SNA 2008 recommendations can be classified under (1) Specification of statistical units and Institutional Sectoring (2) Enlargement of scope of the production boundary (3) Extension and further specification of assets, capital formation and CFC (4) Transactions relating to Government and Public sector (5) Change in the treatment and definition of Financial instruments and assets. Status note on implementability of SNA 2008 recommendations is given below:

SNo	Recommendation	Whether Implementable or not
1. Specification of statistical units and Institutional Sectoring		
1.	**Producer unit undertaking ancillary activities to be recognized as a separate establishment in certain cases.** The 2008 SNA recommends that if the activity of a unit undertaking purely ancillary activities is statistically observable, in that separate accounts for the production it undertakes are readily available, or if it is located in a geographically different location from the establishments it serves; it should be recognized as a separate establishment. When such an ancillary establishment is recognized, it is classified according to its own principal activity and seen as producing primary output. **In the *1993 SNA*, a producer unit undertaking purely ancillary activities was always regarded as an integral part of the establishments it served.**	Producer unit undertaking ancillary activities are covered through ASI /enterprise surveys. **Hence this recommendation is implemented to the extent data is available.**
2.	**Artificial subsidiaries not regarded as institutional units unless resident in an economy different from that of their parents** Artificial subsidiaries are subsidiary corporations wholly owned by the parent corporation and created to provide services to the parent corporation, or other corporations in the same group, often in order to avoid taxes, to minimize liabilities in the event of bankruptcy, or to secure other technical advantages under the tax or corporation legislation in force in a particular country	Such corporations wherever they have separate accounts are treated as recommended by SNA. **Hence this recommendation is implemented to the extent data is available.**
3.	**Branch of a non-resident unit recognized as an institutional unit** The 2008 SNA specifies indicative criteria to help recognize the branch of a non-resident unit as an institutional unit; namely, the unit engages in significant production of goods and services for a long period of time in that territory and is subject to the income tax laws, if any, of the economy in	Such units wherever identified are to be treated as recommended by SNA. **Hence this recommendation is implemented to the extent data is available.**

SNo	Recommendation	Whether Implementable or not
	which it is located even if it may have a tax-exempt status.	
4.	**Residence of multi-territory enterprises clarified** The 2008 SNA provides guidelines for determining the residence of multi-territory enterprises that operate a seamless operation over more than one economic territory. Such enterprises are typically involved in cross-border activities and include shipping lines, airlines, hydro-electric schemes on border rivers, pipelines, bridges, tunnels and undersea cables. When it is not possible to identify a parent or separate branches, it is recommended to prorate the total operations of a multi-territory enterprise by the individual economic territories in which it operates.	At present in the case of NDCUs, in the electricity sector this has been implemented by prorating on the basis of generation of electricity. But this issue will have to be examined in case of operations extending beyond the countries' frontier. **Hence the sub-committee recommended that this issue may be examined separately in a research study.**
5.	**Special purpose entities**: The 2008 SNA provides guidance on the treatment of units with no employees and no non-financial assets, units known variously as special purpose entities (SPEs) or special purpose vehicles. There is no common definition of an SPE but some of its characteristics are that it has little physical presence, is always related to another corporation, often as a subsidiary, and it is often resident in a territory other than the territory of residence of its parent. Such a unit is to be treated as an institutional unit and allocated to sector and industry according to its principal activity unless it falls into one of three categories; (a) captive financial institutions, (b) artificial subsidiaries of Corporations and (c) special purpose units of government.	The Sub-Committee decided that special purpose entities are implicitly being covered in public sector and private corporate sector through analysis of financial statements of public corporations and database of Ministry of Corporate Affairs. **Hence, this recommendation is implemented.**
6.	**Holding company:** a holding company holds the assets of subsidiary corporations but does not undertake any management activities. Such a unit, therefore, produces only a financial service. SNA 2008 recommends that holding companies should always be allocated to the financial corporations sector and treated as captive financial institutions even if all of their subsidiary corporations are non-financial corporations.	In case of PSUs, there is one holding company Coal India Limited which is also doing mining activities itself and hence is included in mining sector. After the dissolution of many state electricity boards, number of companies engaged in electricity generation, transmission, distribution, trading and holding have been formed. In Maharashtra and Chhattisgarh, there are electricity holding companies. These would be placed in financial sector in the current base revision exercise. Such sectoring needs to be done in the Private corporate sector also. **Views of MCA** MCA database contains information regarding Holding and Subsidiary companies as per Section 4 of the Companies Act, 1956. Companies

SNo	Recommendation	Whether Implementable or not
		disclose their holding/subsidiary status in their Annual filings of Balance Sheet (e-form 23AC). However, the description/activities of Holding Company defined as per SNA-2008 are different from those under the provisions of the Companies Act, 1956 as well as the new proposed Companies Act. Further, contrary to SNA definition, Holding companies as per the Act do not produce only financial services. And accordingly, it is difficult to classify SNA-defined "holding companies" from the MCA21 database. **Hence, can be implemented at present only in the case of NDCUs. The Sub-Committee recommended that this issue may be considered in a separate research study for private corporate sector.**
7.	**Head Office:** The 2008 SNA recommends that the head office should be allocated to the non-financial corporations sector unless all or most of its subsidiaries are financial corporations, in which case it is treated by convention as a financial auxiliary in the financial corporations sector.	**Implemented** as NDCUs report analysis and private corporate sector data is at enterprise level.
8.	**Subsector for non-profit institutions introduced** 2008 SNA recommends that NPIs within the corporate and government sectors be identified in distinct subsectors so that supplementary tables summarizing all NPI activities can be separately derived in a straightforward manner as and when required.	Subsectoring of NPIs in the corporate and government sectors is being done to the extent data is available in respect of autonomous bodies and section 25 companies, respectively. **Hence this recommendation is being implemented.**
9.	**Definition of financial services enlarged** Definition of financial services enlarged to give due weights to the increase in financial services other than the financial intermediation, specifically financial risk management and liquidity transformation. The financial corporations sector is divided into nine subsectors (as opposed to five in the *1993 SNA*) according to the activity of the unit in the market and the liquidity of its liabilities. The subsectors are (i) Central Bank, (ii) Deposit-taking corporations except the central bank, (iii) Money market funds (MMFs), (iv) Non-MMF investment funds, (v) Other financial intermediaries except insurance corporations and pension funds, (vi) Financial auxiliaries, (vii) Captive financial institutions and money lenders, (viii) Insurance corporations (ICs)	**Implemented.**

SNo	Recommendation	Whether Implementable or not
	and (ix) Pension funds (PFs).	
10.	**Sub-sectoring of the financial corporation sector revised to reflect new developments in financial services, markets and instruments** The 2008 SNA has introduced a slightly more detailed classification of the financial corporations sector (nine subsectors).	**Implemented.**
2.Scope of transactions including the production boundary enlarged		
1.	**<u>Research and development</u>** The 2008 SNA recommends that the output of research and development should be valued at market prices if purchased (outsourced) or at the sum of total production costs plus an appropriate mark-up representing the costs of fixed assets used in production if undertaken on own account.	Implemented by capitalizing the R&D expenditure appearing in P&L account in case of NDCUs. Similar exercise would be done in private corporate sector analysis. As per views of RBI, the data on R&D expenditure available in the Profit and Loss accounts of the companies are included in the sample studies on Finances of Non-Government Non-Financial Public and Private limited companies. **Hence, this recommendation is being implemented to the extent information is available.**
2.	**Method for calculating financial intermediation services indirectly measured (FISIM)** 2008 SNA recommends that FISIM applies only to loans and deposits and only when those loans and deposits are provided by, or deposited with, financial institutions. The 2008 SNA calculates the output of FISIM on loans (Y_L) and deposits (Y_D) only, using a reference rate (rr). Assuming that these loans and deposits attract interest rates of r_L and r_D respectively, the output of FISIM should be calculated according to the formula $(r_L - rr)\ Y_L + (rr - r_D)\ Y_D$	**Working paper prepared by NAD is placed as Chapter-III in this report**
3.	**Output of Central Bank:** The services produced by the central bank have been identified as falling into three broad groups, namely financial intermediation, monetary policy services and supervisory services overseeing financial corporations. All the activities of central bank are to be considered under the institutional sector Financial Corporations and if the activities are not separable, value of output to be computed using non-market approach.	In the 2004-05 series of national accounts, issue and banking departments of Reserve Bank of India are treated as non-market and market producers. Feasibility of presenting output of central banks in three broad categories has to be looked into. Separate data for supervisory services of RBI would be required. As per views of RBI, under the existing systems of accounts maintained in the RBI, it would not be feasible to arrive at such a segregation of services. **Hence, implemented by considering entire output of RBI under financial corporations and computing its value of**

SNo	Recommendation	Whether Implementable or not
		output using non-market approach.
4.	**Recording of the output of non-life insurance services improved** In cases of catastrophic losses, the output of the insurance activity estimated using the basic algorithm of the *1993 SNA*, depending on the balance of premiums and claims (on an accrual basis), could be extremely volatile (even negative). The 2008 SNA, therefore, recommends that the output of the non-life insurance activity should be calculated using adjusted claims and adjusted premiums supplements.	**Implemented.**
5.	**Reinsurance similarly treated as direct Insurance** The 2008 SNA recommends that reinsurance should be treated in the same way as direct insurance.	GIC is in reinsurance business and treated as non-life insurance. **Implemented**
6.	**Valuation of output for own final use by households and corporations to include a return to capital** The 2008 SNA recommends that when estimating the value of the output of goods and services produced by households and corporations for own final use, it is appropriate to include a return to capital as part of the sum of costs when this approach is used for estimating output in the absence of comparable market prices. However, no return to capital should be included when production for own final use is undertaken by non-market producers.	User cost approach is used for estimating the services of owner-occupied dwellings in rural areas as against the practice of imputing these services on the basis of rent per dwelling. **Cannot be implemented for other sectors at present due to inadequate information on reporting of output for own use as a separate item.**
3. Extension and further specification of the concepts of assets, capital formation and consumption of fixed capital		
1.	**Change of economic ownership introduced** The 2008 SNA recommends that assets be recorded on the balance sheets of the economic rather than the legal owner. The *1993 SNA* did not explicitly define ownership.	This is the concept followed in the existing data reporting system. **Hence implemented.**
2.	**Asset boundary extended to include research and development**	Public sector: Most of the R&D work of government is done in Autonomous Bodies. Efforts are being made to cover R&D expenditure. In case of business accounts data, research and development related entries are made in expenditure side and it can be capitalized just as is being done in case of Amount Transferred to Fixed Assets (ATFA). The same amount has to be recorded in fixed asset block and corresponding balancing entries are to be made in liability side surplus to make total assets equal to total liabilities. Further, expenditure on Copyrights, patents & other operating rights, and recipes, formulae, models, designs &

SNo	Recommendation	Whether Implementable or not
		prototypes is available in fixed assets block in MCA 21 database, which is being included in GFCF from R&D in new series of national accounts. For estimation of depreciation on R&D, certain estimates of service lives would be worked out. It is mentioned in the *report published by Eurostat on the treatment and measurement of R&D*, that where service life information is not available, assumptions are based on other countries, or *"... where such information is not available, a single average service life of 10 years should be retained"*. **Hence, can be implemented.**
3.	**<u>Revised classification of assets</u>** The non-financial assets are classified in the 2008 SNA as follows: ***Produced assets*** Fixed assets Dwellings Other buildings and structures Non-residential buildings Other structures Land improvements(including cost of ownership of land) Machinery and equipment Transport equipment ICT equipment Other machinery and equipment Weapons systems Cultivated biological resources Animal resources yielding repeat products. Tree, crop and plant resources yielding repeat products Costs of ownership transfer on non-produced assets Intellectual property products Research and development Mineral exploration and evaluation Computer software and databases Entertainment, literary or artistic originals Other intellectual property products Inventories Military inventories Valuables Precious metals and stones Antiques and other art objects Other valuables ***Non-produced assets (for capital account)*** Natural resources	This is a re-classification and dis-aggregation of assets. **Hence, can be implemented.**

SNo	Recommendation	Whether Implementable or not
	Land Mineral and energy resources Non-cultivated biological resources Water resources Other natural resources Radio spectra Other Contracts, leases and licences Marketable operating leases Permits to use natural resources Permits to undertake specific activities Entitlement to future goods and services on an exclusive basis Goodwill and marketing assets	
4.	**Extension of the assets boundary and government gross capital formation to include expenditure on weapons systems**	Construction component and machinery/transport outlay of Defence capital account is being treated as capital formation, which was earlier being treated as intermediate consumption in the Indian national accounts. However, as this has classification issues, efforts are going on to get some estimates of value and service lives of the weapon systems from Department of Defence Production. **Hence, partially implemented.**
5.	**The asset category "computer software" modified to include databases purchased from market or developed in house.**	Can be implemented subject to data availability in annual accounts in case of NDCUs/private corporate sector. However this would mainly cover databases purchased. Identification of own account development of databases, which satisfy the conditions of asset, may be difficult. **Hence implemented to the extent data is available.**
6.	**"Originals and copies" of intellectual property products are "recognized as distinct products".** Copy sold outright or made available under a license to use and expected to be used in production for more than a year should be treated as a fixed asset if licensee assumes all the risks and rewards of ownership.	**Can be implemented subject to data availability** in annual accounts in case of NDCUs/private corporate sector.
7.	**The concept of capital services introduced.** Capital services for assets used in market production were implicitly included within the 1993 SNA but were not separately identified. Given the importance of identifying them for productivity measurement and other analysis, a new chapter has been added in the 2008 SNA explaining the role of capital services	Capital services for assets used in market production are being covered. This recommendation is to be examined separately in a research study. **Hence, cannot be implemented at present.**

SNo	Recommendation	Whether Implementable or not
	and their appearance in the accounts. Details can be presented in a supplementary table for market producers, bringing into the SNA the advances in research in recent decades in the fields of growth and productivity and helping to satisfy the analytical needs of many users.	
8.	**Treatment of costs of ownership transfer elaborated** The 2008 SNA continues to treat the costs of ownership transfer as fixed capital formation. Costs of ownership transfer on acquisition of an asset should be written off over the period the asset is expected to be held by the purchaser rather than over the whole life of the asset (as was recommended in the *1993 SNA*). Costs of ownership transfer on the disposal of an asset should also be written off over the period the asset is held. Recognizing this recommendation may be difficult to implement when there is no adequate data, the 2008 SNA recommends that these costs should still be recorded as gross fixed capital formation but written off as consumption of fixed capital in the year they are incurred. Installation and de-installation costs should be included in the costs of ownership transfer when they are separately invoiced and in the purchaser's price of the asset otherwise.	Currently COOT is included in acquisition costs of fixed assets, hence automatically becomes a part of GFCF. As the recommendations says that these costs should still be recorded as GFCF but written off as consumption of fixed capital in the year they are incurred, **Hence, this recommendation can be implemented.**
9.	**Mineral exploration and evaluation**	Such expenditures are treated as GFCF. **Hence, implemented.**
10.	**Land improvements** Land improvements continue to be treated as gross fixed capital formation.	Such expenditures are treated as GFCF. **Hence, implemented.**
11.	**Goodwill and marketing assets**	**Can be implemented subject to data availability** in annual accounts in case of NDCUs/private corporate sector.
12.	**Water resources treated as an asset in some cases** The 2008 SNA recommends that water bodies should in principle be valued in a manner parallel to the valuation of mineral resources but with an indication that more pragmatic alternatives may have to be used such as estimates based on access fees.	**This recommendation may be kept under research studies**
13.	**Consumption of fixed capital to be measured at the average prices of the period with respect to a constant-quality price index of the asset concerned**	Annual average WPI is being used. **Hence, implemented.**
14.	**Definition of cultivated biological resources made symmetric to uncultivated resources** Natural growth and regeneration are treated as	**Can be implemented subject to data availability** in annual accounts in case of NDCUs/private corporate sector.

SNo	Recommendation	Whether Implementable or not
	production only in cases where these are under the direct control, responsibility and management of institutional units.	
15.	**Intellectual property products introduced** The accounting treatment of assets previously called "intangible produced assets" and now labelled, more descriptively, "intellectual property products" has been clarified and expanded in the 2008 SNA. These assets are further split into research and development; mineral exploration and evaluation; computer software and databases; entertainment, literary or artistic originals; and other intellectual property products.	**Can be implemented** in annual accounts in case of NDCUs/private corporate sector.
16.	**Concept of resource lease for natural resources introduced** In the SNA the natural resource is effectively treated as having an infinite life as far as income generation is concerned. A resource lease may apply to any natural resource recognized as an asset in the SNA.	**Can be implemented** in annual accounts in case of NDCUs/private corporate sector and for example spectrum in case of budgets.
17.	**Changes in the items appearing in the other changes in the volume of assets account introduced**	**Can be implemented subject to data availability** in annual accounts in case of NDCUs/private corporate sector.
4. Refinement of the treatment and definition of financial instruments and assets		
1	**Treatment of securities repurchase Agreement** The 2008 SNA recognizes the possibility of on-selling of securities that have been repoed. In the case of on selling of the repoed security, a negative asset should be recorded for the lender to avoid double-counting.	Views of RBI SNA-2008 recognizes the possibility of on-selling of the repoed security in contrast to extant RBI instructions on the issue. While SNA 2008 talks about the treatment of repoed security that has been sold, in the books of the outright buyer and seller (who was originally repo buyer of security and lender of funds), it is silent about the treatment of the same security in the books of the original repo seller/borrower of funds. While it is not permitted to sell a security received in a repo (during the repo period) as per extant RBI guidelines, delivery of the security received through repo is permitted for meeting the short sale obligation. In such a scenario, there is a possibility of the same security being shown in the investment accounts of two different entities at one particular point of time. This may lead to double counting of the security in compilation of the flow of funds. It is difficult to access information on such instances of double counting.

SNo	Recommendation	Whether Implementable or not
		Difficult to implement at present.
2	**Treatment of employee stock options** The 2008 SNA recommends that transactions in employee stock options should be recorded in the financial account as the counterpart to the element of compensation of employees represented by the value of the stock option.	Presently, employee stock options are treated as compensation of employees to the extent they are presented in the business accounts. Views of RBI Currently, transaction in Employee stock options (ESOPs) are not recorded in the FoF accounts. ESOPs, at present, are also not captured in the surveys of companies conducted by DSIM, RBI. The RBI, of course, does not provide ESOPs to its employees. The issue of incorporating the ESOPs will be examined depending on the availability of data. Consolidated ESOP outstanding data in the case of life insurance companies is available in IRDA's Annual Report **Can be implemented subject to availability of data.**
3	**Treatment of non-performing loans** The 2008 SNA recommends that the non-performing loan should continue to be recorded at nominal value in the main accounts and interest should be shown accruing until a loan is repaid or the principal is written off by mutual agreement. Memo items: (1) the nominal value of loans deemed to be non-performing (2) market equivalent value of these loans. Of which Interest receivable The 2008 SNA recommends that these memorandum items should be standard for the government sector, the financial corporations sector and for the rest of the world.	Views of RBI The current market practice in India is on lines of the recommendation of SNA 2008 that the non-performing loan (NPL) should continue to be recorded at nominal value in the main accounts and interest should be shown accruing until a loan is repaid or the principal is written off by mutual agreement SNA. 2008 does not provide definition or explanation for "deemed" NPL. Presently, the market practice is to record the NPL in the balance sheet (B/S) under the asset side. Only when this NPL is written-off, it is taken to memorandum item The accrued interest is recorded under asset side of B/S (with a contra entry under "suspense item-interest" on the liability side of the B/S). Conversely, the accrued interest gets recorded under memorandum item. In India, unlike developed countries, the secondary market of loans is non-existent. Hence, "fair-valuing" the NPL in Indian context may not be possible at this stage. However, estimation of loan loss data is a scientific exercise and would require technical expertise and advanced modelling that many banks may not be in

SNo	Recommendation	Whether Implementable or not
		a position to carry out. Therefore, memorandum item for market value of loan may be restricted / limited to only those banks that are in a position to compute EL and whose models have been vetted by the regulator. **Could be partially implemented**.
4	**<u>Treatment of guarantees</u>** SNA 2008 recognizes three classes of Guarantees **Guarantees** provided by means of a financial derivative – These derivatives are actively traded on financial markets and the derivative presents no new features for the SNA. **Standardized guarantees** - It operates on the same principle as for non-life insurance and should be treated similarly. If the guarantor is part of general government and deliberately sets the fees below the level of expected defaults, a subsidy should be imputed to the guarantee holders. **One-off guarantees-** In most cases, the granting of a one-off guarantee is considered a contingency and is not recorded as a financial liability.	Financial derivatives are covered to the extent data is available by the CSO Regarding standardized guarantees, two NDCUs namely, ECGC and DICGC engaged in this activity are under coverage and treated as non-life insurance already <u>Views of the RBI</u> Currently, transactions in Guarantees are not recorded in the FoF accounts. While the principle of treating standardized guarantees as non-life insurance seems acceptable, the issue of incorporating the guarantees will be examined depending on the availability of data. **Could be implemented subject to availability of data**.
5	**<u>Transactions related to index-linked debt securities</u>** When the coupons are linked to a broad index, the full amounts paid as coupons, after indexation, are accrued as interest. When the value of the principal is index-linked the difference between the eventual redemption price and the issue price is treated as interest accruing over the life of the instrument. If the link is to a narrow index, interest accruals are determined by fixing the rate at which interest accrues at the time of issue. Any deviation of the index from the expected path is treated as holding gains or losses.	<u>Views of the RBI</u> Since broad-based inflation index (i.e. WPI) has been used for indexation of the IIB launched in early June 2013, the approach given in para 17.277a (as given below) would be relevant for accounting interest accruing on the same. "*Interest accruing in an accounting period due to the indexation of the amount to be paid at maturity may be calculated as the change in the value of this amount outstanding between the end and beginning of the accounting period due to the movement in the relevant index.*" **Hence could be implemented.**
6	**<u>Treatment of debt instruments indexed to a foreign currency</u>** The 2008 SNA recommends that debt instruments with both principal and coupon payments indexed to a foreign currency should be classified and treated as though the instrument is denominated in that foreign currency.	At present, no debt instrument is indexed to a foreign currency. **Hence cannot be implemented**.

