

## SYSTEM OF NATIONAL ACCOUNTS

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The calculation of Gross Domestic Product through sources of incomes reflects primary incomes receivable by entities directly involved in production, and also by general government and non-profit institutions serving households. Here, the gross operating surplus (gross mixed income) is a balancing item, which is defined as the difference between the Gross Domestic Product, calculated with the production method at market prices, and compensation of employees and net taxes on production and imports.

This method is only used to analyse the value structure of GDP, but not to determine its nominal volume or changes.

Production account records transactions directly linked to the production process. In this account the value added is defined, which is basis for calculating the Gross Domestic Product.

Output is the value of goods and services produced in the economy during a year.

Output of goods includes such branches as industry, agriculture, forestry, construction, other goods-producing branches.

Output of services includes services of transport, communications, trade, material supply, housing, public utilities, culture, health care, banking services, etc.

Intermediate consumption is equal to the value of goods and services, transformed or consumed in the current process of production for the reporting period. The intermediate consumption does not include consumption of fixed capital.

Intermediate consumption also covers payments of financial inter-mediation services indirectly measured.

Gross value added is calculated at the level of branches of the economy as the value of output of goods and services less the value of intermediate consumption. The term "Gross" means, that the value added includes the value of fixed capital consumed in the process of production.

Net taxes on production and imports include taxes on products and imports and other taxes on production. The term "Net" means that taxes are shown excluding related subsidies.

Taxes on products include taxes whose rates directly depend on the value of goods produced and services rendered. Taxes on products include: value added tax (VAT), excise, etc. Taxes on imports are those levied on imported goods and services.

Subsidies are current unrequited payments from the State budget to enterprises provided those enterprises are really producing particular goods and services.

Other taxes on production consist of all taxes, except taxes on products, payable by enterprises in connection with their participation in the production process. The rates of these taxes do not directly depend on the volume and profitability of production.

They do not include taxes on profit or other incomes received by enterprises. Other taxes on production include taxes on use of natural resources (environment tax), payments for land (land on tax), licenses, state duties and levies payable by enterprises and organizations, real-estate tax.

Generation of income account is a constituent element of primary distribution of income accounts. It reflects primary incomes payable by resident institutional units directly engaged in the process of production of goods and services.

An institutional unit is considered to be resident within a country when it has a centre of economic interest in that territory, i.e. is engaged or is going to get engaged in some economic activities or transactions during a long period, usually assimilated to one year.

Compensation of employees is defined as remuneration, in cash or in kind, payable to employees in return for work done during the accounting period. Compensation of employees is recorded on the basis of gross amounts and includes contributions to social insurance schemes, income tax deductions, and other payments, payable by employees, even if these are actually deducted by administration and paid directly to social insurance funds, tax services or any other institutions on behalf of the employees.

Gross (or net) operating surplus of the economy is the part value added which remains with producers after deducting outlays related to the remuneration of employees and taxes on production. The terms "gross" and "net" in this case show if this indicator includes or excludes consumption of fixed capital in the process of production.

Referring to "unincorporated enterprises" owned by households this category is called "Gross mixed income", because it reflects both remuneration of work done by the owner of enterprise and entrepreneurial income.

Principles of valuation. In the SNA, valuation is made at current prices used at the moment of transactions.

Production and use of GDP is valued at current market prices ruling in the period of production or use of products.

In order to eliminate the influence of various taxes and subsidies in different branches of the economy on the structure of production and generation of income, indicators by branches are valued at basic prices. Basic price is the amount receivable by the producer for a unit of a good or service excluding any taxes on products and imports, but including subsidies on products and imports.

Non-market goods and services are valued at market prices of similar goods and services sold at the market when it is possible to determine these, or, when market prices are not available, by expenditures on production (specifically, services of government and non-profit institutions are valued in this way).

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In the SNA, output, intermediate consumption, operating surplus and increase in inventories are calculated, excluding holding gains (losses), which are defined as the value of products created due to changes in prices during the period when the products were held in stocks. Under the conditions of high inflation holding gains (losses) could be sizeable.

Revaluation at comparative prices (of previous year) is made for GDP both from the production side and from the use side.

