

Some aspects of Non-Observed Economy measurement in Russia”

note prepared by Mr. Alexander Kevesh

Deputy Chairman of Goskomstat of Russia

1. Business register

1.1 The Statistical register functions and is created in bodies of state statistics of Russia. It includes an administrative part, a statistical part, lists of supervised objects on concrete statistical tasks.

1.2 The administrative part contains information from the constituent documents of the managing subject: name, address, organizational and legal form, structure of the founders, size of the capital stock

1.3 The statistical part of the register apart of the specified identification contains a number of attributes, which are used for organization of statistical survey.

These are:

- code of the Basic type of activity, which is determined by methods, harmonized with a harmonized technique, used by statistical services of the European states;
- type of the enterprise (large, subject of small business etc.);
- attribute of reference to public sector of economy;
- attribute of belonging to subjects of natural monopolies;

1.4 In early 2004 the register counted 4,1 million legal units and their detached divisions (branches and representations) and 4,7 million of individual businessmen. However, according to indirect signs, nearly one million legal units and over one million businessmen have stopped their activities, without a legal liquidation.

2. Industry

- 2.1 Data of households sample surveys, administrative statistics etc. are used as sources of estimation of complete volumes of economic operations, including the unobservable
- 2.2 The adjustment of value added parameters of the non-observed economy, including production for market sales and own consumption of non-corporate enterprises constitutes 22-25%. While assessing the output, data are compared, which characterize the supply and demand.
- 2.3 The indicators of the National Accounts System contain parameters of the hidden economy (latent economic activity and informal activity). The illegal economic activity is not currently included in the framework of the manufacturing.
- 2.4 The parameters of the hidden economy are estimated both at the stage of production, and at stages of formation and use of the incomes
- 2.5 In the first place, estimations of the latent and informal activity are carried out at the level of branch statistics. Thus various methods are applied: a balance method, method of commodity flows, estimation based on special surveys, expert estimations. During the construction of the "Input-Output" tables, the final updatings are made, containing parameters of economic operations that are not falling under direct statistical supervision, as well as the statistical divergences.

3. Household final consumption expenditure (HHFC) and the Household Sector

- 3.1 When defining the final consumption of households, the basic sources of the information is the data on the turnover of retail trade and public catering, as well as data on volume of paid services to the population are used.
- 3.2 Consumption of illegal kinds of production is not currently included in the framework of household's final consumption.
- 3.3 The consumption of own made production includes mainly agricultural production.

4. Government Final Consumption Expenditure

The estimations of the Government Final Consumption Expenditure are formed on the basis of the reports on budgetary performance of all levels, and also reports of government extra-budgetary funds.

5. Final Consumption Expenditure of NPISH

Final Consumption Expenditure of noncommercial organizations serving households are estimated on the base of sample surveys of activity results of these organizations, organized once per two years.

6. Gross Fixed Capital Formation

- 6.1 Currently, balance cost sheet is not compiled in Russian Federation. In practice, the concept "Fixed assets" is used, which are understood as produced assets, used repeatedly or constantly during a long period, not less than one year, for production of goods, rendering of market and non-market services.
- 6.2 Indicators, describing «non-substantial fixed assets» are included in the forms of statistical surveys on fixed assets, but the getting data on non-substantial fixed assets on the basis of the data of the primary and book-keeping accounting is complicated by the presence in it of only general category «non-substantial fixed assets », as well as by the incomplete reflection in the accounting and reporting of costs of non-substantial fixed assets acquired and created by organizations.
- 6.3 Currently, the basis of calculating total accumulation of fixed assets (VNOK) is the indicator of investments in fixed assets, which reflects expenses of institutional units on purchase of fixed capital, as the balance cost sheet, in which fixed capital should be accounted in the framework of current methodology of SNA, at current market prices, is not yet built up.
- 6.4 To define amounts of total investments, two methodological approaches are used:
- «balance» method – an approach based on balancing of manufacture, distribution and use of investment resources (construction and other materials, used at implementation of construction works, and also production of mechanical engineering without the account of its separate types, usually consumed as personal demand items);
 - «combined» method – an approach based on combinations of direct statistical observation data, data from administrative sources and modeling calculation.