SNo	Recommendation	Whether Implementable or not
7	<u>**Valuation of unlisted equity**</u> Not all equity is listed and quoted on stock exchanges. The 2008 SNA provides guidance on alternative options of valuing such equity. Some of the alternative recommended options are recent transaction price, net asset value, present value or price to earnings ratios, book values reported by enterprises with macro level adjustments by the statistical compiler, own funds at book value and apportioning global value.	<u>Views of the RBI</u> The valuation criteria indicated by RBI for valuation of unlisted equity is a conservative method of estimation of value in the absence of dependable market price. Out of the alternative options recommended by SNA, recent transaction price may not be a proper estimation of the value as it can be manipulated based on isolated trading. Net asset value is generally used for mutual funds. Price to earnings ratio may not be a good indicator as price is not discovered through stock exchanges and may be based on over the counter trades which can be manipulated as indicated earlier. Therefore, break-up value prescribed is more conservative and hence more prudent. Banks should recognise any diminution, other than temporary, in the value of their (strategic) investments in subsidiaries/ joint ventures, which are included under HTM and provide therefor. Such diminution should be determined and provided for each investment individually after obtaining a valuation of the investment by a reputed/qualified valuer. **Hence Implemented.**
8	<u>**Unallocated gold accounts**</u> The 2008 SNA recommends that the unallocated gold accounts should be treated as financial assets and liabilities and classified with deposits in foreign currency if these deposits denominated in gold are held with non-residents.	Such accounts do not exist in the Indian context. **Hence cannot be implemented.**
9	<u>**Definition of monetary gold and gold bullion Revised**</u> The definition of monetary gold has changed in the 2008 SNA in order to align with *BPM6*. The change stems from the recognition of allocated and unallocated gold accounts whereby the allocated gold account provides title to the physical gold and the unallocated gold account is a deposit denominated in gold. The latter is treated as foreign currency if held with non-residents. Gold bullion is the only financial asset recognized with no corresponding liability when held as a reserve asset by the monetary authorities. Monetary gold is defined as gold to which the monetary authorities (or others who are subject to the effective control of the monetary authorities) have title and is held as a reserve asset and comprises gold bullion and unallocated gold accounts with non-residents.	SNA 2008 recommends that allocation of gold and SDR are transactions and accordingly liabilities and assets should be recorded. India's foreign exchange reserves comprise of foreign currency assets, monetary Gold, SDRs and reserve position with the IMF. As per BPM6 monetary gold comprises gold bullion and unallocated gold accounts with non-residents that give title to claim the delivery of gold. However, in the case of India, monetary gold comprises only physical gold i.e. allocated gold. Whenever there is any sale/purchase of gold by the RBI it affects India's foreign exchange reserves. **Hence can be implemented subject to**

SNo	Recommendation	Whether Implementable or not
		availability of data.
10	**<u>Liability in Special Drawing Rights recognized</u>** The 2008 SNA recommends to treat special drawing rights (SDRs) issued by the International Monetary Fund as being an asset of the country holding the SDR and a claim on the participants in the scheme collectively. Further, it is recommended that the allocation and cancellation of SDRs be recorded as transactions. The asset and liability aspects of SDRs should be recorded separately. As a result of the changed treatment of SDRs, it recommends that monetary gold and SDRs be shown as separate sub-items.	In India's BoP statistics fresh allocation of SDRs is recorded under movement in foreign exchange reserves (debit) and under other receivables in the financial account (credit). **Hence can be implemented subject to availability of data.**
11	**<u>Distinction made between deposits and Loans</u>** The 2008 SNA continues to distinguish between loans and deposits. With a view to avoiding ambiguity between loans and deposits when both parties to the transaction are banks, it introduces a category "inter-bank positions".	Information in respect of inter-bank positions can be provided by RBI. **Hence can be implemented subject to availability of data.**
12	**<u>Fees payable on securities lending and gold Loans</u>** The 2008 SNA recommends that all fees payable to the owners of securities used for securities lending and to the owners of gold used for gold loans (whether from allocated or non-allocated gold accounts) should be recorded by convention as interest. The interest may have a FISIM component, separately identified, if the unit providing the loan is classified as a financial institution.	**Hence can be implemented subject to availability of data.**
13	**Classification of financial assets**	At present, the FOF accounts provide data on nine major categories of financial instruments viz., Currency and deposits, Investments, Loans and Advances, Life Funds, Provident Funds, Trade Debt, Foreign Claims not elsewhere classified (n.e.c) and other claims n.e.c. Data on certain sub-categories viz., Central and State Government securities, corporate securities, mutual funds, etc all under investments are also compiled. At present, while data on most of the financial assets are available, data on certain instruments such as unlisted shares and employee stock options are not readily available. Nevertheless the feasibility of adhering to the revised asset classification would be examined in the context of Working Group on FOF, as mentioned earlier. **Hence can be implemented subject to availability of data.**

SNo	Recommendation	Whether Implementable or not
	Monetary gold and SDRs	**Already implemented.**
	Monetary gold	In the present FOF Accounts, this item is shown under the head 'Gold, coin and bullion' on the assets side of the RBI.
	SDRs	In India's BoP statistics fresh allocation of SDRs is recorded under movement in foreign exchange reserves (debit) and under other receivables in the financial account (credit).
	Currency and deposits	**Already implemented**
	Currency	Current FOF methodology presents currency as a separate instrument.
	Transferable deposits	The sub-categorisaton of deposits into 'transferable deposits' and 'other deposits' cannot be implemented. However, information in respect of inter-bank positions can be provided. Hence, the present classification of deposits into standard Indian convention into saving deposits, current deposits and term (fixed) deposits, in the Indian FoF may continue with appropriate explanatory notes that would aid a better understanding of these instruments to international users.
	Inter-bank positions	
	Other transferable deposits	
	Other deposits	
	Debt securities	In the present FOF compilation, on the liabilities side, funds raised through debt securities are shown separately under the head 'bonds and debentures'. On the assets side funds invested in debt securities are not shown separately, but included under the head 'investments' which includes investment in equities. **Already implemented on the liabilities side of the FOF accounts**.
	Loans	In the extant FOF compilation, funds raised through loans are shown separately under the head 'Borrowings' on the liabilities side. Funds lent to other sectors are shown separately under the head 'Loans and Advances' on the assets side. **Already implemented**.
	Equity and investment fund shares Equity Listed shares Unlisted shares Other equity Investment fund shares/units Money market fund shares/units Other investment fund shares/units	In the present FOF compilation, on the liabilities side, funds raised through equity are shown separately under the head 'Paid-up Capital'. The data on unit capital and financial assets of Mutual Funds are also presented. On the assets side, however, funds invested in equity are not shown separately, but included under the head 'investments' which includes investment

SNo	Recommendation	Whether Implementable or not
		in debt securities. **Hence the sub-categorisation of equity and investment funds shares/units could be implemented subject to availability of data**.
	Insurance, pension and standardized guarantee schemes	Currently, households saving in Life insurance are shown as "Life Fund'. Currently, households saving in Provident/Pension are shown as "Provident/Pension Funds'. **Hence could be implemented subject to availability of data.**
	Non-life insurance technical provisions	
	Life insurance and annuity entitlements	
	Pension entitlements	
	Claims of pension funds on pension managers	
	Entitlements to non-pension benefits	
	Financial derivatives and employee stock options Financial derivatives Options Forwards Employee stock options	**Hence could be implemented subject to availability of data.**
	Other accounts receivable/payable	
	Trade credits and advances	In the present FOF system, the Trade Credits are shown as 'Trade debt' on the liability side. **Already implemented**.
	Other accounts receivable/payable	In the present FOF system, the Other accounts receivable/payable are shown as 'other assets' and 'other liabilities', respectively. **Already implemented.**
14.	**Distinction between financial leasing and operating leasing based on economic ownership** The distinction between operating leasing and the financial leasing in the *1993 SNA* was interpreted to be based simply on the length of the time of lease .	**Being implemented** in NDCUs and private corporate sector since reporting in business accounts based on accounting standards follow the same approach as given in SNA.
15.	**Changes in recommendations for recording pension entitlements** The 2008 SNA recognizes that there is a cost to administering any pension scheme including non-autonomous schemes and unfunded schemes. In principle, there should be a value of output of the pension fund. This is to be determined on the basis of the sum of costs, and by convention is deemed to be payable by the employees holding the pension entitlements.	At present, pension payments are being added to Compensation of employees (CoE). As per SNA, pension liabilities of current employees are to be added to CoE. The issue is using some actuarial method for estimation of pension liabilities of current employees. **This is being examined separately.**
	5. Transactions concerning government and public sector	
1.	**The boundary between private/public/ government sectors clarified** Recognizing the fact that the powers, motivation and functions of government are different from those of other sectors of the economy and that it organizes its operations through different	**Implemented.**

SNo	Recommendation	Whether Implementable or not
	institutional units, the 2008 SNA gives extra guidance for the distinction between general government and public corporations. It provides a decision tree to help clarify the conceptual basis for allocating the institutional units to one of the mutually exclusive institutional sectors and to identify government and other public units.	
2.	**Treatment of restructuring agencies elaborated** Some public units are involved in the restructuring of corporations that may or may not be controlled by government. Two examples of public restructuring agencies concern (a) the reorganization of the public sector and the indirect management of privatization, and (b) impaired assets, mainly in a context of a banking or other financial crisis. The 2008 SNA provides guidelines for the treatment of restructuring agencies.	If separate profit and loss statement and balance sheet data are available the same can be analysed for estimating national accounts parameters. **Hence could be implemented subject to availability of data.**
3.	**Treatment of government issued permits clarified** The 2008 SNA recommends that if a permit issued by the government does not involve the use of an underlying government owned asset, then the payment for the licence is a tax. Notwithstanding, if the licence is legally and practically transferable to a third party, then it acquires the characteristics of an asset and it may be classified as an asset in the category of contracts, leases and licences. When the licence is to make use of a natural resource (including natural resources that qualify as assets and which the government controls on behalf of the community), payments for the licence are treated either as the acquisition of an asset in the category of contracts, leases or licences or as the payment of rent.	**Can be implemented subject to availability of data.**
4.	**Exceptional payments from public corporations should be recorded as withdrawals from equity** The 2008 SNA recommends that exceptional payments from public corporations should be recorded as withdrawals from equity when these are made from accumulated reserves or sales of assets.	If such payments are recorded in government corporations accounts such transactions would be treated as recommended by SNA. **Can be implemented subject to availability of data**
5.	**Exceptional payments from government to public quasi-corporations** Exceptional payments from government to public quasi-corporations to cover accumulated losses should be treated as capital transfers as for public corporations. However, exceptional payments by government to both public corporations and public quasi-corporations should be recorded as additions to equity when they are made with a clear commercial perspective.	When analyzing the Public Finance statistics/ Finance accounts such transactions are treated as recommended by SNA. **Hence implemented.**

SNo	Recommendation	Whether Implementable or not
6.	**Accrual recording of taxes** The 2008 SNA also recommends the accrual basis of recording of taxes allowing flexibility in the following two cases: (1)When taxes on income is to be recorded when the tax liability is assessed rather than when the income is earned. (2) taxes arising from activities in the "parallel" economy when the timing of the taxable event is unlikely to be known.	The entries of economic flows in Government Finance Statistics are not on accrual basis. **Hence cannot be implemented**
7.	**Tax credits** Tax credits represent tax relief and so reduce the tax liability of the beneficiary. When some subsidies or social benefits are made available in the form of tax credits, payment systems are linked with the tax collection system. In such cases SNA 2008 recommends that the payable credits should be recorded on a gross basis. The presentation should permit the derivation of tax credits on a net basis also.	**This recommendation has already been implemented.**
8.	**Treatment of public-private partnership schemes (BOOT schemes)** The 2008 SNA provides indicative guidance on the characteristics to be examined to determine whether the private or public partner is the economic (as opposed to legal) owner of the assets in question.	All the PPPs have been registered as companies under the Companies Act and are required to file Balance sheet, P&L account under the Company's Act. As these are covered in the MCA database, the treatment of economic ownership of assets is as per SNA 2008. **Hence, this recommendation can be implemented but PPPs are not identifiable separately.**
9.	**Taxes on holding gains continue to be shown as current taxes on income and wealth** The 2008 SNA recommends that taxes on holding gains continue to be shown as current taxes on income and wealth even though the tax base (the realized holding gains) is not included in the SNA definition of income. It recommends that where possible and relevant, it should be shown as a separate subcategory.	No information is available on holding gains or taxes on holding gains in annual financial statements of companies. **Hence cannot be implemented due to paucity of data.**
6. Harmonisation between SNA and BPM6		

SNo	Recommendation	Whether Implementable or not
1	**Centre of predominant economic interest as the basic criterion for determining the residence of the unit** The *1993 SNA* recommended the centre of economic interest as the criterion to determine the residence of institutional units but did not give guidance on the treatment of the residence of individuals having several international residences where they may remain for short periods.	A household is resident in the economic territory in which household members maintain or intend to maintain a dwelling or succession of dwellings treated and used by members of the household as their principal dwelling. Being present for one year or more in a territory or intending to do so is sufficient to qualify as having a principal dwelling there. If there is uncertainty about which dwelling is the principal dwelling, it is identified from the length of time spent there, rather than other factors such as presence of other family members, cost, size, or length of tenure. In case of India, a person is treated as non-resident if he is residing continuously for more than 180 days away from India **Can be implemented subject to availability of data.**
2	<u>**Individuals changing residence**</u> When persons change their country of residence, there is no change of ownership of the non-financial assets, financial assets and liabilities owned by those persons. SNA 2008 clarifies that all that is required is a reclassification of the appropriate country of residence of the (economic) owner of these items. The changes should be recorded in the other changes in the volume of assets account and not as capital transfers.	<u>Views of RBI</u> In case of change in 'residence status' of an individual, changes in financial assets and liabilities are generally accounted for under financial accounts of BoP. For example, when a resident attains the status of non-resident, domestic deposits are rechristened as NRO deposits under the BoP financial accounts, and *vice versa*. However, in case of non-financial assets, personal property that accompanies people is not covered under merchandise goods and it is not a part of balance of payments transactions. They are however recorded under "other changes in Volume" in IIP to reconcile between "stock and flow" numbers. **Can be implemented subject to availability of data**
3	<u>**Merchanting**</u> The 2008 SNA recommends that goods acquired by global manufacturers, wholesalers and retailers and those cases of commodity dealing being settled in the commodity should be recorded as negative exports on acquisition and positive exports on disposal. In the case where goods are acquired in one period and not disposed of until a subsequent period, they should appear in changes in inventories	**Implemented.**

SNo	Recommendation	Whether Implementable or not
	of the merchant even though these inventories are held abroad.	
4	**<u>Goods sent abroad for processing</u>** The 2008 SNA recommends that imports and exports should be recorded on a strict change of ownership basis. That is, flows of goods between the country owning the goods and the country providing the processing services should not be recorded as imports and exports of goods. Instead the fee paid to the processing unit should be recorded as the import of processing services by the country owning the goods and an export of processing services by the country providing it.	**Implemented.**

CHAPTER III

FISIM AND FINANCIAL SUB-SECTORING WITH IMPROVED COVERAGE

3.1 Following issues were discussed regarding implementation of SNA 2008 recommendations in the institutional sector Financial Corporations (code S-12 under SNA 2008):

a. Computation of Financial Intermediation Services Indirectly Measured (FISIM) using Reference Rate (RR) approach,
b. Approach to be followed for computing output, Gross Value Added (GVA) and related aggregates of the Central Bank (Reserve Bank of India) (code S-121),
c. Sub-sectoring of financial corporation sector in line with SNA 2008 and incorporating, for the first time, GVA and related aggregates of regulatory bodies like SEBI, IRDA and PFRDA under the institutional sub-sector financial auxiliaries (code S-125)
d. Including Money Market Funds (MMF) and Non-MMF in national accounts (code S-122 and S-123),
e. Procedure of computing GVA and related aggregates for Non-Government Non-Banking Financial Institutions (NGNBFCs),
f. Computing output, GVA and related aggregates for private money lenders and share brokers,
g. Improving coverage of specific sub-sectors like insurance and pension funds,
h. Computing FISIM at constant prices,
i. Allocation of FISIM to other institutional sectors/ industries.

3.2 The detailed discussion on each of these issues and related recommendations are as under:

a. Issue under consideration: Computation of Financial Intermediation Services Indirectly Measured (FISIM) using Reference Rate (RR) approach

Discussions:

In the base year 2004-05, FISM was computed using the formula:

FISIM = total property receipts (dividend+ interest+ net profit on sale of investments)

-total interest payments by the banking sector

As per SNA 2008, financial intermediation is a “process whereby a financial institution such as a bank accepts deposits from units wishing to receive interest on funds for which the unit has no immediate use and lends them to other units whose funds are insufficient to meet their needs”. “The difference between the rate paid to banks by borrowers and the reference rate plus the difference between the reference rate and the rate actually paid to depositors represent charges for Financial Intermediation Services Indirectly Measured (FISIM)".

Using the reference rate approach, the spread between the reference rate and the rate on deposits should reflect the implicit price paid by depositors, while the spread between the reference rate and the rate received on loans from borrowers should, accordingly, reflect the implicit service charge. The reference rate method requires data on the average end-period stock of loans and deposits for different sectors of the economy, as well as the interest rates applicable, and can be estimated using a simple equation as per the following illustration. FISIM estimated by this approach is valued at current prices.

For each financial intermediary, average loans provided and deposits received (average of opening and closing stock of loans) have been estimated from the published revenue account and balance sheet of the individual corporation. Information on interest received on loan and interest paid on deposits have also been collected for each of financial intermediaries. To calculate the rate of interest on loan (R_L) and rate of interest on deposit (R_D) following formulae are used:

i. R_L = interest received on loan / average loan provided * 100

ii. R_D = interest given on deposits / average deposits received * 100

Next the reference rate (rr) is calculated as average of R_L and R_D at aggregate level. For each of the financial intermediary, FISIM on loan and FISIM on deposit are calculated as

iii. FISIM on loan = ((R_L -rr)/100)*average loan

iv. FISIM on deposit = ((rr- R_D)/100)*average deposit

Finally, total FISIM is obtained by summing FISIM on loan and FISIM on deposits.

Some of the major issues related to this change in approach are as under:

i. The SNA 2008 has recommended a few alternatives for considering a rate as "reference rate". These are the inter-banking rate like LIBOR, an average of overall borrowing and lending rates, etc.
ii. How to treat special cases of interest rates, like, cases of NABARD, OIDB, etc. who provide loans to priority sectors at less than market rates,
iii. How to treat some of the interest receipts and payments like those on investments and debt securities and net profit on sale of investments (POSI).

After detailed deliberations and checking alternate computations, the following recommendations were made:

Recommendations:

i. The FISIM may be computed using the Reference Rate method as recommended in SNA 2008,

ii. The Harmonic Mean (HM) of the overall average lending rate and overall average deposit rate (R_L and R_D discussed above) may be considered as the Reference Rate. Since R_L and R_D are rates, the statistically proper average is the HM. Besides it would be least affected by the outliers among the three types of averages.

iii. Interest receipts on investments and debt securities, interest paid on borrowings and debt securities and net profit on sale of investments (POSI) will not be considered for computation of FISIM. These components may be considered as property income received / paid in the distribution of income.

iv. For financial institutions like NABARD and OIDB, which give loans at special rates to priority industries, this may be considered notionally as a three step process, as step 1: the financial institution is giving loan to industries at market rate and providing the difference (difference between market rate and actual rate) to the Government as current transfer, step 2: priority industries pay market rate of interest to the financial institution and step 3: government is paying the priority industry the difference in interest (notionally) as production subsidy, which is the same as the amount government is receiving (notionally) from the financial institution described at step 1.

b. Issue under consideration: Approach to be followed for computing output, Gross Value Added (GVA) and related aggregates of the Central Bank (Reserve Bank of India) (code S-121)

Discussions:

In the base year 2004-05, the GVA of the RBI was computed in two parts, namely, GVA for the issue department of the RBI and the GVA of the banking division of the RBI. The first was considered as a part of the general Government, its output was computed using cost method and was merged in the institutional sector general Government. On the other, the output of the banking division was computed using a market approach and was shown as a part of the institutional sector financial corporations. SNA 2008 recommends that the central bank is to be treated entirely under the institutional sector financial corporations. Further, in paragraph 6.152 of SNA 2008, it has also been recommended that the value of output of the central bank be computed using a non-market approach, if separate figures for the market and non-market components are not available. Therefore, two alternate approaches are possible, one being computing output of entire central bank as non-market and the other being computing it by a mix of market and non-market approach, as was being done in the existing series, base 2004-05.

This issue was discussed extensively. The points in favour of a mixed approach were as under:

i. RBI pays dividend to Government, which only a market enterprise can do,
ii. Treating the entire central bank under non-market approach would depress the GVA of central bank in the new series, which might be difficult to explain. The RBI does not give any interest to banks on their deposits. Therefore, total deposit multiplied by the reference rate may also be considered as a part of output by the RBI. This would keep the figure of output somewhat at level with the earlier figure and make the figure based on mixed approach higher.
iii. The RBI indicated that data on issue department and banking department could be made available to the CSO, as per past practice, the practice of computing output and GVA using a mixed approach may continue.

As a counterview, the following arguments were presented:

i. The RBI pointed out that the deposit of banks at the RBI is a part of its monetary policy function which is non-market as per paragraph 6.151 of the SNA 2008. RBI does not make any interest payment on these deposits. Therefore, the deposit taking by RBI may not be considered as a part of market operation. Further, although issue and banking department data can be segregated, all market and non-market operations of the RBI cannot be dis-aggregated. Thus, treating the RBI as a non-market entity is more justified.
ii. The main reason for a drop in the value of output is introduction of reference rate while computing the FISIM. As the (Reference Rate – Deposit Rate)*deposits component is not being considered, the value of output cannot attain the previous level. Further, since deposits are not a part of market operations, this component cannot be added.
iii. Next, the profit on sale of Government securities (POSI) is no longer a part of FISIM. Therefore, even a market approach for a part of RBI operation cannot keep its GVA at the previous level,
iv. Almost all the Asian countries and all the European countries are treating their central bank as non-market.
v. The mandate of the Sub-Committee is implementation of the SNA 2008 recommendations. Judging its righteousness is not within the ambit of this Sub-Committee.

Further, the comparison of the mixed approach and a complete non-market approach was also examined by the Sub-Committee. In this comparison, the definitions of FISIM and reference rate were kept as per SNA 2008. The comparison is shown in the following Table.

	NON-MARKET	MARKET + NON-MARKET
OUTPUT (Rs. Crores)		
ISSUE DEPARTMENT		**3157**
BANKING DEPARTMENT		
FISIM = FISIM ON LOANS		**208**
MARGIN ON SECURITIES (rate = difference between lending rate and reference rate = 1.01)		**5500**
Other market output (other earnings excluding rent and capital gain)		**1021.29**
	9975	**9887**
FISIM of RBI for the reference year 2011-12 using methodology use in base 2004-05		**32280**

Based on these deliberations and feedbacks received from ex-officers of the NAD, CSO who are currently working in different UN bodies like the UNSD, IMF, etc., the following were recommended:

Recommendations:

i. The value of output for the RBI may be computed using non-market approach, i.e., by applying cost method on the entire operations of the RBI.

ii. The output, GVA, etc. of the central bank (Reserve Bank of India) may be considered as a part of the institutional sector Financial Corporations,

c. Issue under consideration: Sub-sectoring of financial corporation sector in line with SNA 2008 and incorporating, for the first time, GVA and related aggregates of regulatory bodies like SEBI, IRDA and PFRDA under the institutional sub-sector financial auxiliaries (code S-125)

Discussions:

It was pointed out that Sub-sectoring within the financial services need some modifications, to keep it in line with the SNA 2008 recommended sub-sectors. These would include, classifying the insurance agents under financial auxiliaries; separation of the Money-Market Funds (MMF), non-MMF and Asset Management Companies (AMCs) and treating the AMCs as financial auxiliaries. In the previous base, insurance agents were under the insurance sub-sector and entire NBFCs (i.e., the MMF, non-MMF and AMC) were treated together.