The indicators of the production of GDP are revaluated at comparative prices with the double deflation method where the value added at comparative prices is the difference between the value of output and the value of intermediate consumption at comparative prices.

Revaluation at comparative prices is made by two methods:

- deflation of data at current prices for the accounting period with corresponding price indices.
- extrapolation of data at current prices for the base year with quantity indices or the corresponding indicators.

To revaluate the indicators of use of GDP at comparative prices, relevant price indices (consumer price index, capital investments price index, etc.) and physical indicators were applied.

GDP deflator index is ratio of GDP at current prices to GDP at comparative prices of the previous period.

Unlike the goods and services prices index, the GDP deflator measures change in compensation of employees, operating surplus (including mixed income), and consumption of fixed assets arisen from changes in prices and nominal net taxes.

### 81. GROSS DOMESTIC PRODUCT

(at market prices, mln. drams)

	1996	1997	1998#	1999#
Gross domestic product	14220.9	17697.0	19796.8	20999.1
of which:				
output of goods	8483.4	9770.1	10545.4	10342.8
(output of services	5505.9	7830.0	8699.5	10539.4
financial intermediation services indirectly measured (-)	127.0	336.4	578.8	568.2
net taxes on products and imports	358.6	433.3	1130.7	685.2

### 82. STRUCTURE OF PRODUCTION OF GROSS DOMESTIC PRODUCT (at current prices)

(in percents of total)

	1996	1997	1998	1999
Gross domestic product (at market prices)	100.0	100.0	100.0	100.0
of which:				
(output of goods	59.7	55.2	53.3	49.3
output of services	38.7	44.3	43.9	50.2
financial intermediation services indirectly measured	-0.9	-1.9	-2.9	-2.7
net taxes on products and imports	2.5	2.4	5.7	3.3

### 83. HANGING OF GROSS DOMESTIC PRODUCT

(in per cent to previous year)

	1997	1998#	1999#
Gross domestic product (at market prices)	108.4	103.1	102.7
of which:			
(output of goods)	104.7	102.1	102.7
(output of services)	114.9	100.4	109.9

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<i>financial intermediation services indirectly measured</i>	188.3	187.5	140.2
<i>net taxes on products and imports</i>	120.7	240.4	57.2
<i>GDP index-deflator, in %</i>	114.7	108.5	103.3

**84. PRODUCTION ACCOUNT (at current prices)**

*(mln. drams)*

	1996	1997	1998	1999
<i>Resources</i>				
<i>Output at basic prices</i>	30563.1	38178.8	43037.1	46760.8
<i>Taxes on products and imports</i>	513.2	675.3	1161.1	778.7
<i>Subsidies on products and imports (-)</i>	154.6	242	30.4	93.5
<i>Total</i>	30921.7	38612.1	44167.8	47446.0
<i>Use</i>				
<i>Intermediate consumption</i>	16700.8	20915.1	24371.0	26446.9
<i>Gross domestic product (at market prices)</i>	14220.9	17697.0	19796.8	20999.1
<i>Total</i>	30921.7	38612.1	44167.8	47446.0

**85. GENERATION OF INCOME ACCOUNT (at current prices)**

*(mln. drams)*

	1997	1998	1999
<i>Resources</i>			
<i>Gross domestic product at market prices</i>	17697.0	19796.8	20999.1
<i>Total</i>	17697.0	19796.8	20999.1
<i>Use</i>			
<i>Compensation to hired workers</i>	8283.5	9729.4	10519.0
<i>Taxes on production and import</i>	765.8	1250.7	967.5
<i>of which:</i>			
<i>taxes on products and imports</i>	675.3	1161.1	778.7
<i>other taxes on production</i>	90.5	89.6	188.8
<i>Subsidies on production and imports (-)</i>	242.0	30.4	93.5
<i>of which:</i>			
<i>subsidies on products and imports</i>	242.0	30.4	93.5
<i>Gross profit of economy and gross mixed income</i>	8889.7	8847.1	9606.1
<i>of which:</i>			
<i>consumption of fixed capital</i>	860.0	938.8	1069.1
<i>net profit of economy and net mixed income</i>	8029.7	7908.3	8537.0
<i>Total</i>	17697.0	19796.8	20999.1