7. Changes in Inventories

Calculation of floating capital is carried out on the basis of statistical surveys and data of bookkeeping. The property of the citizens is taken into account in household's consumption in the part of durable goods and is not considered when calculating floating capital.

8. Acquisitions Less Disposals of Valuables

- 8.1 Russian statistics does not yet make work on defining all valuables costs, which are possessed by the state, legal and physical persons. The only estimation made is that of costs of jewelry that is in possession of the population.
- 8.2 In foreign trade statistics, according to the UN recommendations («Statistics of international goods trade: concepts and definitions», 1998), and also to IMF Manual on payment balance (PIB5, 1993) commodity flows which are not registered by customs bodies, are taken into account besides the data of customs statistics received based on customs cargo declarations, filled by the participants of the foreign trade activity:
- 8.3 Data of statistical survey of foreign trade of Russian Federation with Republic of Byelorussia, with which customs borders do not exist;
- 8.4 Data of statistical surveys of export (import) volumes of goods which are not crossing customs borders of Russian Federation (fish and seafood, caught and sold in neutral waters; fuel and goods acquired by foreign (Russian) vehicles in Russian (foreign) ports;
- 8.5 Precalculations of the Bank of Russia to data of foreign trade statistics, that includes cost estimates of the goods imported (exported) by physical persons within the limits of established duty-free quote and in simplified procedure, and other elements of precalculation.

9. Employment/labor statistics

- 9.1 Since 2001, in Russian Federation during the implementation of population census results, due to problems of employment it is planned to form information on number and structure of people engaged in the informal sector of economy.
- 9.2 Based on data of population census on problems of employment, about 10.6 millions people were occupied in the informal sector in 2003. Of them, 8,7 millions people (83%) had their main place of work in this sector. For 1,8 millions people (17%) employment in informal sector was an additional source of income.
- 9.3 Number of employed in the informal sector of economy by type of activity in 2001-2003 (averages for a year) .

OECD/ESCAP/ADB Workshop on Assessing and Improving Statistical Quality:
Measuring the Non-observed Economy
Bangkok, 11-14 May 2004

	Total, thousand people	Including		In % to the number of employed in the informal sector		Employed in the informal sector In % to the total number of employed people
		Main place of work	Secondary place of work	Main place of work	Secondary place of work	
Total						
2001r.	9184	7129	2055	78	22	14,3
2002r.	9531	7411	2120	78	22	14,4
2003r.	10587	8740	1847	83	17	16,1
City inhabitants						
2001r.	5145	4565	580	89	11	10,5
2002r.	4984	4478	506	90	10	9,9
2003r.	6126	5643	483	92	8	12,2
Rural inhabitants						
2001r.	4039	2564	1475	63	37	26,5
2002r.	4546	2933	1613	65	35	28,6
2003r.	4461	3097	1364	69	31	28,6
Men						
2001r.	4780	3675	1105	77	23	14,3
2002r.	4911	3775	1136	77	23	14,5
2003r.	5508	4520	988	82	18	16,4
Women						
2001r.	4404	3454	950	78	22	14,2
2002r.	4620	3636	984	79	21	14,4
2003r.	5070	4220	859	83	17	15,8
Total						
2001r.	9184	7129	2055	78	22	14,3

10. Measurement of labor expenses to produce goods and services on all kinds of works

10.1 Calculation of cumulative expenses of labor and drawing up labor accounts is a new direction in statistical practice of Russia.

10.2 Starting from 2003 results, regular calculations of cumulative labor expenses indicators on production of goods and services by branches of economy and industry are integrated in all subjects of Russian Federation. The calculations will be compiled, on the average, once in a year.

11.Fiscal Data

11.1 Fiscal data is used in composite pattern to define the size of production tax accruals. It is not used during the implementation of estimations of the non-observed economy.

11.2 Calculations of final consumption and accumulation of governmental management sector are carried out within the framework of building up of this sector accounts. In so doing, data from reports on implementation of budgets, compiled based on economic and functional classification, as well as data of governmental extra-budgetary funds is used.