Recommendations:

After detailed deliberation, the following sub-sectoring was recommended:

Sub Sectors	Coverage
Central Bank (S121)	Reserve Bank of India
Deposit Taking Corporations (S-122)	Nationalised Banks, Foreign Banks, Private Banks, RRBs and Co-operative Banks, Post Office Savings Bank (POSB)
Money Market Funds (S-123)*	Public and Private Mutual Funds
NON-Money Market Funds (S-124)*	Public and Private Mutual Funds
Other Financial Intermediaries except ICPF (S-125)	Central Financial Companies and Corporations, State Financial Companies and Corporations, Miscellaneous Companies
Financial Auxiliaries (S-126)	Share Brokers, Insurance Agents, Share Trading companies, regulatory agencies like SEBI, IRDA, PFRDA
Captive Financial Institutions and Money Lenders (S-127)	Holding Companies and Money Lenders
Insurance Corporations (S-128)	Public and Private Life and Non-Life Corporations, Employees State Insurance Corporation (ESIC),Postal Life Insurance (PLI)
Pension Funds (S-129)	Pension Funds registered under the PFRDA

*It was subsequently recommended that the MMF and non-MMF may be merged. For reasons, see the recommendations on treatment of mutual funds.

d. **Issue under consideration:** Estimation of GVA for Non-Government Non-Banking Financial Corporations and private Mutual Funds

Discussions:

For estimating the GVA and other national accounts statistics parameters in respect of NGNBFCs, information available from the annual study results of RBI, namely 'Performance of Financial and Investment Companies' are used by CSO. The results are published for NGNBFCs other than banking, insurance and chit fund companies. According to RBI, the companies could be classified into the following five groups, namely, (1) Share Trading and Investment Holding, (2) Loan Finance, (3) Asset Finance, (4) Diversified and (5) Miscellaneous. Companies engaged in financial advisory services, fund management services, portfolio management services, etc., are also classified under 'Miscellaneous' category. The sample study released by RBI contains three years data in one study having two years revised results and the latest year's results are released for the first time. From the past experience it has been observed that, the data for a particular year contained in three different studies is not consistent.

Suggestion for alternate methodology:

It was suggested by the CSO that instead of capturing a set of about 1200 different companies, if top 500 common companies are captured, will give better results. A list of 500 top NGNBFCs (covering more than 80% of total revenue and PUC of all the NGNBFCs) as per MCA21 data for the year 2011-12 was shared with RBI.

For the study, the RBI supplied data first for 86 companies, which was subsequently increased to top 195 companies. The RBI intimated that they would try to improve this coverage to reach the top 500 companies. The CSO analysed results of 195 companies and estimated their GVA. Simultaneously, CSO did an exercise with MCA data but some inconsistencies were observed in the data sets. Further, to calculate the FISIM from NGNBFCs, one has to compute the reference rate (RR) and lending rate (R_L), for which stocks of loans are required, which was not available in the MCA data. For that purpose MCA data could not be used.

Thus, the only alternative method available to the CSO was to blow up the results of these top 195 NGNBFCs using PUC as the weighing factor to arrive at the global estimates.

Meanwhile, the RBI released their latest sample study in October 2014, having results of 1005 companies excluding ten "influential companies" as well as results of 1015 companies including 10 influential companies. However, many crucial parameters are giving a higher value, when one uses the results of 195 companies, compared to the sample study results of the RBI. The details are as under:

Year 2011-12 (Rs. Million)

Sl. No.	parameters	Results of 195 Companies#	Results of 1005 companies	Results of 1015 companies
(1)	(2)	(3)	(4)	(5)
1	Fund base income	750696	555052	904121
2	Fee Based Income	31837	59003	68608
3	Non Finance Income	3385	5344	6221
4	Total Income	785695	618577	972513
5	Interest	383751	243964	467215
6	S&W	39572	50128	57372
7	Depreciation	7655	9609	10630
	Total Expenditure	555191	454854	707600

Sl. No.	Macro Aggregates	Results of 195 Companies	Results of 1005 companies	Results of 1015 companies	Applying blown up factor based on PUC on Col. (3)	NAS-2014
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	FISIM	194374	136383	212465	433454	295714
2	Actual Receipts	57264	93254	113122	127699	170589
	Output	251638	229637	325587	561153	466303
	GVA	174355	127520	210941	388812	352659
	PUC	313867	320508	387827		
	PUC Global	699700	699700	699700		
	Blown up Factor	2.23	2.18	1.8		
	GVA Global	388812	277993	379694		
	GVA HDFC	61159				
	GVA Other NGMBFCs	291500				

Recommendation:

The CSO may use the results of top 195 NGNBFCs to arrive at the GVA and related macro aggregates in the base year 2011-12. The RBI may provide relevant data for top 500 NGNBFCs, so that the data for top 500 companies can be used by the CSO, once it becomes available.

e. **Issue under consideration:** Improvement in coverage and estimation of GVA and gross savings of private mutual funds (other than UTI MF)

Discussions:

Mutual Funds in India are financial instruments and are different from the Asset Management Companies (AMCs), which manage these funds. At present, the CSO analyses the financial statements of UTI mutual fund, a public sector mutual fund and use it for estimating gross value added, etc. of this financial sub-sector. Further, no separate information on account of MMF and Non-MMF are available in the annual report provided by UTI mutual funds. Savings on account of UTI mutual fund is allocated to household sector and is included in household savings. In addition to this, household savings in mutual funds other than UTI is obtained from Reserve Bank of India (RBI) as part of their Flow of Funds estimates and is incorporated in NAS although no counterpart of these savings are available in GVA estimation.

Suggestion of alternate data source for improving coverage: To get the estimates for the subsectors namely, Money Market Funds (S-123) and Non-Money Market Funds (S-124) under the financial corporation sector (S-12), an attempt has been made to capture annual financial data of all Mutual Funds. The CSO requested the Securities and Exchange Board of India (SEBI) to supply data from the revenue account and balance sheet for all mutual funds separately for MMF and Non-MMF schemes in a consolidated form. The SEBI agreed to provide the consolidated revenue accounts and balance sheet data, separately for all the schemes of 27 MMFs and 42 NON-MMFs registered with the SEBI.

Computing GVA from data provided by the SEBI: In case of financial services, output represents value of services provided by MMF and Non-MMF mutual funds by charging purchase and redemption fee, exchange fees, account fees, annual fees such as management fees distribution and other fees and performance fees. These fees are payable to the managers of the funds which are, in turned, charged to investors in the funds. No FISIM is generated by the MMF and Non MMF funds. Scheme wise analysis for each Mutual Fund was done and two alternate estimates were prepared based on the analysis. It was found that the accounts of the MMF and non-MMF do not have any compensation of employees, as these are booked in the accounts of the corresponding AMCs.

Procedure 1: GVA by Profit on Sale of Investment (POSI) method and savings of mutual funds in 2013-14 (Rs. Crores)

Mutual Funds (MF)	No. of MF	Output = actual receipt + Net POSI	Intermediate Consumption (IC)	GVA	GVA in NAS 2014 for 2012-13	Saving generated by mutual funds	Savings generated by MFs allotted to household sector	Savings of household sector in mutual fund in 2012-13 in NAS 2014
Money Market Fund (MMF)	25	7	312	-305	-	9612	3823	-
Non- MMF	40	10387	8333	2054	-	34353	13662	-
Total mutual funds	65	10394	8645	1749	4	43965	17485	UTI: 2598 + other than UTI:35001 = 37599

Procedure 2: GVO by cost method and savings of mutual funds in 2013-14 (Rs. Crores)

Mutual Funds (MF)	No. of MF	Output = IC	Intermediate Consumption (IC)	GVA	GVO in NAS 2014 for 2012-13	Saving generated by mutual funds	Savings generated by MFs allotted to household sector	Savings of household sector in mutual fund in 2012-13 in NAS 2014
MMF	25	312	312	0	-	9612	3823	-
Non-MMF	40	8333	8333	0	-	34353	13662	-
Total mutual funds	65	8645	8645	0	470	43965	17485	UTI: 2598 + other than UTI: 35001 = 37599

It may be noted that output of all financial institutions has two components, namely, Implicit output (FISIM) and Explicit Output (Actual Receipts). Mutual funds do not generate FISIM. Thus, only actual receipts form part of output. On the expenses side only AMC charges appear. Actual receipts in case of mutual funds are less as compared to expenses incurred on AMC, which results into negative GVA. To circumvent this problem, net profit on sale of investment is taken as part of Actual receipts. After the analysis of the annual accounts of all Mutual Funds, it was observed that that in case of Non-MMF at the aggregate level, GVA is not negative but in case of MMF it is negative. One of the reason might be because MMFs make investment only in commercial papers and not in the shares and securities. Another reason was, at the individual level, some mutual funds were having more loss on sale of investment than profit on sale of investment resulting a negative output and negative GVA.

Computing household savings in Mutual Funds from data provided by the SEBI: In the base year 2004-05, savings from mutual funds was being estimated from the RBI study. In view of the fact that the SEBI is the regulatory authority, the website of the SEBI was accessed to find whether information related to this is publicly available or not. From the SEBI website, the following information on Unit holding pattern of mutual fund industry, as on 31.3.2010, was found:

Sl. No.	category	Net assets (in Rs. Crore)	Percentage to total net assets
1	Individuals	245390	39.77
2	NRIs	27429	4.45
3	FIIs	6335	1.03
4	Corporates / Institutions/ Others	337813	54.75
5	Total	616967	100.00

Thus, applying 39.77% on estimated savings of mutual fund, it can be estimated that Rs. 17485 Crore belongs to household saving in the form of mutual funds.

Recommendations:

a. The CSO may use the data being provided by the SEBI for computing the macro aggregates of the MMF and non-MMF funds for the base year 2011-12 and subsequent years.
b. Procedure-2 may be adopted for computing the GVA of these funds. For the purpose of presentation, these two categories may be merged.
c. Gross savings of the MMF and Non-MMF may be computed as a balancing item of Secondary Distribution of Income Account. Further, the ratio 39.77% may be applied on the gross savings arrived at for these funds to get the gross savings of the households in mutual funds.

f. Issue under consideration: Computing output, GVA and related aggregates for private money lenders and share brokers

Discussions:

In the unorganized segment of the financial services, in the 2004-05 base, the GVA was estimated as a fixed ratio (1/3rd) of the GVA of Government Companies and the NGNBFCs. It was pointed out that there are several alternatives to estimate GVA of these enterprises. Some of the alternative data sources currently being available being the MCA 21 database, which would provide the data for the registered stock brokers, the list of such stock brokers being available from the SEBI; the All-India Debt and Investment Survey of the NSSO and the 67th round unorganized non-agriculture survey (excluding construction) of the NSSO. Using these data sources, alternate estimates have been developed by the CSO and the procedures as well as results were examined by the Sub-Committee. These are as under:

FISIM for moneylenders: Within the unorganized financial sector, the main financial intermediaries are the money lenders. All India Debt and Investment Survey conducted by NSSO in its 70th round in 2012 provides the information on ratio between loan given to households (including cultivator households) by scheduled commercial banks and loan given to households (including cultivator households) by money lenders separately for rural and urban sectors (We may refer Table 8 of Report No. 501of the 59th round AIDIS of the NSSO, data on this from the 70th round being provided by the NSSO to the CSO as a special case for finalization of the base change exercise). Applying these ratios on outstanding credit of scheduled commercial banks for agriculture and personal loans separately for rural and urban as available from Reserve Bank of India (We may refer Table 1.10: Population group wise outstanding credit of scheduled commercial banks according to occupation, Basic Statistical Returns, RBI), estimated outstanding loan given by money lenders are obtained. Report of the Technical Group to review legislations on money lending under the chairmanship of Sh. S.C. Gupta, RBI states that the average rate of interest charged by money lenders ranges from 18% to 36% (under item (g): interest rate under Box 3, page 33). Take the midpoint of the range, i.e. 27% as the estimated interest rate charged by money lenders. Using all these, the ratio of outstanding loan from money lenders to that of the commercial banks was obtained. This was used to compute the estimated FISIM produced by money lenders in 2011-12. Having computed the FISIM, the SNA interest received by the private moneylenders were treated as property income and added in their savings. To arrive at the intermediate consumption (IC) of them, the unit level data of the 67th round NSS survey of unorganized non-agricultural enterprises was used, where a special NIC 2008 code “64929” was used for private moneylenders. Using data on the expenditure and receipts block of 465 sample enterprises of this round, the IC comes as 9.518% of the interest receipts. In some of these enterprises, it was observed that the interest figure has been distributed as interest receipt and dividend receipt. Therefore, both these have been taken together as “interest receipt”, as moneylenders will not get dividend.

Output, GVA and related aggregates for registered stock brokers: The SEBI provided the list of stock brokers registered with them. The financial details of the stock brokers who are also registered with the Ministry of Corporate Affairs (MCA) were identified from the

XBRL and AC/ACA data of the MCA. This was used to compute the macro aggregates for these enterprises.

Output, GVA, etc. for remaining unorganized financial services: The data from the 67th round unorganized non-agricultural enterprise survey was used to identify the remaining unorganised financial services. The output and GVA of these enterprises were computed directly from the unit level data of the NSSO survey referred here.

Recommendations:

The procedures discussed above are recommended for arriving at the macro aggregates in base 2011-12 with respect to the bouquet of economic activities which were referred as “unorganized financial services” in the base 2004-05.

g. **Issue under consideration:** Improving coverage of specific sub-sectors like insurance and pension funds,

Discussions:

The CSO pointed out that financial data of some more companies may be brought under the ambit of analysis. The three regulatory agencies, namely, the Securities and Exchange Board of India (SEBI), the Insurance Regulatory and Development Authority (IRDA) and the Pension Fund Regulatory and Development Authority (PFRDA) have been very helpful and forthcoming by not only providing their own financial details, but also providing relevant data for the purpose of national accounting for the entities registered under them. and This include, private mutual funds, whose list as well as data has been provided by the SEBI; private insurance companies, some of which could be obtained from the annual accounts of the respective insurance companies, and, in some cases, from the data provided by the IRDA; private pension funds, whose list and data has been provided by the PFRDA and the three regulatory agencies, namely, the SEBI, IRDA and PFRDA.

Recommendation:

The CSO may include these additional data for computing national income aggregates of these entities under relevant sub-sectors of Financial Corporations.

h. **Issue under consideration:** Computing FISIM at constant prices

Recommendation:

For preparing the constant price estimate of FISIM, implicit price deflator (IPD) of financial sectors would be used to deflate the estimated FISIM at current price.

i. **Issue under consideration:** Allocation of FISIM to different industries

Discussions:

FISIM produced by the domestic financial intermediaries would be either consumed by producing units or final uses. Utilizing the sector wise loan and / or deposit for each of the financial institutions as indicator, total FISIM is allocated to different users (intermediate use or final use). It was informed that, in the base year 2004-05, the allocation of FISIM was made using the aggregate credit and deposit of different industries, as obtained from the RBI. In this exercise, credit and deposit figures are also provided for the Government. However, the RBI clarified that the RBI keeps the accounts of all the Governments, both Central and State, as a banker to the Government. Thus, the Government sector does not consume any FISIM. Based on these deliberations, the following recommendations were made:

Recommendation:

Allocation of FISIM, generated as an output by the financial corporations, may be made to all the industries in proportion to the aggregate of credits and deposits of the industries and final uses, except for general Government.

3.3 Sub-sectoring of financial corporation sector in line with SNA 2008

Discussion:

The SNA 2008 has recommended a 9-fold classification of financial sub-sectors. Further, some of the activities have undergone modifications in the sub-sectoring compared to the SNA 1993. This Sub-sectoring within the financial services has undergone some modifications, to keep it in line with the SNA 2008 recommended sub-sectors. These include, classifying the insurance agents under financial auxiliaries; separation of the Money-Market Funds (MMF), non-MMF and Asset Management Companies (AMCs) and treating the AMCs as financial auxiliaries. In the previous base, insurance agents were under the insurance sub-sector and entire NBFCs were treated together.

Recommendations:

a. The CSO may present results related to financial sector (S-12 of SNA 2008) as per the classifications provided in the SNA 2008, except for the mutual funds (S-122 and S-123), reasons for this may be seen in the part where the discussions and recommendations for Mutual Funds are given.
b. Use the data being provided by the SEBI for computing the macro aggregates of the MMF and non-MMF funds for the base year 2011-12 and subsequent years.
c. Procedure-2, mentioned earlier may be adopted for computing the GVA of these funds. For the purpose of presentation, these two categories may be merged.
d. Gross savings of the MMF and Non-MMF may be computed as a balancing item of Secondary Distribution of Income Account. Further, the ratio 39.77% may be applied on the gross savings arrived at for these funds to get the gross savings of the households in mutual funds.

Chapter IV

REVALUATION OF CHANGE IN STOCKS

4.1 Change in stocks(CIS) represents the value of the physical change in raw materials, work in progress (other than the work in progress in buildings which are included in fixed capital formation) and finished products.

4.2 The estimates of Change in Stock (CIS) at Current Price and Constant Price are compiled for all three institutional sectors (Public sector, Private corporate sector and Household sector) and for each industry category. These are estimated through the expenditure method. They are compiled first for each of the three institutional sectors or sub sectors wherever data is adequately available separately and thereafter the industry level estimates are obtained by combining them.

4.3 At present, CIS in the case of public sector and private corporate sector is worked out as Closing stock –Opening Stock as reported in the books of accounts. In the third meeting of the Subcommittee on SNA held on 6.5.2014, it was suggested that change in stock may be revalued and corresponding adjustment may be made in the production account of respective industries. Revaluation of CIS as suggested by the sub-committee has been done for public sector enterprises. For revaluing stocks, average WPI of last quarter is used, as recommended by the Advisory Committee, for deflating the book values of opening and closing stock of inventories at constant prices are first estimated. Difference between closing stock and opening stock at constant price is taken as CIS estimate of the current year at constant price. Using the same WPI, the CIS estimates at Current price are obtained.

4.4 The re-valued change in stock for public sector enterprises i.e. NDCUs, for all industries, for the year 2011-12 are given in the table below. Corresponding adjustment of revaluation in GVA is also shown. The sub-committee agreed to this methodology and following points were observed:

- The difference between the re-valued stock and the book value is holding gain.
- The impact of revaluation would affect estimates of savings and capital formation. And therefore, the revisions in errors and omissions would not be much.
- The impact of re-valued stocks of food grains will be mainly on PFCE which is likely to go up.
- In case of services, the change in stocks is on inputs such as spare parts, etc. and not on its output. Hence it must be deducted from its intermediate consumption.
- In particular, for Trade industry, the trade margins are part of output and are equal to its value added. Change in stocks are not a part of output, as in other industries, but is an asset and would be a part of capital formation.

4.5 The sub-committee recommended that this methodology may be adopted for NDCUs as well as private corporations in the new series. However, it was suggested that in the ASI schedule if quantity of stocks are available, then the change in stocks of quantities worked out could be compared with the change in stocks at constant prices for manufacturing sector derived from NDCU analysis. It was found out that the ASI schedule did not have the quantity of stocks but value of stocks. It was also found out that the value of CIS obtained from the ASI schedule is not comparable with the CIS estimate derived from NDCU analysis. Also in the case of Trade Industry, in the NDCU analysis sheet, CIS is a part of the output of this sector. Hence the adjustment in GDP on account of revaluation has been shown in the Trade sector also .

4.6 In the case of household sector, the ratio between the inventory and output or inventory as derived from the enterprise surveys are used. This ratio is applied on the GVO at current price to get the inventory at current price. Deflating the current price estimates of inventory by appropriate WPI, constant price estimate is obtained and taking the difference between two successive years' inventory estimates at constant prices, the estimate of CIS at constant prices is arrived at. Then again inflating the constant price estimates of CIS by the same WPI, current price estimates of CIS are obtained. Hence, the methodology adopted for compiling CIS in the household sector provides re-valued stocks. For the household sector data as available from the NSS 67th round on "Economic characteristics of Unincorporated Non-agricultural Enterprises (excluding Construction) in India (July 2010-June 2011)", besides other new data sources that will be available, will be used for deriving at the benchmark estimates.

Table 4.1

Revaluation of change in stocks for Public Sector Enterprises for the year 2011-12

(Rs.Lakh)

S. No.	NAME OF INDUSTRY	2010-11		2011-12		2011-12		2011-12
		BOOK VALUE	REVALUED STOCK	BOOK VALUE	REVALUED STOCK	GVA	GVA ADJUSTED	DIFF
1	Agriculture, Forestry & Logging and Fishing	-1426	-7808	5043	-958	232928	226927	-6001
1.1	Agriculture	965	-316	1372	-192	138224	136660	-1564
1.2	Forestry & Logging	-2371	-7461	3584	-843	92613	88186	-4427
1.3	Fishing	-20	-31	87	77	2091	2081	-10
2	Mining & Quarrying	187595	108955	82457	-53029	17026794	16891308	-135486
3	Manufacturing	2044628	1597697	905692	192406	11052807	10339521	-713286
4	Electricity, gas & Water Supply	12690	9450	48063	44313	12180611	12176861	-3750
	Electricity	-639	-1386	-1832	-2060	11027489	11027261	-228
	Gas	13329	10836	49895	46374	1114097	1110576	-3521
	Water Supply			0				0
5	Construction	53801	34399	66996	42154	372876	348034	-24842
6	Trade, Hotels &Restaurants	784658	301734	1018474	496801	2057625	1535952	-521673
6.1	Trade	784456	301798	1018332	496930	1997464	1476062	-521402
6.2	Hotel & Restaurant	202	-64	142	-129	60161	59890	-271
7	Transport, Storage and Communication	44485	25280	24071	21345	5419600	5416874	-2726
7.1	Railways	0		0		126621	126621	0
7.2	Transport by other means	111	86	55	26	3058074	3058045	-29
7.3	Storage	44374	25195	24016	21320	144999	142303	-2696
7.4	Communication	0	0	0				0
8	Financing, insurance, real estate and business services	0		0				0
8.1	Banking & Insurance	0		0				0
8.2	Real Estate, ownership of dwelling and business services	0		0				0
9	Community, social & personal services	24023	14969	-7070	-17758	404478	393790	-10688
9.1	Public administration & defence	0	0	0		0	0	0
9.2	Other Services	24023	14969	-7070	-17758	404478	393790	-10688
	TOTAL	3150454	2084675	2143726	725274	48747719	47329267	-1418452

Note: Data is as available at the time when the exercise was undertaken.

Table 4.2

Revaluation of change in stocks for private corporate for the year 2011-12

(Rs Lakh)

S. No.	NAME OF INDUSTRY	CHANGE IN STOCK, 2011-12		2011-12
		BOOK VALUE	REVALUED CHANGE IN STOCK	DIFF
1	Agriculture, Forestry & Logging and Fishing	161188	60808	-100381
2	Mining & Quarrying	1395020	495119	-899900
3	Manufacturing	6915301	3689351	-3225950
4	Electricity , Gas, Water Supply including waste management	10448	5706	-4743
5	Construction	3582758	2254466	-1328292
6	Trade, Hotels & Restaurant	733349	461580	-271769
6.1	Trade	714469	456094	-258374
6.2	Hotel & Restaurant	18880	5485	-13395
7	Transport, Storage and Communication	130668	-6308	-136977
8	Financing, insurance, real estate and business services	543252	13194	-530058
8.1	Banking & Insurance	95228	21271	-73956
8.2	Real Estate, ownership of dwelling and business services	448025	-8077	-456102
9	Community, social & personal services	78648	23743	-54905
9.1	Public administration & defence	0	0	0
9.2	Other Services	78648	23743	-54905
	TOTAL	**13550634**	**6997657**	**-6552976**

Note: Data is as available at the time when the exercise was undertaken.

CHAPTER V

RECLASSIFICATION OF PRODUCTION AND PRODUCT TAXES/SUBSIDIES

5.1 In the 2004-05 series, taxes are being classified into direct and indirect taxes and subsidies and are being taken in totality. As per 2008 SNA, to calculate GVA at basic prices, the taxes and subsidies on production are required separately. So the total taxes and subsidies have been reclassified as on product or on production.

5.2 A production tax or subsidy is paid/ received on the factors of production – land, labour or capital. Production tax or subsidy has nothing to do with volume of production. For instance, land revenue and stamp duty have been treated as taxes on production. The input subsidies to farmers, some mining industries, dredging subsidies to Kolkata Port Trust etc., have been treated as production subsidies.

5.3 A tax or subsidy on product is paid/ received on per unit of output. For instance, excise tax, sales tax or subsidies on LPG cylinder, to Food Corporation of India (FCI), to banks for providing cheap loans to beneficiaries, to insurance corporations for providing insurance at subsidised rates.

5.4 Government has some Departmental Commercial Undertakings (DCU). These DCU are engaged in market operations. The Central and State Governments have their DCUs. These DCU function despite regular loses because of Government support. D/o Post, Delhi Milk Scheme and Chandigarh (UT) Transport Undertaking are some of Central DCUs. The Department of State Transport, Haryana is one of the state DCUs. The losses to these DCUs have been treated as production subsidies.

5.5 Subsidies to Food Corporation of India (FCI): As per the practice during 2004-05 series, the subsidies given to FCI have been treated as subsidies given to agriculture sector in Classification of Functions of Government (COFOG). The sub-committee recommended that the subsidies to FCI should be treated as subsidies given to trade sector in COFOG classification.

5.6 The re-classification of product/production taxes and subsidies are given below:

Table 5.1: Product Subsidies

Major Head	Minor Head	Sub Head
2401	105: Manures and fertilizers	14: Payment for concessional sale of Indigenous decontrolled fertilizers
2401	105: Manures and fertilizers	15: Payment for concessional sale of imported decontrolled fertilizers
2401	106: Import of fertilizers	02: Import of Urea

Major Head	Minor Head	Sub Head
2401	129: Issue of special bonds to fertilizers companies as compansation towards fertilizers subsidy	04: Compensation for loss on Account of sale of fertilizer bonds for concessional sale of imported decontrolled fertilizers
2852	101: Fertilizer Subsidy	01: Payment under fertilizers Retention Price scheme
2852	129: Issue of special bonds to fertilizers companies as compansation towards fertilizers subsidy	02: Payment under fertilizer Freight subsidy scheme
2401	106: Import of fertilizers	02: Import of Urea
2852	101: Fertilizer Subsidy	01: Payment under fertilizers Retention Price scheme
2408	102: Food Subsidy	09: Subsidy for meeting losses on import of pulses
2408	102: Food Subsidy	02: subsidy payable to food corporation of India and others on food grains transactions
2408	102: Food Subsidy	04: Sugar subsidy payable to FCI and others on account of levy sugar, Import of sugar etc
2408	102: Food Subsidy	07: Subsidy for Imported Edible Oils for distribution through States/ Uts Govt.
2408	800: Other Expenditure	03: Departmental Canteen National Sugar Institute
2408	800: Other Expenditure	06: Re imbursement of Internal Transport and freight charges to sugar factories on export shipment and payment of other permissible claims
2408	902: Amount met from sugar Development Fund	06: Re imbursement of Internal Transport and freight charges to sugar factories on export shipment and payment of other permissible claims
2852	102: Transport Equipment Industries	10: Ship Building Subsidy
2852	102: Transport Equipment Industries	21: Subsidy to non central PSU Shipyards and private sector shipyards
3056	800: Other Expenditure	03: Interest Subsidy to Banks/ Financial Institutions for loans to IWT enterpreneurs
3453	107: Export Subsidy	04: Interest Subvention to Schd. Commercial Banks
3053	800: Other Expenditure	06: Subsidy for operation of Haj Charters
2803	101: Assistance to Coal & Lignite Companies	03: Payment against collection of cess on coal and coke
2852	102: Transport Equipment Industries	10: Ship Building Subsidies
2802	102: Subsidy to oil Marketing Cos.	01: Subsidy on domestic LPG and PDS Kerosene

Major Head	Minor Head	Sub Head
2802	102: Subsidy to oil Marketing Cos.	02: Freight subsidy on retail products for far flung areas
2802	102: Subsidy to oil Marketing Cos.	04:Subsidy to oil cos for supply of Natural Gas to North Eastern Region
2802	103: Payment to oil marketing companies as compensation for under recoveries in their domestic LPG and Kerosene (PDS) operations	01: Govt. of India Special Bonds to oil Marketing companies
2851	105: Khadi and Village industries	07: JanshreeBimaYojana for Khadi artisans
2235	800: Other Expenditure	09: Payment to Public Sector General Insurance Co. for community based Universal
2235	800: Other Expenditure	10: Payment to Life Insurance Corporation of India for Pension Plan for Senior Citizens
2416	800: Other Expenditure	02: Interest Subvention for providing short term credit to Farmers
2885	101: Assistance to Industrial Financial Institutions	06: 1% interest subvention on Housing Loans
2885	800: Other Expenditure	03: Subsidy in lieu of concession in the rate of interest on Loans
2401	800: Other Expenditure	06: Comprehensive Crop Insurance
2885	101: Subsidies	03: Transport subsidies to industries
3456	103: Consumer Subsidies	01: Transport Subsidy
2552	238: Development of backward areas subsidies	01: Transport Subsidy
2885	101: Subsidies	09: Transport Subsidy
2885	101: Subsidies	12: Investment Subsidy-Old

Table 5.2: Production Subsidies

Major Head	Minor Head	Sub Head
2408	800: Other Expenditure	01: Subsidy for maintenance of Buffer Stocks of Sugar
2408	800: Other Expenditure	08: Scheme for Extending Financial Assistance to Sugar undertaking 2007
2408	902: Amount met from sugar Development Fund	03: Subsidy for maintenance of Buffer stocks of Sugar
2852	202: Textiles	16: Procurement of cotton by cotton corporation of India under price support

Major Head	Minor Head	Sub Head
2852	600: Others	04: Jute
3051	108: Assistance to port Trusts	01: Maintenance and dredging in Haldia Channel by Calcutta Port Trust
3051	108: Assistance to port Trusts	02: River Dredging and Maintenance of river Hooghly and Haldia channel by Calcutta Port Trust
2552	223: Tea- Other Expenditure	01: Assistance to Tea growers and others
2552	224: Coffee- Other Expenditure	01: Assistance to Coffee growers and others
2552	225: Rubber- Other Expenditure	01: Assistance to Rubber growers and others
2552	475: Spices- Other Expenditure	01: Assistance to Spice growers and others
3453	194: Assistance for Export Promotion and Market Development	03: Assistance to Export Promotion and Market Development Organisations
3453	800: Other Expenditure	08: Marine Products Export Development Authority
3451	090: Secretariat	07: Essential Air services to Remote & Inaccessible areas
2552	318: New and Renewable Energy Grid Interactive and Distributed Renewable Power	01: Grid Interactive Renewable Power
2810	101: Grid Interactive and Distributed Renewable power	01: Grid Interactive Renewable Power
2810	101: Grid Interactive and Distributed Renewable power	02: Off Grid/ Distributed and Decentralized Renewable Power
2810	102: Renewable Energy for Rural Applications	02: Renewable Energy for all villages
2810	103: Renewable Energy for Urban, Industrial and Commercial Applications	01: ST, SPV and other RE Systems
2552	236: Village and Small Industries small Scale Industries	21: Other Grants
3075	101: Subsidy to Railways towards Devidend relief	01: Payment to Railway
3075	101: Subsidy to Railways towards Devidend relief	02: Reimbursement of losses to Railways on operating strategic Railway lines
2401	103: Seeds	23: Expenditure on seeds
2401	105:Manures and Fertilisers	16: Distribution of Fertilizers
2401	107: Plant Protection	02: Plant Protection Scheme
2401	108: Commercial Crop	03: Coconut
2402	001: Direction and Administration	02: Soil Conservation Unit
2435	800: Other Expenditure	04: High Yielding Programme
2401	103: Seeds	23: Expenditure on seeds
2401	105:Manures and Fertilisers	16: Distribution of Fertilizers
2401	107: Plant Protection	02: Plant Protection Scheme
3456	195: Assistance to Consumer Cooperatives in Rural Areas	01: Managerial Subsidy
3053	191: Schemes for NE Region	01: Payment for Helicopter Services in N E Region

Table 5.3: Taxes on Product

Major Head	Minor Head	Description
0023	101	Collections from Hotels which are companies
0023	102	Collections from Hotels which are non-companies
0028	109	Expenditure Tax Act, 1987
0037	106	Customs Duty on Gold
0037	108	Safeguard Duty
0037	109	Additional Duty of Customs on Tea And Tea Waste
0037	504	Education Cess
0037	505	Secondary & Higher Education Cess
0037	102	Exports
0037	103	Cesses on Exports
0037	101	Imports
0038	101	Basic Excise Duties
0038	102	Auxiliary duties of Excise
0038	103	Additional Excise Duties on Mineral Products
0038	104	Special Excise Duties
0038	700	Receipts under Kar Vivad Samadhan Scheme,1998
0038	101	Additional Excise Duties in lieu of Sales Tax
0038	102	Excise Duty on Generation of Power
0038	700	Receipts under Kar Vivad Samadhan Scheme,1998
0038	901	Share of net proceeds assigned to States
0038	101	Regulatory Excise Duties
0038	102	Auxilary Duties of Excise
0038	103	Special Excise Duties
0038	104	Additional Excise Duties on Textiles and Textile Articles
0038	105	Additional Excise duty on T.V Sets
0038	106	Additional Excise Duties on indigenous Motor Spirit
0038	107	Additional Excise Duty on High Speed Diesel Oil
0038	108	National Calamity Contingent Duty
0038	109	Special Additional Duty of Excise on Motor
0038	110	Additional Duty of Excise on Tea & Tea waste
0038	111	Additional Duty of Excise on Pan Masala & certain Tabacco Product
0038	112	Clean Energy Cess
0038	504	Education Cess
0038	505	Secondary & Higher Education Cess
0038	700	Receipts under KarVivadSamadhan Scheme,1998
0038	101	Cess on Coal and Coke
0038	102	Cess on Jute
0038	103	Cess on Tea
0038	104	Cess on Copra
0038	105	Cess on Oil and Oil Seeds

Major Head	**Minor Head**	**Description**
0038	106	Cess on Cotton
0038	107	Handloom Cess on Rayon and ArtsilkFabs
0038	108	Handloom Cess on Woollen Fabrics
0038	109	Handloom Cess on Cotton Fabrics
0038	110	Cess on Iron Ore
0038	111	Cess on MICA
0038	112	Cess on Limestone and Dolomite
0038	113	Cess on Salt
0038	114	Cess on Bidi
0038	115	Cess on Tobacco
0038	116	Cess on Rubber
0038	117	Cess on Crude Oil
0038	118	Cess on Coffee
0038	119	Cess on Sugar
0038	120	Cess on Condenser
0038	121	Cess on Manganese
0038	122	Cess on Cardmom
0038	123	Handloom Cess on Manmade Fabrics
0038	124	Cess on Paper
0038	125	Cess on Straw Board
0038	126	Cess on Electricity
0038	127	Cess on Vegetable Oils
0038	128	Cess on Automobiles
0038	129	Cess on Textiles and Textile Machinery
0038	130	Cess on Feature Films
0038	131	Cess on Matches
0038	200	Cess on Other Commod
0039	101	Country Spirit
0039	102	Country Fermented Liquor
0039	103	Malt Liquor
0039	104	Liquor
0039	105	Foreign Liquors and spirits
0039	106	Commercial and denatured spirits and medicated wines
0039	107	Medicinal and toilet preparations containing alcohol, opium etc.
0040	101	Receipts under the Central Sales Tax Act
0040	102	Receipts under State Sales Tax Act
0040	110	Trade Tax
0042	103	Tax Collections-Passenger Tax
0042	106	Tax on entry of goods into local ares
0043	101	Taxes on consumption and sale of Electricity
0044	101	Tax on Telephone Billing
0044	102	Tax on General Insurance Premium

Major Head	**Minor Head**	**Description**
0044	103	Tax on Stock Brokerage Commission
0044	104	Advertising Services
0044	105	Courier Services
0044	106	Radio and Paging Services
0044	107	Custom House Agent Services
0044	108	Steamer Agent Services
0044	109	Air Travel Agent Services
0044	110	Mandap Keeper Services
0044	111	Clearing and Forwarding Agent Services
0044	112	Rent a cab scheme operator Services
0044	113	Outdoor Caterers Services
0044	114	Pandal or Shamiana Contractor Services
0044	115	Consulting Engineer Services
0044	116	Manpower Recruitment Services
0044	117	Tour Operator Services
0044	118	Goods Transport Operator Services
0044	119	Architect Services
0044	120	Interior Decoration/Designers Services
0044	121	Mechanised Slaughter House Services
0044	122	Under Writer Services
0044	123	Credit Rating Agency Services
0044	124	Chartered Accountant Services
0044	125	Cost Accountant Services
0044	126	Company Secretary Services
0044	127	Real Estate Agent/ Consultant Services
0044	128	Security/ Detective Agency Sevices
0044	129	Market Research Agency Services
0044	130	Management Consultant Services
0044	131	Scientific and Technical Consultacy Services
0044	132	Photography Services
0044	133	Convention Services
0044	134	Leased Circuit Services
0044	135	Telegraph Services
0044	136	Telex Services
0044	137	Fascimile Services
0044	138	Online Information and Database Access and/or Retrieval Services
0044	139	Video Tape Production Services
0044	140	Sound Recording Services
0044	141	Broadcasting Services
0044	142	Insurance Auxiliary Services
0044	143	Banking and other Financial Services
0044	144	Port Services

Major Head	Minor Head	Description
0044	145	Service on Repair Provided by Authorised Service Station for Motor Car and TwoWheeled Vehicles
0044	146	Life Insurance Services including Insurance Auxillary Services
0044	147	Cargo Handling Services
0044	148	Storage and Warehouse Services
0044	149	Event Management Services
0044	150	Rail Travel Agent Services
0044	151	Health club and Fitness Centres Services
0044	152	Beauty Parlours Services
0044	153	Fashion Designing Services
0044	154	Cable Operator Services
0044	155	Dry cleaning Services
0044	156	Business Auxiliary Services
0044	157	Commercial Training and Coaching Centre
0044	158	Commissioning and Installation Agency
0044	159	Franchise Services
0044	160	Internet Cafe
0044	161	Maintainance and Repair Services
0044	162	Technical Testing and Analysis-Technical Inspection and Certify
0044	163	Business Exhibition Services
0044	164	Airport Services
0044	165	Transport of Goods by Road
0044	166	Transport of Goods by Air
0044	167	Survey & Exploration of Minerals
0044	168	Opinion Poll Services
0044	169	Intellectual Property Services other than copyright
0044	170	Forward Contract Services
0044	171	TV Radio Programme Production
0044	172	Construction Services in respect of Commercial or Industrial Buildings and Civil Structures
0044	173	Travel agents (other than AIR/Travel Agents)
0044	174	Transport of Goods through Pipeline etc.
0044	175	Site formation & Clearance, Excavation &Earth moving & Demolition Services other than those provided to Agriculture, Irrigation & Water shade Development
0044	176	Dredging Service of River,Port,Harbour,Backwater Estuary
0044	177	Survey & Map making other than those Govt. Deptt.
0044	178	Cleaning Services other than in relation to Agriculture
0044	179	Membership of Club or Assosiation with specified exclusions
0044	180	Packaging Services
0044	181	Mailing List Compilation and Mailing
0044	182	Construction of Residential Complex having more than Twelve Houses
0044	183	Service provided by a registrar to an issue
0044	184	Service provided by a share transfer agent

Major Head	**Minor Head**	**Description**
0044	185	ATM operations, maintenance or management
0044	186	Service provided by a recovery agent
0044	187	Sale of space or time for advt. other than print media
0044	188	Sponsorship services provided to anybody, corporate, firm other than sponsorship of sports events
0044	189	Transport of passengers embarking on international journey by air, other than economic class passengers
0044	190	Transport of goods in container by rail by any person
0044	191	Business support services
0044	192	Auctioneer services other than auction of property
0044	193	Public relations service
0044	194	Ship management services
0044	195	Internet telephony services
0044	196	Transport of persons by cruise ship
0044	197	Credit /debit card, change card or payment card related services
0044	198	Services provided by a telegraph authority in relation to telecom
0044	199	Services provided in relation to mining of minerals, oil or gas
0044	200	Services provided in relation to renting of immovable property for use in course of further some of business or commerce
0044	201	Services provided in relation to execution of work contract
0044	202	Services provided in relation to development, supply of content for use in telecom services, advertising agency services and database access or retrieval services
0044	203	Services provided to any person except banking company or FI including NBFC or any other body, corporate or commerce concerned in relation to assest management including portfolio management and all forms of fund management
0044	204	Services provided in relation to design services
0044	205	Professional Services
0044	206	Services Provided by an Insurer on Life Insurance Business in Relation to Management of Investment, Under Unit Link Insurance Business, Commonly Known as Unit Linked Insurance Plan-Ulip Scheme
0044	207	Services Provided by a Recognized Stock Ex. in Relation to Assisting, Regulating or Controlling the Business or Dealing in Securities
0044	208	Services Provided by a Recognized/Registered Association in Relation to Assisting, Regulating or Controlling
0044	209	Services Provided by a Processing and Clearing House in Relation to Processing, Clearing and Settlement of Transaction in Securities
0044	210	Services Provided by any Person in Relation to Supply of Tangible Goods including Machinery, Equipment and Appliances for use
0044	211	Cosmetic Surgery or Plastic Surgery Service
0044	212	Transport of Coastal Goods & Goods Through National Waterways
0044	213	Legal Consultancy Service
0044	214	Services of Promoting, Marketing or organizing of Games of Chance including Lottery, Bingo or Lotto
0044	215	Health Services Like (A) Health check up undertaken by Hospitals on Medical Establishment for employees

Major Head	Minor Head	Description
0044	216	Services provided maintenance of medical records of Employee business entity
0044	217	Services of promoting brand of goods services events business entity
0044	218	Services of permitting commercial use of exploitation of any event organized by person or organization
0044	219	Services provided by Electricity exchange
0044	220	Services related to (A) transferring temporarily or (B) permitting the use or enjoyment of any copy right
0044	221	Special services provided by a builder etc. to the prospective buyers such as providing preferential
0044	222	Services of Air-conditioned Restaurants
0044	223	Services of providing of accommodated in Hostels/Inns/Clubs/Guesthouse/Camp site for continuous period of less than 3 months
0044	224	All taxable Services
0044	225	Other Taxable Services
0044	504	Primary Education Cess
0044	505	Secondary & Higher Education Cess
0044	700	Receipts Under KarVivadSamadhan Scheme, 1998
0045	101	Entertainment Tax
0045	103	Tax on Railway Passenger Fares

Table 5.4: Taxes on Production

Major Head	Minor Head	Description
0026	102	Penalties
0026	104	Surcharge
0026	504	Education Cess
0026	505	Secondary and Higher Education Cess
0028	107	Taxes on Professions, Trades, Callings and Employment
0029	101	Land Revenue Tax
0029	103	Rates and Cesses on land
0030	101	Court fees realised in Stamps
0030	102	Sale of stamps
0030	103	Duty on Impressing of Documents
0030	104	Fees for registering documents
0031	101	Ordinary Collections
0036	101	Collection under Banking Cash Transaction Tax
0041	101	Receipts under the Indian Motor Vehicles Act
0045	105	Luxury Tax
0045	110	Receipts under Water(Prevention and Control of Pollution) Cess Act
0045	112	Receipts for Cesses under other Acts
0045	117	Receipts under Research and Development Cess Act, 1986

CHAPTER VI
STRUCTURE OF NATIONAL ACCOUNTS STATISTICS PUBLICATION

Till 2004-05 series, Gross value added (GVA) by industry has been measured at *factor cost*. GVA at factor cost excludes all taxes on production and includes all subsidies whether they are on intermediate inputs or labour and capital. 2008 System of National Accounts recommends that GVA is to be valued at basic prices. In the basic price approach, taxes on production like payroll taxes, property taxes are production taxes and production subsidies are excluded.

The Sub-Committee recommended that in the new series GVA must be presented at basic prices, in line with the SNA recommendations. This requires separate estimates of taxes less subsidies on 'products' and 'production', which is not available separately but has to be segregated from the taxes/ subsidies information. Details on re-classification of taxes less subsidies on products and production are as given in Chapter V of this report.

The structure of "National Accounts Statistics (NAS)" and statements of the press note of revised estimates were discussed and finalized by the sub-committee.

CHAPTER-VII

RECOMMENDATIONS

7.1 Valuation of various Gross Value Added (GVA) related aggregates would be at basic prices and Gross Domestic Product (GDP) at market prices instead of factor cost, completely aligning with the 2008 SNA recommendations. Only one publication of National Accounts Statistics (NAS) including sequence of accounts needs to be brought out by the Central Statistics Office (CSO).

7.2 The structure of "National Accounts Statistics (NAS)"and statements of the press note of revised estimates were discussed and finalized by the sub-committee.

7.3 The compilation of annual Supply Use Tables (SUT) is essential to generate balanced estimates of GDP both from the production and the expenditure side. More importantly, in the 2008 SNA sequence of accounts there is no place for statistical discrepancy or errors and omissions. All errors and omissions and/or statistical discrepancy are to be reconciled in the SUT framework. The Sub-committee strongly recommended for compilation of annual SUT as an integral part of the compilation of Sequence of Accounts as per 1993/2008 SNA. In some National Statistical Offices (like the Australian Bureau of Statistics), SUT is treated as an internal tool for compilation of balanced measures of GDP both from the production and expenditure side. These are not published on the public domain. It was recommended that CSO may prepare the SUT for 2011-12 and onwards, elaborately to the extent possible. For the years for which balanced SUT is not available, the discrepancies between supply and uses would be reconciled using information from latest available balanced SUT. The committee also strongly recommended that adequate infrastructure including manpower resource need to be provided to the SUT Unit. Each of the units of NAD providing estimates may also do their background work for the SUT which could be consolidated by the SUT unit in its exercises. At present, SUT for 2009-10 has been prepared by the National Accounts Division (NAD). An exercise to prepare SUT for 2011-12 (both unbalanced and balanced) is in progress. This will take some time as the new series of estimates for 2011-12 has become available only on January 30, 2015. Hence, a report relating to compilation of SUT would be submitted separately.

7.4 SNA 2008 Recommendations:

(a) Status on implementability of SNA recommendations are given in Chapter II of the Report. The subcommittee discussed all the recommendations of SNA 2008 in its meetings held so far and noted that most of the recommendations could be implemented subject to data availability and many of them are already implemented.

(b) Some of the SNA recommendations which the Subcommittee recommended to be examined separately as research studies are:

(I) Determining the residence of multi-territory enterprises that operate a seamless operation over more than one economic territory

(II) Identification and allocation of holding companies in the private corporate sector to the financial corporations sector

(III) SNA 2008 recommendation on estimation through capital service approach.

(c) Recommendations which cannot be implemented are:

1. Presenting output of central bank in three broad categories of financial intermediation, monetary policy services and supervisory services.
2. Accrual recording of taxes *(economic flows in Government Finance Statistics are not on accrual basis)*
3. Taxes on holding gains to be shown as current taxes on income and wealth
4. Treating water resources as an asset in some cases
5. Valuation of output for own final use by households and corporations to include a return to capital. (*Ministry of Corporate Affairs have informed that information pertaining to own final use is not available in the annual reports. Hence, it was decided that this recommendation is not implementable at present)*
6. 'Treatment of securities repurchase agreement', 'Treatment of debt instruments indexed to a foreign currency', 'unallocated gold accounts' (it was brought out that unallocated gold accounts do not exist in the Indian context).

(d) Keeping in view the complexity involved in choosing an appropriate reference rate for estimating FISIM, it was recommended that further exercises are required to get a rate that is closer to the concept.

(e) As the use of the term FISIM in case of insurance sector is not mentioned in SNA, the committee recommended that NAD may stop using this terminology in output calculation of insurance sector.

(f) Holding gains: As information on holding gains is not reported separately by companies in their balance sheets, some procedure could be worked out for estimating holding gains. Moreover, if change in stock is re-valued, its impact may also be adjusted in the production account of respective industries. An exercise was undertaken by NAD for estimating revalued changes in stock for public sector enterprises i.e. NDCUs, for all industries, for the year 2011-12. It was recommended that this methodology may be adopted for NDCUs as well as private corporate sector in the new series. Details are given in Chapter IV.

(g) As regards data gaps in unorganized sector it was mentioned that another sub-committee is examining issues related to unorganized sector. It was recommended that those unincorporated enterprises which maintain accounts (covered by enterprise surveys) may be treated as quasi-corporate (to be read along the corporate) sector and included in the organized sector. As regards GVA of unorganized banking & insurance industry, there was a suggestion that NSS 67th round data may be used, by considering SHGs separately.

7.5 The existing study results on NPIs, could be used to enhance the coverage of NPISHs after blowing up for adequate coverage of NPIs. The results based on survey on NPISH would be used to work out the contribution of NPISH in PFCE.

7.6 Regarding use of private corporate sector data from Ministry of Corporate Affairs (MCA), it was informed that estimates in the new series of NAS are being prepared using this database and that this has been recommended by the Sub-Committee on private corporate sector. Regarding NPI serving corporate sector, it was informed that data for 1779 companies having section 25 code as “NPL” in their CIN (Company Identification Number) have been received from MCA. Based on information received from MCA, section 25 companies will be accounted for in the NAS.

7.7 A rule of thumb for re-classifying product and production subsidies was provided by the Committee members.

(a) Production subsidy:

A subsidy which affects production should be treated as production subsidy .

(b) Product subsidy:

Subsidy that affects consumers should be treated as product subsidy. This include losses incurred by production units due to selling products at lower prices than those at which they were purchased as a matter of deliberate government economic or social policy .

(c) Some of the recommendations with regard to product and production taxes were:

i. Vehicles tax should be treated as production tax.
ii. State excise tax should be treated as production or product tax. State Govts give licenses to sell liquor products, these licenses should be treated as production taxes.
iii. Subsidies to Food Corporation of India (FCI) has been classified as Agricultural subsidies as per COFOG classification. As per the discussion held in meeting, the subsidies to FCI should be treated as trade subsidies.
iv. Installation of gobar gas plant is not a production tax but capital transfer.

v. Expenditure on agricultural schemes and horticulture schemes, etc. are production taxes.

The Subcommittee recommended that guidelines and appropriate directions for reclassification of State taxes/subsidies may be provided to all the states .

7.8 SNA recommendation is that value of output of the pension fund to be determined on the basis of the sum of costs, and by convention is deemed to be payable by the employees holding the pension entitlements. At present, pension payments are being added to Compensation of employees (CoE). As per SNA, pension liabilities of current employees are to be added to compensation of employees. Assessing the availability of information the following was decided:

i. *Pension scheme for Govt employees prior to 2004:* The present practice of treating pension as CE in Indian national accounts may continue due to unavailability of requisite information for estimation of liability.

ii. *New pension scheme (NPS), in effect after 2004:* Required information is to be made available by PFRDA, being the regulator for the NPS. However PFRDA, in their letter, have mentioned certain formulae/methodologies which could be used and some agencies which could be approached. It was suggested that the matter may be taken up with PFRDA at an appropriate level.

iii.. In the absence of information on NPS, it was decided to continue with the old practice with appropriate explanation in the sources & methods.

7.9 FISIM of Money lenders: The subcommittee approved the methodology of estimation of FISIM proposed by NAD. It was however recommended that the unit level data of the 67th round of NSS may be examined to find the IC as a percentage of the interest receipts of the moneylenders and use the information for estimation of GVA of moneylenders. Details are included in Chapter III.

7.10 Treatment of Output of Reserve Bank of India (RBI): The subcommittee suggested that computation of output of the RBI, may be done by considering entire activities of RBI as non-market activities. The RBI is an institution of Corporate- Financial Sector. *(For details refer minutes at Annexure III)*

7.11 Estimating saving as a balancing item in the Use of Disposable Income Account: At present, the savings estimates of the total economy is compiled as savings of the public sector, private-corporate sector and household sector and presented as Gross Domestic Saving. As the saving estimates of General government and corporate sector are based on analysis of budgets and profit and loss accounts, these estimates are comparatively firm. The household sector savings are estimated as saving of the households in physical assets and financial assets. At present, in the use of disposable income account, saving estimated independently are presented and there is statistical discrepancy in the use of disposable income account of total economy and household sector. The committee recommended that discrepancies be reconciled in the SUT and obtain the saving estimate as a balancing item of the Use of Income Account. Information from unbalanced SUT to be utilized in identifying sectoral discrepancies, internally, for taking corrective measures.

7.12 As regards availability of database in respect of **“Branch of a non-resident unit recognized as institutional unit”**, RBI informed that information is not readily available in database format and may not be of much use for computation of national accounts. However, the Sub-Committee decided that, as no data on these are available at present, the RBI may provide the NAD information on the units which are supposed to provide such data to RBI (legal details), list of such units which are actually providing these data (for the years 2011-12 to 2013-14) and format and sample data of few such branches. The NAD will examine these and decide on how to use these for the purpose of national accounting.

Annexure – I

No.M-11016/5/2013-NAD-9
Ministry of Statistics and Programme Implementation
Central Statistics Office
National Accounts Division

Sardar Patel Bhawan, Sansad Marg,
New Delhi-1 Dated: September 11, 2013

ORDER

Subject: Sub-Committee on System of Indian National Accounts

With a view to revise the base year of National Accounts Statistics from 2004-05 to 2011-12, it has been decided to constitute a sub-committee of the Advisory Committee on National Accounts Statistics (ACNAS) to consider the issues of implementation of the recommendations of SNA 2008 and reformatting the national accounts, as per the requirements of SNA 2008 with the terms of reference mentioned below. The composition of the sub-committee on System of Indian National Accounts is as under:

Composition of the Sub-Committee:

Chair Dr.A.C.Kulshreshtha, (Non-Official)

Members

1. Prof. M.R.Saluja, New Delhi (Non-Official)
2. Dr. N. Eagambaram (Non-Official)
3. Shri R.P. Katyal (Non-Official)
4. Shri Naresh Kumar, New Delhi (Non-Official)
5. Representative of RBI, Mumbai (Official)
6. Dr. Shailja Sharma, DDG, NAD, CSO, New Delhi (Official)
7. Shri Ashish Kumar, ADG, NAD, CSO (Official)
8. DDG(Coordination), NAD, CSO (Official)
9. Smt. T. Rajeswari, DDG, NAD, CSO (Member Secretary, Official)

Terms of Reference :

(i) To assess the present status of implementation of SNA, 1993 and SNA, 2008
(ii) Suggest measures for implementation of each of the recommendations not yet implemented, including identifying data gaps for implementation
(iii) Suggest compilation framework using SUT for each of the sector and later its aggregate compilation
(iv) Suggest revised structure of the publication, "National Accounts Statistics", in accordance with SNA, 2008 and provide guidance for presentation
(v) Suggest appropriate prices at which data should be presented
(vi) Suggest structure of sequence of accounts and sectoral accounts including balance sheet of the nation, and identify data gaps in compilation of these accounts.

2. The sub-committee shall submit its report by the end of six months from the date of its constitution. The sub-committee may co-opt any member, if necessary, for dealing with specific issues relating to the

subject. The non-official Members would be paid a sitting fee of Rs. 1,000/- per day and DA/travel costs as per their eligibility in the organisation to which they belong (in case they are in service) or the last post occupied (in case they are retired), in accordance with Appendix 2 to SR 190(A). The travel costs in respect of official Members would be borne by the respective Organisations.

3. The expenditure will be debitable to the respective minor heads under the following heads:

Major Head-"3454"	Census, Survey and Statistics
Sub Major Head-02	Survey and Statistics
Minor Head-02.204	Central Statistical Organization

of Plan Scheme "Capacity Development of SPI" under Grant No: 91 of this Ministry during the Financial Year 2013-14.

4. This issues with the concurrence of AS & FA (S&PI) vide Dy. No. 856/AS&FA dated 9.9.2013.

11/9/13

(G. Vaidheeswaran)
Under Secretary to the Govt. of India

Copy to:

1. Chairman and members of the Sub-Committee
2. DDG, National Statistical Commission
3. Admn.I/II
4. Cash & Accounts Section
5. Budget & Finance/ General Section
6. PPS to CSI & Secretary, Ministry of Statistics & PI
7. PPS to DG &CEO, NSSO

Annexure-II

Minutes of the First meeting of the Subcommittee on System of Indian National Accounts held on 26.9.2013

The First meeting of the Subcommittee on System of Indian National Accounts was held on 26.9.2013 at Sardar Patel Bhavan, New Delhi under the chairmanship of Dr. A.C. Kulshreshtha. The list of participants is at Annexed.

At the outset, Chairman welcomed the participants and initiated the discussions by inviting the attention of all the members to the TORs of the Subcommittee. The Chairman stated that SNA 2008 is an update of SNA 1993 and that all the changes are well documented in SNA 2008. The major task is to see how many of the changes suggested are relevant/ implementable in the Indian national accounting context. Regarding TOR relating to compilation framework of SUT for each industry and later its aggregation, the Chairman stated that in the 2008 SNA sequence of accounts there is no place for statistical discrepancy or errors and omissions. All errors and omissions and/or statistical discrepancy are to be reconciled in the SUT framework, which is an integrated part of national accounts. The SUT framework enables one to make appropriate adjustments in the weak areas of estimation, either on the supply or on the use sides, to reconcile the supply and use of each sector. He however, sought the views of the members on the SUT framework and stated that this would require detailed discussion with all stake holders, the data producers of various sectors and final use categories in the reconciling process. On the TORs relating to revised structure of NAS publication and valuation of various aggregates, Chairman was of the opinion that only one publication of NAS at basic prices as recommended by SNA need to be brought out by the CSO. He further stated that in the present publication the accounts are presented as per SNA 68 and also errors and omissions is an SNA 68 concept. In 2008 SNA the SUT provides necessary framework for reconciliation of all statistical discrepancies / errors and omissions. The Chairman then requested the members for their comments on the TOR's.

Shri Katyal, stated that TORs may need to be modified. He stated that major issue is compilation framework of SUT. At present estimates at factor cost prices are compiled first and estimates at basic prices are compiled by disaggregating total production taxes on the basis of stock. Therefore, the issue is availability of production taxes at disaggregate level for use in compiling SUT. Therefore, he was of the view that TORs no.2 and 3 need to be discussed first.

Dr. Egambaram stated that before starting discussions on SNA 2008, the status of implementation of SNA 1993 need to be examined. He further stated that estimates at factor cost in NAS are actually at basic price. Hence there should be no problem in moving over to valuation at basic price. He however, was of the view that the new publication with sequence of accounts in the SNA 1993 framework should retain the SNA 1968 tables compiled at present. He also stated that before dealing with issues in compilation of SUT, compilation of GDP at basic prices may be examined and for smooth transition to SUT framework, all units of NAD may be involved in this work.

Shri Naresh Kumar stated that integration of both the frameworks can easily be done but the main problem is availability of data. SUT is pre-requisite for IOTT and therefore, SUT is definitely required. On errors and omissions he stated that in the present frame work, errors and omissions provide us a measure of accuracy between production and expenditure components of GDP. Hence it would, therefore, be appropriate to retain it in the SUT. He agreed that the present publication of Annual NAS should also include sequence of Accounts and other compilations in accordance with SNA 2008. With regard to data availability, he stated that revised classification of budgets, private corporate sector accounts and other annual data is required to be done to implement SNA.

Shri Saluja stated that details on production tax and product tax are not available at present. Also constructing SUT is not an easy job as it takes more than one year. He stated that a team of 2-3 persons are required for compilation and he offered his voluntary assistance, if required to committee in undertaking the relevant exercises. He stated that a manual on SUT compilation need to be prepared .

Dr A.C. Chakraborty, stated that he fully supported the TORs which are very comprehensive and this is an opportunity to improve the existing system. He further stated that an approach is to be followed using a process of schematic diagrams for linkages to help understand the emergence of the problems. He was of the view that subgroups may have to be made to focus on specific issues.

Dr. Balbir Kaur, stated that if there are data related issues in sectoral classification then the compilation formats can be examined. She also stated that it would be appropriate to focus on some specific issues and last TOR relating to change in the structure of publication 'National Accounts Statistics' may be taken up later. She also stated that FOF compilation of RBI has been aligned with SNA 2008 concepts. As far as data availability in respect of Private corporate sector is concerned, there is a need for identifying data gaps. For SNA 2008 implementation there is a need for revised classification which may require approaching the regulatory authorities.

Dr. Shailja Sharma, DDG stated that as per SNA 2008, SUT must precede all NAS compilations but feasibility will have to be seen taking into account of the time required and data availability for SUT compilation. She stated that at present 2009-10 and 2011-12 SUT is complete. Hence if the SUT is to be concurrent with the annual NAS compilation, some projection techniques and indicator based approach will have to be followed. Also NAD may have to undertake studies on the regular basis on rates and ratios used for compilation of SUT.

Ms. T. Rajeswari, DDG stated that data on product taxes are required only at aggregate level and production taxes needs to be culled out while analyzing the budgets. As 2008 SNA is an update on 1993 SNA, we must focus only on SNA 2008. Detailed level data on Private corporate is required for implementing several recommendations of SNA. Preparing annual SUT should not be much of a problem as it could be indicator based, as is the practice used in several countries. Regarding errors and omissions it was brought out that they are on account of errors and omissions in the estimation of consumption expenditure, gross capital formation and adjustment of exports and imports and to what extent can these be completely adjusted in SUT needs to be examined.

ADG (NAD) thanked all the members for their initial comments and stated that he was happy to see that there is a consensus on TORs. He stated that these TORs are implementable with additional efforts. Regarding SUT, he mentioned that initially preparation of annual SUT will be difficult but eventually this process will help to identify problems/weaknesses. The SUT completed at present can be brought to this Sub Committee to identify gaps. He also stated that NAD has corresponded with agencies such as RBI, M/o Finance, etc. and also had a discussion in RBI on 23.9.2013 to assess the data availability and feasibility of implementation of SNA 2008 recommendations. As BPM6 has been aligned with SNA 2008, issues relating to external sector accounts will be addressed quite effectively. Despite the problems and limitations in data, NAD must bring out institutional sector accounts also as there is a demand for such compilations from many institutions and Planning Commission. Services sector information is weak especially relating to the private corporate and the unorganized sector. For private corporate sector, till now CSO has been depending on RBI, now data availability is being explored through the Ministry of Corporate affairs. Another sub- committee on private corporate sector has been constituted for addressing this issue. Its report will be useful for this subcommittee.

Chairman then stated that we must change our culture and use the right terminology. GDP is a concept at market prices. Output is always at basic prices. He also stated that GSDP is incorrect terminology; it should be GVA, which should be at basic price and by adding taxes on products, it would be the GSDP which is at market prices. Since at present GVA is at factor cost prices, the issue then is the data on taxes on production which will facilitate arriving at the GVA at basic prices. Errors & omissions have to be reconciled totally in SUT. As a matter of fact the errors and omissions that are appearing in the present consolidated sets of accounts will only be shifted from NAS accounts to SUT in an appropriate manner. He then stated that as regards Agenda item no.2, a paper may be prepared by DDG (SS) on the work done till now and may present the same in the next meeting for more fruitful discussions. Agenda No.3 regarding change in the structure of publication 'National Accounts Statistics' will be evolving at all times during the deliberations of this sub-committee. The structure has to be modified but this needs careful discussions. He then asked the members to focus on agenda item 1.

A presentation on status of implementation of SNA 2008 recommendations and data gaps was made by DDG(TR). A brief account of the discussions held and recommendations that emerged thereafter are the following:

(a) Regarding definition of economic ownership, Sh. Naresh Kumar stated that there is also concept of financial & operating leasing which needs to be looked into for deciding the economic ownership of assets. It was brought out that SNA 2008 has specific recommendations on the distinction between financial leasing and operating leasing based on economic ownership and as such could be implemented subject to availability of information.

(b) Regarding classification of PPPs, it was brought out that data availability and other issues regarding PPPs are covered under the TORs of Committee on Private Corporate sector. The Chairman said that this issue may be flagged for re-examination at a later stage.

(c) The Chairman stated that all recommendations need to be examined to assess the implementability and data gaps. He suggested that a note may be prepared indicating, which of the recommendations are implementable and which are not. This may be circulated to the members in advance so that further discussion in the meeting may be held.

(d) Regarding Tax credits it was stated that there is a need to examine if such credits are reported in the balance sheets of corporate sector. It was then suggested that representative from CBDT may be invited in the next meeting to explain and clarify the concept of Tax Credits, used in the country and the manner of its reporting.

(e) Regarding holding gains, it was suggested that there is a need to check whether taxation laws require holding gains to be reported separately by companies. RBI suggested that financial reporting by agencies like ICAI may be looked into and necessary clarifications could be sought from concerned authority.

(f) RBI may provide a consolidated note on implementation of the recommendations related to financial instruments.

(g) Regarding coverage of Head offices, it was stated that some work was done by RBI on this issue in the corporate sector, few years back. It was suggested that the committee may be provided some details regarding this work.

(h) Regarding recommendations pertaining to external transactions like merchanting, goods sent abroad for processing, it was stated that RBI may send a note indicating exact details of implementing the SNA 2008 recommendations and incorporation in the BOP statistics.

(i) As detailed breakup of production taxes like stamp duties, which are required for compilation of GDP at basic prices and are not available in the Budget documents, there is an urgent need to discuss this issue with D/o Revenue, Ministry of Finance.

(j) CSO may identify the variables that are required for preparing sequence of accounts for Non-Govt. Non-Banking Financial Companies and send it to RBI for their examination in terms of availability of data.

(k) During the presentation it was brought out that at present, for compiling the institutional sector accounts, data relating to unorganised sector as presented in the NAS is taken as household sector including NPISHs institutional sector. It was stated that major data gaps are in respect of estimates in the unorganised sector which are compiled on the basis of rates and ratios derived from NSSO surveys and several type studies. It was decided that Unorganized sector can be considered by the committee for each industry to identify specific data gaps.

(l) During the presentation it was brought out that at present, for compiling the institutional sector accounts, data relating to unorganised sector as presented in the NAS is taken as household sector including NPISHs institutional sector. It was stated that major data gaps are in respect of estimates in the unorganised sector which are compiled on the basis of rates and ratios derived from NSSO surveys and several type studies. It was decided that Unorganized sector can be considered by the committee for each industry to identify specific data gaps.

(m) The Chairman stated that from the household sector including NPISH of NAS, component of NPISH needs to be segregated as recommended in SNA 2008. It was brought out that study on NPIs conducted by the CSO in collaboration with the State Governments gave results for the Societies registered till 2008. However, the coverage of NPIs was incomplete as trusts and religious charitable institutions were not covered in the study. The Chairman, therefore, suggested examining the 6th Economic census data on NPISH for attempting some correction factor which could be applied on this data to give a complete picture. Issues regarding quality of data thrown out by this procedure could be looked into later.

(n) For implementation of SNA recommendations there is requirement of complete reclassification of Budgets of the public sector, Annual reports of NDCUs and Private Corporate sector. Details in this regard need to be worked out and present in the next meeting of the committee.

(o) NPIs serving Govt. i.e. autonomous bodies are presently covered to some extent in the public sector of NAS. A sample of autonomous bodies are analysed and blown up on the basis of Grants given by central and state governments. As the coverage is not complete, NAD has written to AGs for details of amounts transferred to these institutions. The manual on autonomous bodies and Local bodies prepared by NAD may be provided to all members.

(p) For coverage of NPI serving Corporate sector, DIPP may be approached for a list of such NPIs, if maintained by them. As an NPI can also register as a section-25 Company under the Companies Act, to start with Section 25 company's data from MCA could be obtained.

(q) RBI may share the paper on reference rate for FISIM with this Committee.

(r) For improvement of non-financial corporations sector estimates, list of NDCUs need to be updated.

(s) Chairman stated that using SUT framework to derive estimates of GDP may imply certain changes in GDP or macro-economic aggregates of previous years, but the revisions shouldn't be too large. Such exercises need to be carried out once or twice, to firm up the procedure and assess the feasibility of following in the Annual NAS. For constructing quality SUTs, there is need for detailed and independently available data. In this context, it was brought out that PFCE is presently a weak area with large difference between the survey based estimates and commodity flow estimates. Hence the chairman suggested that the SUT 2009-10 may be reworked using NSSO CES based estimates of PFCE, though it would have been ideal to rework using NSSO HFCE based estimates instead of PFCE and NPISH FCE be attempted separately. Use of detailed data from independent sources would make it possible to identify the weaknesses in the existing data systems and level of discrepancy between the supply and use side. This would enable to build a framework for annual SUTs. It was also suggested that a methodological note may be prepared on the SUT based on 2009-10 which could be used by all the units of NAD for preparation of SUT for their respective sectors. The sector-wise SUTs could then be consolidated by a coordinator within NAD.

(t) Sh. Katyal raised certain issues for discussion and inclusion in NAS:

(i) ESOPs must be a part of CE. (ESOPS are already a part of CE in NAS). He stated that compensation in kind must be included as a part of Compensation of employees. Some examples of compensation in kind are: Government rental accommodation, free telephone facility to all telecom employees, airlines/railway passes to airlines/railway employees, free units of electricity to employees, exemption to certain limits in loans and advances to bank employees, items purchased through defence canteen which is free of excise duties, free coal to Miners, free water to Jal board employees; It was brought out that free ration/uniform is already marked in budgets as CE.

(ii) Fishing rights are given for fishing in the high seas. But fish catch in such cases are not recorded and don't enter in Exports/Imports or Production. Its treatment is to be decided. A reference may be made to Department of Animal husbandry, dairying and fisheries on this issue.

It was decided that next meeting would be held in December 2013 with a focus on SUT work carried out by NAD for 2009-10 and 2011-12.

The meeting ended with a vote of thanks to the chair.

Annex

List of participants in the First Meeting of the Sub-Committee on System of Indian National Accounts held on 26.09.2013

1. Dr.A.C. Kulshreshtha - Chairman
2. Prof. M.R. Saluja - Indian Development Foundation
3. Shri R.P. Katyal – Former Head NAD
4. Dr. N. Eagambaram – Former DDG (NAD)
5. Shri Naresh Kumar - Former Director, NAD
6. Shri A.B. Chakraborty, Officer-in-Charge , DSIM, RBI

7. Smt. Balbir Kaur, Adviser , DEPR, RBI
8. Shri Ashish Kumar, ADG, NAD, CSO
9. Dr.Shailja Sharma, DDG, NAD, CSO
10. Smt. T. Rajeswari, DDG, NAD, CSO
11. Smt. P. Bhanumati, Director, NAD, CSO
12. Smt. Reena Singh, Director, NAD, CSO
13. Shri S.I.S. Naqvi, Director,NAD, CSO
14. Smt. Priyanka Kulshreshtha, JD, NAD, CSO
15. Smt. Chetna Shukla, DD, NAD, CSO
16. Shri Vivek Srivastava, AD, NAD, CSO
17. Smt. Jyoti Lohchab, NAD, CSO
18. Smt. Smita Bisht Karki, NAD, CSO
19. Shri Manmohan Singh, NAD, CSO

Annexure-III

Minutes of the Second meeting of the Subcommittee on System of Indian National Accounts held on January 02, 2014

The Second meeting of the Subcommittee on System of Indian National Accounts was held on January 02, 2014 at Sardar Patel Bhavan, New Delhi under the chairmanship of Dr. A.C. Kulshreshtha. The list of participants is annexed.

2. Welcoming the members and other participants, the Chairman briefly apprised the members on the agenda items and then initiated the discussions.

3. The summary record of deliberations on the agenda items is given below:

Agenda Item No.1: Follow-up action on the decisions taken by the sub-committee in its first meeting held on September 26, 2013

4. Mrs. T. Rajeswari, DDG, NAD presented the action taken report on the recommendations of the first meeting of the sub-committee. Details are presented in the following paragraphs.

5. As regards considering the concepts of **financial leasing & operating leasing**, and examining the SNA recommendations to assess their implementability, these would be taken up and deliberated upon in the subsequent meeting of the sub-committee.

6. Regarding examining if **tax credits** are reported in the balance sheets of corporate sector, it was informed that Minimum Alternate Tax (MAT) credit is available in profit and loss account statements of some of the companies. It is deducted from the income tax amount paid by the company. For further discussion on this issue, a representative of CBDT would be invited in the next meeting of the Committee.

7. Regarding taxation laws require **holding gains** to be reported separately by companies, it was informed that no such item on holding gains has been observed while analysing the balance sheets. However, communication has been sent to MCA and ICAI in this regard. Reply is awaited.

8. Regarding details on the work done by RBI a few years back on the **coverage of head offices in the corporate sector**, it was informed by Dr. Chatterjee that information on this could not be traced. Sh. Katyal informed that a paper in this context was presented by RBI in an Advisory Committee meeting.

9. Regarding recommendations pertaining to **external transactions** like merchanting, goods sent abroad for processing, etc., a brief note was received from RBI and was covered

in the agenda item No. 5 in continuation of discussion on Implementation of recommendations relating to financial instruments.

10. The issue of detailed breakup of **production taxes** like stamp duties, which are required for compilation of GDP at basic prices is being examined and a note will be submitted to the Committee in the next meeting for deliberation.

11. As regards identification of variables that are required for preparing sequence of accounts for **Non-Govt. Non-Banking Financial Companies**, it was suggested that the matter be taken up with RBI separately.

12. Identification of specific data gaps in the **unorganized sector** for each industry is to be taken up by the committee in the next meeting.

13. To a query raised as to when the results of the 6th Economic census would be available for examining the data on **NPISH**, it was informed by Economic Adviser, DES, Himachal Pradesh that the census is still going on in most of the States and the results are likely to take time.

14. As regards **reclassification** of budgets of the public sector and annual reports of NDCUs, it was informed that analysis sheets of public sector have been re-classified. For implementation of SNA recommendations in respect of **private corporate sector**, it was informed that this is being examined by the sub-committee on private corporate sector. On a clarification sought by the Chairman, it was informed that a separate unit for analysis of private corporate sector unit has been set up in the National Accounts Division and the revised working sheets used for analysis of NDCUs are being used for private corporate sector analysis. It was further informed that some data has been received from M/o Corporate Affairs which was being analysed. *It was decided that (i) the SNA requirements may be communicated to the private corporate unit; and (ii) some preliminary results of analysis may be presented in the next meeting.*

15. For coverage of **NPI serving corporate sector**, it was informed to the members that as recommended in the first meeting of the sub-committee, Department of Industrial Policy & Promotion (DIPP) was approached for seeking information on availability of updated lists of NPIs within the corporate sector, whether these are different than the section-25 companies, etc. However, response is awaited. As an NPI can also register as a section-25 company under the Companies Act, to start with Section 25 companies' data from MCA is required to be obtained. It was informed that MCA has already provided financial data for 1748 section-25 companies which filed their financial statements in *schedules 23 AC and 23 ACA* in FY 2011-12 under MCA-21 database system. Apart from this, 31 section-25 companies have also filed in *XBRL* for FY 2011-12, for which financial data is yet to be received. In response to a query raised by the Chairman, it was clarified by Sh. Naresh Kumar that section

25 companies, although registered under the Companies Act, are NPIs and may be classified under NPIs serving Government, NPIs serving Corporate or NPISH, depending on the factors such as (i) whether they have market output or non-market output and (ii) control by Government. He mentioned that NPIs serving Corporate could also include societies or statutory corporates other than section 25 companies. Further, it was deliberated in the meeting that section 25 companies may not have paid up capital. Hence in the existing approach of blowing up of data for a sample companies using paid up capital, there is a possibility of these companies not being covered at all. *Hence, it was decided that as the nature of section 25 companies is different from other joint stock companies, it has to be accounted for separately in the National Accounts.*

16. For improvement of **non-financial corporations sector** estimates, it was informed to the members that the list of NDCUs is regularly updated based on information received from Ministry of Heavy industries and Public Enterprises, State DESs, MCA, newspaper reports etc.

17. As regards the treatment of **Fishing rights** given for fishing in the high seas but fish catch in such cases are not recorded and therefore are not included in Exports/Imports or Production, it was informed that the reference has been made to M/o Agriculture. However Dr. Durai Raju, DDG, NAD stated that since any kind of fishing rights are not given by India to other countries, this issue does not arise.

18. As regards the issue of including compensation in kind as a part of compensation of employees, and other issues raised by Shri. Katyal, the Chairman remarked that National accounts covers such payments in kind to the extent data are available. However, if not included these could be taken up separately as a research study since these issues are beyond the scope of this sub-committee.

Agenda Item No. 4: Discussion on Methodology for estimation and allocation of FISIM

19. In pursuance of implementation of SNA 2008, the main issue is to decide upon the reference rate for FISIM. Two papers, one each prepared by RBI and CSO, giving their views on FISIM estimation, were circulated to the members for discussion. RBI, in their paper estimated FISIM at an aggregate level using data of all commercial banks and 4 variants of reference rates viz. call money interest rate, average repo rate, average government securities yield and average of deposits and lending rate. RBI informed that for the monthly BKSPI, they had suggested using a G-sec rate weighted by maturity structure as the reference rate.

20. CSO presenting their paper on FISIM brought out that the following are taken into consideration:

(i) Average lending amount [i.e. sum of asset side figures of (a) balances with banks and money at call & short notice, (b) investments (c) advances] of previous year and current year is estimated.

(ii) Imputed rate of lending (rl) is estimated as (interest received divided by average lending amount) * 100.

(iii) Similarly average borrowing amount [i.e. sum of liability side figures of (a) deposits and (b) borrowings] of previous year and current year is estimated.

(iv) Imputed rate of borrowing (rb) is estimated as (interest paid divided by borrowing amount)*100

(v) Estimated reference rate is average of rl and rb.

(vi) Finally FISIM is estimated as [lending * (rl-rr) + borrowing * (rr-rb)].

21. The Chairman observed that both the approaches have pros and cons. While RBI have used a G-Sec rate for the FISIM calculation, G-sec does not have a set pattern. Therefore, this would lead to volatility in the estimates.

22. The Chairman stated that although the concept of FISIM is still kept under research items, SNA 2008 provides some improvement over SNA 1993 extending the applicability of FISIM to the activity of lending exclusively from own funds (corporates as well as informal sector like money lenders). Further, the SNA 2008 has introduced the concept of a reference rate but has not provided any clear guidance on its computation. Hence, a widely acceptable definition of reference rate may be used in Indian national accounts.

23. The Chairman, therefore, suggested to bring out the NAD exercise with two modifications in the next meeting. The modifications are inclusion of (i) dividend and (ii) net profit from sale of investment (POSI) in the calculation of imputed rate of lending. The RBI was requested to do the same kind of exercise on consolidated banks' result for comparison purpose.

24. It was also brought out that according to SNA 2008, indirect charges in respect of interest apply only to loans and deposits and only when those loans and deposits are provided by, or deposited with, financial institutions and therefore, NAD will continue following SNA guidelines in respect of estimation of FISIM.

25. The Chairman also observed that although the calculation of output of insurance sector is proper, use of the term FISIM in case of insurance sector is not mentioned in SNA. Hence NAD may stop using the term FISIM in output calculation of insurance sector.

26. It was also mentioned that presently one third of the gross value added (GVA) of the central financial corporations, companies and private corporate companies are taken as GVA of unorganized financial sector. Considering the sector being captured by NSSO in their enterprise survey, there is a need to relook into the methodology. The chairman requested for bringing the technical paper in this regard namely ‘An alternative Approach for estimating Value Added in Unorganised Banking and Insurance Industry’, published in IARNIW (2013) vol. 35, no. 2 for discussion in the next meeting.

Agenda Item No. 5: Implementation of recommendations relating to financial instruments and external transactions

27. A note on implementability of SNA recommendations relating to financial instruments and external transactions was submitted by RBI for deliberations. Ms. Balbir Kaur, Advisor, RBI stated that most of the recommendations could be implemented subject to data availability and presented details on each of such recommendation.

28. Regarding the recommendation relating to 'Treatment of securities repurchase agreement', it was stated that in the present scenario there is a possibility of same security being shown in investment account of two different entities at one particular point of time. This may lead to double counting and it is difficult to assess information on such cases of double counting.

29. It was pointed out that the recommendation on 'Treatment of debt instruments indexed to a foreign currency' cannot be implemented as at present no debt instrument is indexed to a foreign currency.

30. On the issue of unallocated gold accounts, it was brought out that unallocated gold accounts do not exist in the Indian context.

31. The recommendations on "Valuation of unlisted equity" and classification of financial assets into "Monetary gold", "Currency", "Loans", "Trade credits & advances " and "Other accounts receivable/payable" have already been implemented. Amongst the recommendations on external transactions, "Merchanting" and "Goods sent abroad for processing" have been implemented by the RBI.

Agenda Item No. 2 & 3: Presentation on Supply Use Tables and Discussion on discrepancies observed in various broad sectors in the compilation of 2009-10 SUT

32. Sh. Nagesh Kumar, Joint Director, NAD presented the methodology used for preparation of SUT, 2009-10. The unadjusted Use Table along with discrepancies was also circulated for discussion. As this exercise would be required to be undertaken every year, the Chairman invited comments on the methodology for SUT, 2009-10 from all members. Some of the comments given by members during the meeting were:

i. In Annexure I (SUT Commodity Structure) of the SUT methodology note, SUT code 126 must exclude 'cumulative time deposits'.

ii. Estimates of CFC may be mentioned separately and not included in Taxes less subsidies in the Use table.

iii. The estimates against some of the products in the 'Other manufacturing' vector in the Use table were negative. The SUT needs to be re-done.

iv. Contribution of wind energy may be included in the computation of Input structure.

v. 'Other taxes on production' may be included in the GVA and Taxes on Products should remain in the flow items at purchaser's price.

vi. Trade & Transport margins may be calculated every year.

33. Prof. Saluja stated that he would send his detailed comments to the SUT unit of NAD after the meeting. Keeping in view the discussions on the methodology and presentation of SUT, 2009-10, the *Chairman suggested that the SUT may be re-worked giving along with some suggestions for alternatives to be used, for deliberation in the next meeting.*

34. It was decided that next meeting would be held in March 2014 and the deliberations would include the re-worked out SUT.

The meeting ended with vote of thanks to chair.

Annex

List of participants

Second meeting of the Sub-Committee on System of Indian National Accounts

- Dr. A.C. Kulshreshtha, Chairman
- Sh. R.P. Katyal, Former Head, NAD
- Dr.Goutam Chatterjee, Adviser-in-Charge, Department of Statistics and Information Management (DSIM), RBI
- Ms. Balbir Kaur, Advisor, DEPR, RBI
- Sh. Naresh Kumar, Former Director, NAD
- Prof. M.R. Saluja, India Development Foundation
- Sh. Pradeep Chauhan, Economic Advisor, DES, Himachal Pradesh
- Sh. Ashish Kumar, ADG, NAD
- Dr. N. Eagambaram, Former DDG, NAD
- Dr.Shailja Sharma, DDG, FOD, NSSO (Former DDG, NAD)
- Ms. T. Rajeswari, DDG, NAD
- Sh. S.V.R. Murthy, DDG, NAD
- Sh. M. Bhaumik, DDG, NAD
- Sh. S. Durai Raju, DDG, NAD
- Sh. KameshwerOjha, DDG, NAD
- Ms. P. Bhanumati, Director, NAD
- Ms. Reena Singh, Director, NAD
- Ms. Kanchana V. Ghosh, Director, NAD
- Ms. AninditaSinharay, Director, NAD
- Mr. S.I.S. Naqvi, Director, NAD
- Mr. S.S. Jakhar, Deputy Director, NAD

- Ms. Priyanka Kulshreshtha, Jt. Director, NAD
- Sh. Nagesh Kumar Singh, Jt. Director, NAD
- Sh. Vivek Srivastava, AD, NAD
- Ms. JyotiLohchab, JSO, NAD
- Sh. Manmohan Singh, JSO, NAD
- Ms. SmitaBishtKarki, JSO, NAD
- Ms. DeepikaRawat, JSO, NAD

Annexure-IV

Minutes of the Third meeting of the Subcommittee on System of Indian National Accounts held on May 06, 2014

The Third meeting of the Subcommittee on System of Indian National Accounts was held on May 06, 2014 at Sardar Patel Bhavan, New Delhi under the chairmanship of Dr. A.C. Kulshreshtha. The list of participants is at Annex- i.

2. Welcoming the members and other participants, the Chairman briefly apprised the members on the agenda items and then initiated the discussions. The Chairman noted and appreciated the presence of representative from CBDT for discussion on SNA recommendations related to tax credit.

3. Mrs. T. Rajeswari, DDG, NAD presented the action taken report on the recommendations of the second meeting of the sub-committee. There were detailed discussions on each action point. This was followed by discussion on the 2009-10 SUT exercise. The status note on implementability of SNA recommendations, which was part of action taken report, was taken up as the last item of the meeting. Agenda No. 2, 3 and 5 could not be taken up due to paucity of time and was decided to be discussed in the next meeting. The summary record of deliberations on the agenda items is given below:

Agenda Item No.1: Follow-up action on the decisions taken by the sub-committee in its second meeting held on January 02, 2014

4. After discussion on the action taken report, the following decisions were taken:

5. As information on **holding gains** is not reported separately by companies in their balance sheets, some procedure could be worked out for estimating holding gains. This information is required for revaluation account and also Flow of funds by RBI. It was pointed out that revaluation of change in stocks must be separated out for revaluation account. Moreover, if change in stock is re-valued, its impact needs also to be adjusted in the production account of respective industries. It was suggested that initially, an exercise may be done for a few industries and brought out in the next meeting.

6. As regards **coverage of head offices in the corporate sector**, it was decided to take up this issue separately as a research study, as to whether the head offices are covered under ASI.

7. For preparing sequence of accounts for **Non-Govt. Non-Banking Financial Companies**, it was informed that NAD has identified the variables and these variables have been sent to RBI. The RBI was requested to examine the issue and provide their comments to the Committee.

8. As regards **coverage of NPISH**, it was informed that this issue would be examined when results of 6th Economic census are available. However if these results are not available in time for the base year revision exercise, then it was suggested that the existing study results on NPIs, after blowing up for adequate coverage of NPIs may be used to work out the contribution of NPISH in PFCE.

9. Regarding analysis of the **private corporate sector** data, it was informed that the SNA requirements have been taken into account by the private corporate sector unit of NAD. Preliminary results based on data received so far from Ministry of Corporate Affairs (MCA) was presented in the IARNIW conference at Ahmedabad. Some more data is expected to be received shortly from MCA, based on which a status note would be prepared for submission to this Sub-Committee, after deliberations by the Sub-Committee on private corporate sector.

10. For coverage of **NPI serving corporate sector**, it was informed that data for 1779 companies having section 25 code as "NPL" in their CIN (Company Identification Number) have been received from MCA. There are some more section 25 companies, identification, of which, requires data from the Incorporation form (Form 1) of MCA 21 database. This information has been requested for from MCA, and would be received shortly. Based on this information, section 25 companies will be accounted for in the NAS.

11. The issue of **tax credits** was discussed with representative of CBDT. It was pointed out that as MAT is a fictitious asset which does not have a corresponding liability for the Government in the budget, MAT must be excluded from the credits. It was informed that in analysis of NDCUs reports, MAT is subtracted from income tax paid. Hence, the SNA recommendation on payments of tax credits on gross basis has already been implemented. Further, it was informed that SNA recommendation on "Accrual recording of taxes" cannot be implemented as the entries of economic flows in Government Finance Statistics are still not on accrual basis.

12. Regarding breakup of **production taxes/subsidies**, it was informed that a re-classification of taxes and subsidies available in the budget for the year 2011-12 into product and production taxes/ subsidies is being done at NAD, in view of SNA 2008. A list of classification of a few central taxes and subsidies, prepared by NAD was also discussed. It was noted that the description of items in the budget is not very clear. Initially, all taxes/subsidies have to be classified into product and production taxes/subsidies, the production taxes/subsidies have to be distributed at the industry level to get GVA at basic prices for each industry, whereas the product taxes/subsidies are to be kept at the total economy level to derive GDP at market prices. It was decided that the issues related to classification of taxes/subsidies may be discussed by a team of officers including Sh. Naresh Kumar, officers from budget unit of NAD and representatives from finance departments of 2-3 States. Further, ADG (NAD) mentioned that they would take up this issue in the meeting of Fiscal Statistics Committee to be held on May 07, 2014 with representatives of D/o Finance.

13. A note on **data gaps in unorganized sector** was discussed in the meeting. ADG (NAD) mentioned that another sub-committee is examining issues related to unorganized sector. The main issue for discussion in this sub-committee is the definitional issues of unorganized sector. He stated that at present, by definition, entities covered under factories act is organized sector and remaining is unorganized sector. He further stated that those unincorporated enterprises which maintain accounts (covered by enterprise surveys) may be treated as quasi-corporate in the corporate sector, and included in the organized sector. This was agreed to by all the members. As regards GVA of unorganized banking & insurance industry, Sh. Katyal mentioned that NSS 67^{th} round data may be used, by considering SHGs separately.

14. As regards methodology for estimation and allocation of **FISIM**, a status note prepared by NAD following the guidelines received during IMF workshop and from the UN Handbook on Financial Production, Flows and Stocks in the SNA was discussed in the meeting. RBI was requested to examine the methodology and send their comments.

Agenda Item No.2: Compilation framework using Supply Use Tables and discussion on the 2009-10 SUT

15. Sh. SVR Murthy, DDG, NAD made a presentation on the problems encountered while re-working SUT 2009-10. He informed the members that an unbalanced SUT 2009-10 has been prepared but there are issues in balancing it. The Chairman stated that one of the reasons could be classification issues. Hence, he recommended that the unbalanced SUT 2009-10 may be shared with all the units of NAD followed by sector specific discussions. This exercise needs to be completed with priority and brought in the next meeting.

Discussion on status note on implementability of SNA recommendations, as an item of Follow-up action (Agenda No.1)

16. Mrs. T. Rajeswari, DDG, NAD informed the members that recommendations relating to financial instruments and external transactions have been discussed in the 2^{nd} meeting. RBI have implemented the recommendations to the extent data is available and also taken into account of the relevance of the recommendations in the Indian context. There were detailed discussions on the status note on implementability of other recommendations during the meeting. As per discussion, the status note has been modified.

The meeting ended with vote of thanks to chair.

Annex-i

List of participants

Third meeting of the Sub-Committee on System of Indian National Accounts

1. Dr.A.C.Kulshreshtha, Chairman
2. Sh. R.P. Katyal, Former Head, NAD
3. Sh. Naresh Kumar, Former Director, NAD
4. Sh. Ashish Kumar, ADG, NAD
5. Dr.Goutam Chatterjee, Adviser-in-charge, Department of Statistics and Information Management (DSIM),RBI
6. Ms. Balbir Kaur, Advisor, DEPR, RBI
7. Ms. Ekta Jain, Deputy Secretary, CBDT (Special Invitee)
8. Ms. T. Rajeswari, DDG, NAD
9. Sh. S.V.R. Murthy, DDG, NAD
10. Sh. S. Durai Raju, DDG, NAD
11. Sh. Kameshwar Ojha ,DDG, NAD
12. Sh. E. Dasarathan, DDG, NAD
13. Sh. K. K. Lamba, DDG, NAD
14. Ms. P. Bhanumati, Director, NAD
15. Ms. Reena Singh, Director, NAD
16. Ms. Kanchana V. Ghosh, Director , NAD
17. Ms. AninditaSinharay, Director, NAD
18. Sh. S.I.S. Naqvi, Director, NAD
19. Ms. Priyanka Kulshreshtha, Director, NAD
20. Sh. Nagesh Kumar Singh, Director, NAD
21. Sh. S. S. Jakhar, Deputy Director, NAD
22. Sh.M. Khan, Deputy Director, NAD
23. Sh.Vivek Srivastava, Assistant Director , NAD
24. Ms. Sudeepta Ghosh, Assistant Director , NAD
25. Ms. Neha Kalra, Assistant Director , NAD
26. Ms. Jyoti Lohchab, JSO, NAD
27. Ms. Bharti Gautam, JSO, NAD
28. Sh. Manmohan Singh, JSO, NAD
29. Sh. Dhruva Raj Yadav, JSO, NAD
30. Ms. Renu Mishra, JSO, NAD

Annexure-V

Minutes of the Fourth meeting of the Subcommittee on System of Indian National Accounts held on July 22, 2014

The Fourth meeting of the Subcommittee on System of Indian National Accounts was held on July 22, 2014 at Sardar Patel Bhavan, New Delhi under the chairmanship of Dr. A.C. Kulshreshtha. The list of participants is at Annexure-1.

2. The Chairman initiated discussions by welcoming the members and other participants. ADG, NAD then pointed out to the action points recommended in the third meeting. This was followed by a presentation on follow up action on decisions taken in the third meeting of the sub-committee.

3. There were detailed discussions on each action point. This was followed by discussion on SNA 2008 treatment to be given to the output of central bank for which a status note prepared by NAD was circulated to all members. The methodology for estimation of FISIM as per SNA 2008 (Agenda item 5) was taken up next for discussion. Agenda Item No. 2, 3 and 4 which related to the structure of NAS publication could not be taken up due to paucity of time and also as this required extensive examination by all members for meaningful and focused discussions. Hence all members were requested to examine the structure and contents of the new publication that was circulated in the meeting for preparing and providing their comments for discussion in next meeting. The summary record of deliberations on the agenda items is given below:

Agenda Item No.1: Follow-up action on the decisions taken by the sub-committee in its third meeting held on May 06, 2014

4. After discussion on the action taken report, the following decisions were taken:

5. As information on **holding gains** is not available explicitly in the annual accounts, it was decided in the third meeting that some procedure is required to be worked out for estimating holding gains. For this purpose an exercise was undertaken by NAD for estimating re-valued change in stock for public sector enterprises i.e. NDCUs, for all industries, for the year 2011-12 which was presented to the Sub-Committee. Corresponding adjustment of revaluation in GVA was also shown. While all members agreed that this methodology is indeed better than the existing methodology, the following points were observed:

(i) The difference between the re-valued stock and the book value is holding gain.
(ii) Holding gains are not only for physical assets but for financial assets also. However, this exercise is only for physical assets.
(iii) The impact of revaluation would affect estimates of savings and capital formation. And therefore, the revisions in errors and omissions.
(iv) The impact of re-valued stocks of food grains will be mainly on PFCE which is likely to go up.

(v) In case of services, the change in stocks is on inputs such as spare parts, etc. and not on its output. Hence it must be deducted from its intermediate consumption.

(vi) In particular, for Trade industry, the trade margins is the output and GVA is a part of the trade output obtained by subtracting the intermediate inputs of trading activity from output. Change in stocks is not a part of output, as in other industries, but is an asset and would be a part of capital formation.

After discussion the Chairman recommended that this methodology may be adopted for NDCUs as well as private corporate sector in the new series. He also mentioned that WPI may continue to be used as deflators in absence of any other appropriate indicator for the service industries. However, it was suggested that in the ASI schedule if quantity of stocks are available, then the change in stocks of quantities worked out could be compared with the change in stocks at constant prices for manufacturing sector derived from NDCU analysis.

6. For preparing sequence of accounts for **Non-Govt. Non-Banking Financial Companies**, Sh. Joshi, Adviser, RBI mentioned that they would examine the variables sent by NAD and provide their comments shortly.

7. Regarding breakup of **production taxes/subsidies**, it was informed that some States have attempted a re-classification of taxes and subsidies available in the State budgets, which is yet to be examined by the team of officers as suggested in the third meeting. The Chairman recommended that the issues related to re-classification may be discussed by Shri .Naresh Kumar and concerned officers of NAD. Sh. Pradeep Chauhan, Economic Adviser, DES, Himachal Pradesh was requested to present the re-classification for taxes/subsidies for HP in the next meeting.

8. **Data gaps in unorganized sector**: It was informed that although another sub-committee is examining issues related to unorganized sector, the definitional issues could be taken up in this sub-committee. There are some issues in unorganized sector in NAS such as salary of consultants and informal workers are not appropriately accounted for in the NAS due to classification issues in Employment unemployment surveys. It was decided that for any sector, an attempt may be made to capture all kinds of employees, formal and informal, to the extent possible. The Chairman remarked that this issue is regarding coverage/data gaps of unorganised sector and the focus of this sub-committee is only on implementation of SNA 2008.

9. As regards **unorganized financial enterprises**, the sub-committee recommended that a detailed paper may be prepared and presented by NAD on estimation of GVA and other national accounts statistics in respect of this sector using available survey data of National Sample Survey Office (NSSO), stock exchanges, stock brokers, financial institutions like SEBI, IRDA etc. This exercise will increase the coverage of financial institutions in Indian national accounts statistics.

10. **Branch of a non-resident unit recognized as institutional unit:** Representatives from RBI informed that presently the financial information about such branches are not available in a database format although the information is collected for administrative purpose by the RBI. The sub-committee requested RBI to take initiative in this regard to transform the available information in a database format so that national accounts estimates could be generated from that. RBI representatives agreed with the suggestion and informed that they would work with the concerned division in RBI in this respect and accordingly inform the sub-committee prior to the next meeting.

11. **Valuation of output for own final use by households and corporations to include a return to capital :** It was informed that comments were sought from Ministry of Corporate Affairs, who have replied that information pertaining to own final use is not available in the annual reports. Hence, it was decided that this recommendation is not implementable at present. Efforts need to be made to obtain the required information through surveys/ type studies so that the recommendation is implemented later.

12. **Changes in recommendations for recording pension entitlements :** It was informed that PFRDA is being requested to provide information on cost for managing funds i.e. compensation of employees for the fund managers. Further, there was discussion on treatment of pension and not treating pension as a part of compensation of employees (CE). However, it was recommended that the present practice of treating pension as CE in Indian national accounts may continue as pension is considered as deferred salary/wages. However when information on Pension Funds becomes available the cost of Pension Funds need to be charged to households. This issue will again be discussed in the next meeting.

Agenda Item No.5: Methodology for estimation of FISIM

13. A status note on the output of central bank and a working paper on methodology for estimation of FISIM prepared by NAD were circulated to all members. There was detailed discussion on both the papers, after which the following was decided:

i. Certain editorial drafting is required in the working paper like mentioning “no FISIM” against the organizations which are not doing financial intermediation in the annexure.
ii. An exercise may be undertaken on inclusion of moneylenders in the calculation of FISIM and the result may be presented before the sub-committee.
iii. The reference rate may be calculated as harmonic mean of the interest rate on deposit and interest rate on loan instead of arithmetic mean as done in the exercise.
iv. In case of non-government non-banking financial companies (NGNBFC), data on all the housing finance companies (for all the parameters for which NGNBFCs study results are published) would be made available separately by RBI to NAD, CSO. Moreover CSO will try to generate the estimates of GVA and other national accounts statistics for registered stock brokers with the

information available from SEBI on and Ministry of Corporate Affairs (MCA). Hence the study result should be made excluding these two categories of financial companies. In addition RBI has informed that information of deposit taking corporations and non-deposit taking corporations are being maintained by them and the same would be shared with CSO for the analysis purpose. RBI has been requested by the sub-committee to provide the requisite information to NAD, CSO at the earliest for analysis work before the next meeting of the sub-committee.

v. It was informed by NAD that the estimates of *import of FISIM* in the working paper has been prepared from the perspective of research work only and to compare the same with RBI's Balance of Payment (BPM) estimate of import of FISIM. It has been observed that the two estimates differ and moreover the definition of FISIM followed by RBI in BPM estimation is not as per with SNA 2008. RBI was requested to examine the issue. It is agreed that estimates prepared by RBI would only be used in this regard to keep the overall balance.

vi. In case of regional rural banks (RRB), the deposit, loan and interest figures need to be re-looked into and RBI was also requested to provide comments in this regard.

vii. At the time of 1st revised estimate reference rate as available from the detailed calculation done in the previous year may be repeated. The same may be revised next year (2nd revised estimate) based on actual calculations on detailed data.

viii. In the working paper on FISIM prepared by NAD, central bank has been treated as producing non-market output. The sub-committee has requested RBI to provide the profit and loss and balance sheet information separately for market and non-market production of RBI. In absence of such information, then the alternative would be to estimate the non-market output of RBI by using cost approach. Also, the financial intermediation of the RBI will have to be estimated using the interest on loans and advances only. Interest on securities is not to be taken into consideration of FISIM calculation for strictly following the 2008 SNA recommendation. As there were divergent views on the estimation of market and non-market output of RBI, this issue will again be discussed in the next meeting to firm up the methodology of estimation.

14. **Discussion on the 2009-10 SUT:** Sh. SVR Murthy, DDG, NAD informed the sub-committee that the 2009-10 SUT has been balanced and the balanced SUT for 28 product categories were presented to the members. After discussions it was decided that an unbalanced SUT 2009-10 may also be presented in the next meeting so that the level of discrepancy in supply and use side could be examined.

15. Towards the end of the meeting, it was decided that the major issues of finalizing the structure of NAS publication and SUT framework for deriving estimates of GDP would be

taken up in the next meeting. Also a draft report may be prepared consisting of, inter-alia, a roadmap towards implementation of the sub-committee's recommendations.

The meeting ended with vote of thanks to chair.

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Annex

List of participants

Fourth meeting of the Sub-Committee on System of Indian National Accounts

- Dr. A.C. Kulshreshtha, Chairman
- Sh. R.P. Katyal, Former Head, NAD
- Sh. Naresh Kumar, Former Director, NAD
- Prof. M.R. Saluja, India Development Foundation
- Sh. Ashish Kumar, ADG, NAD
- Dr. A.R. Joshi, Adviser, DSIM,RBI
- Ms. Balbir Kaur, Advisor, DEPR, RBI
- Sh. Pradeep Chauhan, Economic Adviser, DES, Himachal Pradesh
- Shri. Sunil Jain, DDG, NAD, CSO
- Ms. T. Rajeswari, DDG, NAD
- Sh. S.V.R. Murthy, DDG, NAD
- Ms. P. Bhanumati, Director, NAD
- Ms. Reena Singh, Director, NAD
- Ms. Kanchana V. Ghosh, Director , NAD
- Ms. AninditaSinharay, Director, NAD
- Sh. S.I.S. Naqvi, Director, NAD
- Ms. Priyanka Kulshreshtha, Director, NAD
- Sh. Nagesh Kumar Singh, Director, NAD
- Sh. S. S. Jakhar, Deputy Director, NAD
- Sh.Vivek Srivastava, Assistant Director , NAD
- Dr.Sudeepta Ghosh, Assistant Director , NAD
- Ms. ArtiBangia, AD, NAD, CSO
- Ms. JyotiLohchab, JSO, NAD
- Sh. Manmohan Singh, JSO, NAD
- Ms. Renu Mishra, JSO, NAD
- Sh. Dhruv Raj Yadav, JSO, NAD

Annexure-VI

Minutes of the Fifth meeting of the Subcommittee on System of Indian National Accounts held on November 11, 2014

The Fifth meeting of the Subcommittee on System of Indian National Accounts was held on November 11, 2014at Sardar Patel Bhavan, New Delhi under the chairmanship of Dr. A.C. Kulshreshtha. The list of participants is at Annex.

2. The Chairman initiated discussions by welcoming the members and other participants. He mentioned that the NAD is now prepared with the SUT 2009-10 framework, which is to be finalized by the sub-committee. Based on this, the SUT for 2011-12, which is the new base year, is to be prepared. DG, CSO explained that the revised structure of all Statements of the press note as well as National Accounts Statistics have been circulated for discussion in the meeting. It was also informed that the press note with the new series estimates is proposed to be released in January, 2015 and as per practice, the National Accounts Statistics would be released subsequently. Also, there would be some revisions in these estimates when released in January 2016 mainly due to the new series of WPI, CPI, IIP and more fresh data availability.

3. Discussions began with the 2nd agenda item on structure of press note and publication 'National Accounts Statistics', while assuming the feasibility of SUT for the relevant years. Due to paucity of time, however, other agenda items could not be taken up and it was decided to meet again shortly for discussion on the remaining items.

Agenda Item No.2: Finalizing the structure of the press note (PN) Statements and National Accounts Statistics (NAS) publication in line with the SNA 2008.

4. The revised structure of Statements was discussed in detail by the members, keeping in view the users requirements while ensuring that the terminology and concepts are in line with SNA 2008 and that no significant information as per present NAS is being missed out. *The unanimous decisions taken by the sub-committee on each of the Statements have been incorporated in the enclosed structure of Press note and NAS publication (Annexure-2).* The major decision points are given below:

Statements of Press Note:

i. Statement 1.1 "Key aggregates of National accounts": a) Rate to GNDI is appropriate for Gross Saving while rate to GDP is appropriate for GCF. Appropriate changes be made and Rate to GDP be replaced by Rates. (b) A footnote on definition of "primary income" may be mentioned for the users.

ii. SNA 2008 concept of "Domestic" and "National" does not apply to Gross Saving and Gross Capital Formation (GCF.), thus, statements of Press Note, NAS as well as Sources & Methods may be suitably modified to this extent.

iii. Statement 2.1 "Revisions in main aggregates at current prices due to base year revision": PFCE and GFCE may be changed to Individual and collective final consumption expenditures. To arrive at the Individual/Collective Consumption Expenditure of the Total Economy, information on Social Transfers in kind would be additionally required. As information on social transfers in kind may not be available before the release of Press Note, PFCE and GFCE may not be changed. Besides, GVO may not be given in this statement.

iv. Statement 3: Per capita GNI and GNDI (instead of HH disposable income) be added. Rates of PFCE and NNDI be shifted to statement 1.1.

v. Statements 4.1 and 4.2 may be renamed as "Output by Economic activity and Capital formation by Industry of use", at current and constant (2011-12) prices, respectively. This table has been specifically kept as concise information for the users/line Ministries. This table must, however, also include "Taxes/subsides on production". Serial numbers are to be amended: IC and GVA be numbered with 1.1.1 and 1.1.2 and below it place NVA and CFC with 1.1.2.1 and 1.1.2.2; then GCF with number 1.2.

vi. Statements 5.1 and 5.2 may be renamed as "GVA by Economic activity", at current and constant (2011-12) prices, respectively.

vii. Statements 6.1 and 6.2 may be renamed as "Gross Capital formation by asset and institutional sectors", at current and constant (2011-12) prices, respectively. Change buildings to other buildings.

viii. Statements 7.1 and 7.2 may be renamed as "Final Consumption Expenditure of households (including NPISH)", at current and constant (2011-12) prices, respectively. This table may specifically mention banking charges and FISIM.

ix. Statement 8 may be renamed as "Finances for Gross Capital Formation". The memorandum items on reinvested earnings of foreign companies, etc. may be removed from Press Note but retained in the NAS tables.

x. Statements 9.1 and 9.2 "FISIM by uses" and "Impact of FISIM": This may be removed from Press Note and included in NAS.

xi. A statement on sequence of accounts up to capital accounts of General Government in accordance with SNA 2008 may be included in the Press Note. This table would replace the "Income and Outlay accounts of General Government" published in the present press notes. This table could be useful for the users. As information on social transfers in kind may not be available before the release of Press Note, Use of disposable income and redistribution of income in kind accounts cannot be compiled. Hence the sequence of accounts cannot be presented.

Statements of NAS:

i. It was decided to retain the present NAS tables on NVA and CFC in the new series NAS.

ii. Statement 3 of present NAS on "Price and Quantum Indices" may be included in chapter 1.

iii. Statement 4 of present NAS on "Relationship of national income and other aggregates" may be kept in a modified form as per SNA 2008. Final decision for its incorporation in NAS may be taken by the Advisory Committee.

iv. Statement 2.1 "Output, value added, CE, OSMI by industry": As this statement would run into several pages for each year and institutional sector, it was decided to keep only the aggregated table here and disaggregated tables in separate sections.

v. Statement 4.1.8 "SOA-Insurance corporations": This may be presented separately as Life and Non-life insurance. Other tables for financial corporations could not be finalized as this required further discussion which could not be taken up due to paucity of time.

vi. Statement 2.4 "GCF, GFCF, CIS, CFC by Industry of use": Valuables may be inserted in the end of this statement for total economy, as in present NAS. This would, however, not appear in institution specific statements, as its breakup is not available. This may appropriately be recorded in the footnote.

vii. Statement 2.6 may be renamed as Net Capital Stock by Industry of use. It was decided that capital stock by assets may be presented for the economy only for the base year. If it is to be given only for base year, it can form part of the base year brochure or Special Statements in NAS 2015.

viii. Statements 2.4 to 2.6 for the total economy may be presented in chapter 2 and their institutional statements may be presented in institution specific chapters.

ix. Statement 6.1 "Household final consumption expenditure": It may be assessed whether such disaggregated information is available. As only concise information is being given in the Press Note, this statement may be retained in the disaggregated statements as it desirable to expand the current list of items for the purpose of International Comparison of Prices, where PFCE is used for preparing the weighting diagram.

x. Statement 8.1.1 "Output and value added from crop sector": FISIM, if available separately for irrigation, may also be presented. Items 1 and 2 be written as value of output of crops and inputs of crops.

xi. Statement 8.8.1 "Output and value added from Construction": The GVA for total economy, estimated using commodity flow approach, gives the GVA from construction activity, while the GVA compiled for institutional sectors is the GVA from construction industry. Hence the total of all institutional sectors may not add up to total GVA from construction activity. A suitable footnote may be included in the table for the users. Also in many of the industries, establishment approach is used. This issue is likely to be observed in all such cases. However, equality would need to be ensured by taking Household as residual sector.

xii. Statement 8.10.1 "Output and value added from transport services": Transport via pipelines may be excluded from road transport, as it is being covered in the gas industry, trade industry (Petrol and diesel dealers) and water supply. This may be appropriately explained.

xiii. Statement 8.14.1 "Output and value added from other services": According to SNA, international and other extra territorial bodies are not resident of the economy in which they are located. Hence NAD must take into account of this while estimation.

5. Towards the end of the meeting, it was decided that SUT structure and action taken report of the 4th meeting would be taken up in the next meeting, which may be held shortly.

The meeting ended with vote of thanks to chair.

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Annex

List of participants

Fifth meeting of the Sub-Committee on System of Indian National Accounts

1. Dr. A.C. Kulshreshtha, Chairman
2. Sh. R.P. Katyal, Former Head, NAD
3. Sh. Naresh Kumar, Former Director, NAD
4. Prof. M.R. Saluja, India Development Foundation
5. Sh. Ashish Kumar, DG, CSO
6. Dr. A.R. Joshi, Adviser, DSIM,RBI
7. Sh. Arun Vishnu Kumar, Assistant Advisor, DEPR, RBI

8. Ms. T. Rajeswari, DDG, NAD
9. Sh. S.V.Ramana Murthy, DDG, NAD
10. Sh. KrishanChander, Director, NAD
11. Sh. Purnendu K. Banerjee, Director, NAD
12. Ms. P. Bhanumati, Director, NAD
13. Ms. Reena Singh, Director, NAD
14. Ms. Kanchana V. Ghosh, Director , NAD
15. Sh. S. Sahoo, Director, NAD
16. Ms. AninditaSinharay, Director, NAD
17. Sh. S.I.S. Naqvi, Director, NAD
18. Ms. Priyanka Kulshreshtha, Director, NAD
19. Sh. Nagesh Kumar Singh, Director, NAD
20. Dr.Chetna Shukla, Joint Director, NAD
21. Sh. S. S. Jakhar, Deputy Director, NAD
22. Sh. Kumar Sundaram, Deputy Director, NAD
23. Sh.Vivek Srivastava, Assistant Director, NAD
24. Ms. Neha Kalra, Assistant Director, NAD
25. Dr.Sudeepta Ghosh, Assistant Director, NAD
26. Ms. Poonam Gupta, Assistant Director, NAD
27. Sh. Pramod Kumar, Assistant Director, NAD
28. Ms. ArtiBangia, Assistant Director, NAD
29. Ms. JyotiLohchab, JSO, NAD
30. Ms. Bharti Gautam, JSO, NAD
31. Sh. Manmohan Singh, JSO, NAD
32. Ms. Renu Mishra, JSO, NAD
33. Sh. Dhruv Raj Yadav, JSO, NAD
34. Ms. TulikaSoni Mehta, JSO, NAD
35. Ms. DeepikaRawat, JSO, NAD
36. Ms. Tanushree Das, JSO, NAD
37. Ms. Neha Takkar, JSO, NAD

Annexure-VII

Minutes of the Sixth meeting of the Subcommittee on System of Indian National Accounts held on November 17, 2014

The Sixth meeting of the Subcommittee on System of Indian National Accounts was held on November 17, 2014 at Sardar Patel Bhavan, New Delhi under the chairmanship of Dr. A.C. Kulshreshtha. The list of participants is at Annex.

2. The Chairman initiated discussions by welcoming the members and other participants. He mentioned that the note on discrepancies observed in unbalanced SUT 2009-10 circulated by NAD may initially be taken up for discussion. Once finalized, SUT 2011-12 may be prepared on the same lines. At this stage, DG, CSO clarified that SUT 2009-10 is an intermediary exercise, which would not be published, however, will be used for preparing the SUT for the new base i.e. 2011-12.

Agenda Item: Deliberations on SUT framework for deriving estimates of GDP

3. Each product group in the note on discrepancies observed in unbalanced SUT 2009-10 was discussed in detail by the members and appropriate guidance/ recommendations were given.

4. The major decision points for some of the product groups having higher discrepancies are given below:

i. Rail equipments, Tractors & other agricultural implements, Aircrafts &spacecrafts, Other transport equipment: The GFCF ratios considered for these product groups may be re-examined.

ii. Synthetic yarn & synthetic textiles and Misc. textile products: Since the discrepancy for these product groups is in opposite directions, these may be examined together for balancing and reconciling exercise accordingly adjusted.

iii. Batteries: NSS 68th round results may be used to obtain ratio for PFCE of this group.

iv. Fertilizers: The discrepancy here is due to different data sources used in Agriculture unit and SUT unit. Whereas data from Fertilizer Association of India (FAI) is used by the agriculture unit, ASI data is used for the SUT. It was decided to check the total supply.

v. Financial services: The NDCU unit may give details on use of FISIM in the SUT exercise.

vi. Firewood: The supply sheet of agriculture unit may be used for SUT.

vii. Milk and Dairy products: The discrepancies for both these product groups may be seen in totality and then adjusted separately.

viii. Insurance services: May be examined separately for life and non-life insurance.

ix. For some product groups, such as processed fruits & processed vegetables, non-alcoholic beverages, etc. the remedy proposed for change in IIUSE has been accepted. However, it was noted that this would have an impact on their GVA/output also.

Hence, adjusting the discrepancies observed at this stage would require another round of reconciliation.

5. After completing discussion/ review of SUT 2009-10 exercise, other agenda items of the previous meeting i.e. Action taken report and FISIM & financial sub-sectoring were taken up.

Agenda Item: Classification of Production and Product taxes/subsidies:

6. This was one of the items of the action taken report. It was informed to the members that reclassification of taxes/subsidies on production and product identified in the Central Government Budget for the year 2011-12 has been done, in discussion with Sh. Naresh Kumar. This reclassification has been presented in the agenda papers. Economic Adviser, DES, Himachal Pradesh, could not be present for the meeting for presentation on reclassification of taxes/subsidies for the HP State. After discussion on the reclassified items, the following major decisions were taken:

i. The following are not product taxes/subsidies and may be examined by its description:
   102: Collection under the Interest Tax Act (it is a tax on production)
   101: Sale proceeds of Confiscated Goods (It is a transfer and not tax)
   106: Receipt of Advance payment from assesses
   108: Safeguard duties
   150: Fines and confiscations (It is a transfer and not tax)
   168: Opinion Poll Services
   23: Expenditure on seeds (it is a tax on production)

ii. The following may be classified as production taxes and not product taxes:
   110: Trade Tax
   101: Receipts under the Indian Motor Vehicles Act
   102: Receipts under the State Motor Vehicles Taxation Act

7. It was noted that some important taxes on production like pollution tax, payroll tax, etc. would come out from State budget analysis.

8. Further, it was decided that industry-wise taxes/subsidies on production are required to prepare estimates of GVA by industry.

Agenda Item: FISIM and financial sub-sectoring

9. Comments were given by members on the working paper on “FISIM and financial sub-sectoring with improved coverage”. Some of the major comments are given below:

i. For estimating the GVA of money lenders, labour input method could be applied on 67th round Enterprise Survey data (excluding SHGs).
ii. RBI has been treated as non-market output producer however it is meeting its expenses through its interest receipts and not any transfers, thus is it appropriate to treat it as non-market output, in absence of availability of separate information?
iii. Only loan is being considered in FISIM calculation by reference rate method but not other investments, whereas, investment banking, shares and debentures are also products of RBI.
iv. Why mutual funds, a type of financial instrument, are taken as separate financial sub-sector?

10. Due to paucity of time discussions on the agenda could not be concluded. It was decided to continue discussions taking response from NAD in the next meeting.

11. Towards the end of the meeting, it was decided that the remaining items of action taken report and discussion on FISIM & financial sub-sectoring would be taken up in the next meeting, which may be held shortly.

The meeting ended with vote of thanks to chair.

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Annex

List of participants

Sixth meeting of the Sub-Committee on System of Indian National Accounts

1. Dr. A.C. Kulshreshtha, Chairman
2. Sh. R.P. Katyal, Former Head, NAD
3. Sh. Naresh Kumar, Former Director, NAD
4. Sh. Ashish Kumar, DG, CSO
5. Ms. Balbir Kaur, Adviser, DEPR,RBI
6. Sh. Sunil Jain, DDG, NAD
7. Sh. Purnendu K. Banerjee, Director, NAD
8. Ms. P. Bhanumati, Director, NAD
9. Ms. Reena Singh, Director, NAD
10. Ms. Kanchana V. Ghosh, Director , NAD
11. Sh. S. Sahoo, Director, NAD
12. Ms. AninditaSinharay, Director, NAD
13. Sh. S.I.S. Naqvi, Director, NAD
14. Ms. Priyanka Kulshreshtha, Director, NAD
15. Sh. Nagesh Kumar Singh, Director, NAD
16. Dr. Chetna Shukla, Joint Director, NAD
17. Sh. S. S. Jakhar, Deputy Director, NAD

18. Sh. Kumar Sundaram, Deputy Director, NAD
19. Sh. Vivek Srivastava, Assistant Director, NAD
20. Ms. Neha Kalra, Assistant Director, NAD
21. Dr. Sudeepta Ghosh, Assistant Director, NAD
22. Sh. K.K. Chand, Assistant Director, NAD
23. Ms. Reena Nagar, Assistant Director, NAD
24. Ms. JyotiLohchab, JSO, NAD
25. Ms. Bharti Gautam, JSO, NAD
26. Sh. Manmohan Singh, JSO, NAD
27. Ms. Renu Mishra, JSO, NAD
28. Sh. Dhruv Raj Yadav, JSO, NAD
29. Ms. Tulika Sondhi Mehta, JSO, NAD
30. Ms. Deepika Rawat, JSO, NAD

Annexure-VIII

Minutes of the Seventh meeting of the Subcommittee on System of Indian National Accounts held on November 24, 2014

The Seventh meeting of the Subcommittee on System of Indian National Accounts was held on November 24, 2014 at Sardar Patel Bhavan, New Delhi under the chairmanship of Dr. A.C. Kulshreshtha. The list of participants is at Annex.

2. The Chairman initiated discussions by welcoming the members and other participants. He mentioned that some of the agenda items are being continued from previous meetings. One of these is discussion on FISIM and financial sub-sectoring with improved coverage, on which comments were received from members however officers from National Accounts Division could not respond due to paucity of time in the sixth meeting of the sub-committee. A brief note on response from NAD was circulated for deliberations in the meeting.

Agenda Item: FISIM and financial sub-sectoring with improved coverage

3. After detailed discussions, the following major decisions were taken:

Output of RBI

4. In the absence of separate information on market and non-market output, it was decided to consider output of RBI as non-market and estimate the output on cost basis. This method was approved provisionally due to lack of separate information on various activities of RBI. It was also suggested that the matter may be taken up at appropriate level to get separate information on market and non-market activities of RBI for sound treatment RBI activities in the national accounts. Also, it was decided that the interest received on securities be considered in the allocation of primary income account which will appear in the resource side of RBI.

FISIM of moneylenders:

5. It was informed that ratio of loans on agriculture and personal loans to households by all financial institutions (FI's) to that of moneylenders as available from the AIDIS 2003 and data on outstanding credit of all commercial banks' will be used to estimate quantum of loan advanced by money lenders. Also these ratios will be updated when more recent data from AIDIS would be available. This is a revision from the method proposed earlier wherein loans on agriculture and personal loans to households by only commercial banks were considered. This was approved by the Subcommittee.

Sequence of accounts for Non-Govt. Non-Banking Financial Companies

6. It was informed by NAD officials that a list of top 500 NGNBFCs was earlier provided to RBI which comprised of NGNBFCs covering more than 80% of PUC and revenue of all the NGNBFCs for 2011-12 from the 23 AC/ACA data from Ministry of

Corporate Affairs (MCA). Out of this list, RBI has provided the requested summary financial information on 195 NGNBFCs. The PUC of these 195 NGNBFCs is 45% of the total PUC. Moreover the interest income (total income) of the 195 NGNBFCs is 82% (81%) of the interest income (total income) of 1015 NGNBFCs.

7. RBI has also provided the summary financial information on 1015 NGNBFCs including ten influential companies covered under their regular annual sample study. The PUC of these 1015 NGNBFCs is 55.5% of total PUC.

8. It was also informed that RBI has agreed to improve the coverage of NGNBFCs from the list of 500 provided, keeping the same panel, in future years.

9. Since the composition of NGNBFCs in RBI's regular annual sample study varies over the years, sub-committee suggested using the results of the 195 NGNBFCs, estimating the contribution of NGNBFCs using the PUC as weights.

Classification of Production and Product taxes/subsidies

10. This item was discussed in-depth in the previous meeting and appropriate recommendations were given. For preparing industry-wise taxes/subsidies on production, it was decided to adopt the earlier method of distribution amongst industries, except public administration, using estimates of stocks, due to insufficient data.

Branch of a non-resident unit recognized as institutional unit

11. In previous meetings, the representatives from RBI had informed the sub-committee that the financial information about such branches is not available in a database format although the information is collected for administrative purpose by the RBI. The sub-committee had requested RBI to take initiative in this regard to transform the available information in a database format so that national accounts estimates could be generated from that. RBI representatives agreed with the suggestion and informed that they would work with the concerned division in RBI in this respect and accordingly inform the sub-committee. However, this information is still awaited. Hence the sub-committee directed the RBI representative to take up this issue with concerned division in RBI, on priority and furnish the requisite information to NAD.

Changes in recommendations for recording pension entitlements:

12. Assessing the availability of information the following was decided:

iii. *Pension scheme for Govt employees prior to 2004:* The present practice of treating pension as CE in Indian national accounts may continue due to unavailability of requisite information for estimation of liability.

iv. *New pension scheme (NPS), in effect after 2004:* Required information is to be made available by PFRDA, being the regulator for the NPS. However PFRDA, in their letter, have mentioned certain formulae/methodologies which could be used and some agencies which could be approached. It was decided that the matter may be taken up with PFRDA at an appropriate level.

13. In the absence of information on NPS, it was therefore decided to continue with the old practice with appropriate explanation in the sources & methods.

Structure of the press note (PN) Statements and National Accounts Statistics (NAS) publication in line with the SNA 2008.

14. The structure of Press note and NAS publication enclosed with the minutes of the 5th meeting was taken up for final discussion. A few changes to be made in the tables' structure were highlighted and it was decided to incorporate these in the structure. These are mentioned below:

Statements of Press Note:

i. Statement 2 "Revisions in main aggregates": a) Remove the sub-headings- Domestic Product and Expenditure Aggregates. (b) Remove the words "at market prices" in items against Sl No. 2, 3 and 4. (c) Mention the base years instead of "New" and "Old" in the columns.

ii. Statement 3 "Income, Product and Spending Per Capita": Replace the word "Spending" in the heading by "Final Consumption".

iii. Statement 5.1 "GVA by economic activity": Item against Sl.No. 3.5 may be replaced by "Other Manufactured Goods".

iv. Statements 7.1 and 7.2: a) Titles may be renamed as "Private Final Consumption Expenditure" at current and constant (2011-12) prices, respectively. b) Item at Sl. No. 3 may be renamed to "Private Final Consumption Expenditure". c) Item at Sl. No. 5 may be renamed to "Private Final Consumption Expenditure (3+4.1-4.2).

v. Statement 9: a) The word "accounts" may be removed from the title. The title would thus read as "Institutional Sectors – Key economic indicators at current prices". b) The sequencing of items below general government and households may be as follows:

   a. GVA at basic prices
   b. Gross Disposable Income
   c. Final consumption expenditure
   d. Gross savings
   e. Gross capital formation
   f. CFC

Statements of NAS:

i. Part 2 "Industrial accounts" of the list of Statements in NAS may be renamed to "Industrial analyses".

ii. Format of SOA: The words "at basic prices" may be mentioned wherever "in basic prices" is mentioned, to make it consistent with the tables of the press note.

15. The meeting ended with vote of thanks to chair.

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Annex

List of participants

Seventh meeting of the Sub-Committee on System of Indian National Accounts

1. Dr. A.C. Kulshreshtha, Chairman
2. Sh. Naresh Kumar, Former Director, NAD
3. Sh. Ashish Kumar, DG, CSO
4. Sh. P.Bhuyan, Director, DSIM,RBI
5. Sh. S.C. Malik, Director, NAD
6. Sh. KrishanChander, Director, NAD
7. Sh. Purnendu K. Banerjee, Director, NAD
8. Ms. Reena Singh, Director, NAD
9. Ms. Kanchana V. Ghosh, Director , NAD
10. Ms. AninditaSinharay, Director, NAD
11. Sh. S.I.S. Naqvi, Director, NAD
12. Ms. Priyanka Kulshreshtha, Director, NAD
13. Sh. Nagesh Kumar Singh, Director, NAD
14. Sh. S. S. Jakhar, Deputy Director, NAD
15. Sh. Vivek Srivastava, Assistant Director, NAD
16. Ms. Neha Kalra, Assistant Director, NAD
17. Dr.Sudeepta Ghosh, Assistant Director, NAD
18. Ms. Divya Chauhan, Assistant Director, NAD
19. Ms. Bharti Gautam, JSO, NAD
20. Sh. Manmohan Singh, JSO, NAD
21. Ms. DeepikaRawat, JSO, NAD

Annexure-IX

Minutes of the Eighth meeting of the Subcommittee on System of Indian National Accounts held on December 29, 2014

The Eighth meeting of the Subcommittee on System of Indian National Accounts was held on December 29, 2014 at Sardar Patel Bhavan, New Delhi under the chairmanship of Dr. A.C. Kulshreshtha. The list of participants is at Annexure-1.

2. The Chairman initiated discussions by welcoming the members and other participants. He mentioned that the agenda items are in continuation from previous meetings. He appreciated the presence of Economic Adviser, DES, Himachal Pradesh with a view to have focused discussions on State Taxes/Subsidies on production/products.

Agenda Item: FISIM of Money lenders

3. The output, GVA, etc. of private moneylenders, using data of the All India Debt and Investment Survey, 2012 of the NSSO was presented in the meeting. It was informed that ratio of loans on agriculture and personal loans to households by all financial institutions (FI's) to that of moneylenders as available from the AIDIS 2012-13 and data on outstanding credit of all commercial banks' have been used to estimate quantum of loan advanced by money lenders. While approving the methodology of estimation, the members opined that not having any intermediate consumption (IC) for the moneylenders may not be a realistic assumption. Therefore, it was decided that the unit level data of the 67th round of NSS may be examined to find the IC as a percentage of the interest receipts of the moneylenders and use the information for estimation of GVA of moneylenders.

Agenda Item: Treatment ofOutput of Reserve Bank of India (RBI)

4. The GVA of RBI figures arrived at by following two methods were discussed in the meeting, namely:

a. **Treating the entire activity of the RBI (the Central Bank) as non-market** according to Paragraph 6.152 of the SNA 2008, as separate figures for the market and non-market parts are not available. The value of output worked out by this method was 9975 crores.
b. **Treating the output of the Issue Department of the RBI as non-market and the rest of the activities as market**, as is being done presently. The value of output by this method was coming as 9887 crores.

5. During discussions, points in favour of a mixed approach that came up were as under:

a. RBI pays a kind of dividend/ surplus (RBI calls it surplus transferable to Government and not dividend) to Government, which normally a market enterprise can do.

b. Treating the entire activities of RBI as non-market would affect the GVA of RBI in the new series.

c. The RBI does not give any interest to banks on their deposits. Therefore, total deposit multiplied by the reference rate may also be considered as a part of output by the RBI. This would keep the figure of output somewhat at level with the earlier figure and make the figure based on mixed approach higher.

d. Interest earned on securities (which are primarily bills and bonds) is not considered FISIM as per SNA 2008; this interest is to be recorded in allocation of income account. RBI may receive some explicit income in the case of securities, such as (i) for handling the issues of securities and (ii) the margin it earns when it sells securities to others.

e. The representative of RBI stated that data relating to issue department and banking department separately can be made available to the CSO, as per past practice, the practice of computing output and GVA using the present methodology may continue.

f. The methodology of reference rate computation using a mean of average deposit rates and average lending is not followed by many countries.

6. As a counterview, the following arguments were presented:

a. The RBI pointed out that the deposit of banks with the RBI is a part of its monetary policy function which is non-market as per paragraph 6.151 of the SNA 2008. RBI does not make any interest payment on these deposits. Therefore, the deposit taking by RBI may not be considered as a part of market operation. Further, although issue and banking department data can be segregated, all market and non-market operations of the RBI cannot be dis-aggregated. Thus, treating the RBI as a non-market entity is more justified.

b. The main reason for a drop in the value of output is introduction of reference rate while computing the FISIM. As the (Reference Rate – Deposit Rate)*deposits component is not being considered, the value of output cannot attain the previous level. Since deposits are not a part of market operations, this component cannot be added.

c. Almost all the Asian countries and all the European countries are treating their central bank activities as non-market.

7. It was also pointed out that the SNA recommends that reference rate used for calculating FISIM should be such that contain no service element and reflects the risk and maturity structure of deposits and loans. Hence due to the complexity involved in choice of a reference rate, this issue is still referred to as a research agenda in SNA 2008.

8. In view of the above points raised during the meeting, it **was decided that computation of output of the RBI, may be done by considering entire activities of RBI as non-marketactivities**. **The RBI is an institution of Corporate- Financial Sector.**

Agenda Item: Discussion on State Taxes/Subsidies on production/products

9. Shri Pradeep Chauhan, Economic Adviser, DES, Himachal Pradesh presented the reclassification of taxes/subsidies into product or production taxes/ subsidies for the HP State. This was examined by the Committee members and appropriate recommendations were given. It was noted that from the details available in budget documents, it is not always easy to classify subsidies into product or production subsidies. Therefore, a rule of thumb for re-classifying subsidies was provided by the Committee members.

(c) Production subsidy: A subsidy which affects production.

(d) Product subsidy: Subsidy that affects consumers. This include losses incurred by production units due to selling products at lower prices than those at which they were purchased as a matter of deliberate government policy.

10. Some of the specific recommendations on taxes on production/ product were:

(7) Motor Vehicles tax should be treated as tax on production.

(8) State excise tax should be treated as tax on production or product, as per rule of thumb.

(9) State Governments give license to sell liquor products, these licenses should be treated as tax on production.

(10) Subsidies to Food Corporation of India (FCI) has been classified as Agricultural subsidies at present as per COFOG classification. As per the discussion held in meeting, the subsidies to FCI should be treated as trade subsidies.

(11) Installation of gobar gas plant is capital transfer and not a tax on production.

(12) Expenditure on agricultural schemes and horticulture schemes, etc. are tax on production.

11. The Chairman requested CSO to provide guidelines and appropriate directions for reclassification of State taxes/subsidies to all the States.

Agenda Item: Compilation of SUT for 2011-12

12. An unbalanced SUT, 2011-12 was presented by NAD. After discussion, it was suggested to examine the ratios used. Further, it was decided to prepare the SUT till 2013-14 (first revised estimates) elaborately to the extent possible. The information from unbalanced SUT identifying the sectoral discrepancies may be utilized by NAD, internally, for taking long term corrective measures. For this, the Committee strongly recommended that adequate infrastructure including manpower resource need to be provided to the SUT Unit. Each of the Units of NAD providing estimates may also do their background work for the SUT which could be consolidated by the SUT Unit in its exercises.

Agenda Item: Format of Sequence of Accounts

13. It was suggested to present complete sequence of accounts as recommended by the SNA, i.e. for rest of the world and Goods & services, to the extent possible.

14. While discussing the sequence of accounts, the issue of estimation of gross operating surplus was also discussed. This requires adoption of SNA 2008 recommendation on inclusion of capital services including decision on appropriate rate of return of capital stock. The Committee recommended that at present estimation through capital service approach may be treated as a research agenda.

15. As regards availability of database in respect of **"Branch of a non-resident unit recognized as institutional unit"**, Shri Bhuyan, Director, RBI mentioned that some information is collected by RBI, but is not readily available in database format and may not be of much use for computation of national accounts. However, the Sub-Committee requested that, as no data on these are available at present, the RBI may provide to the NAD the following:

a. The units which are supposed to provide such data to RBI (legal details)
b. a list of such units which are actually providing these data (for the years 2011-12 to 2013-14)
c. format and sample data of few such branches
d. The NAD will examine these and decide on how to use these for the purpose of national accounting

16. The meeting ended with vote of thanks to the chair.

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Annex

List of participants

Eighth meeting of the Sub-Committee on System of Indian National Accounts

1. Dr. A.C. Kulshreshtha, Chairman
2. Sh. R. P. Katyal, Former Head, NAD
3. Sh. Naresh Kumar, Former Director, NAD
4. Sh. M. R. Saluja, Member
5. Sh. Ashish Kumar, ADG (NAD) & DG (I/C) CSO
6. Dr.PradipBhuyan, Director, RBI
7. Sh. Arun Vishnu Kumar, Assistant Adviser, DEPR, RBI
8. Sh. Pradeep Chauhan, Economic Adviser, DES, Himachal Pradesh
9. Ms. T. Rajeswari, DDG, NAD

10. Sh. S. V. Ramana Murthy, DDG, NAD
11. Sh. S.C. Malik, Director, NAD
12. Sh. KrishanChander, Director, NAD
13. Sh. Purnendu K. Banerjee, Director, NAD
14. Ms. Reena Singh, Director, NAD
15. Ms. Kanchana V. Ghosh, Director , NAD
16. Sh. S. Sahoo, Director, NAD
17. Sh. S.I.S. Naqvi, Director, NAD
18. Ms. AninditaSinharay, Director, NAD
19. Sh. Nagesh Kumar Singh, Director, NAD
20. Ms. Priyanka Kulshreshtha, Director, NAD
21. Dr.Chetna Shukla, Joint Director, NAD
22. Sh. S. S. Jakhar, Deputy Director, NAD
23. Sh. Vivek Srivastava, Assistant Director, NAD
24. Ms. Neha Kalra, Assistant Director, NAD
25. Dr.Sudeepta Ghosh, Assistant Director, NAD
26. Ms. Poonam Gupta, Assistant Director, NAD
27. Ms. ArtiBangia, Assistant Director, NAD
28. Sh. Manmohan Singh, JSO, NAD
29. Ms. DeepikaRawat, JSO, NAD
30. Ms. Tanushree Das, JSO, NAD