

## A SIMPLIFIED INTEGRATED FORM OF SNA AND MPS\*

BY UMA DATTA ROY CHOUDHURY

*Department of Statistics, Government of India*

At present two systems of measurement of national product are in practice, one as defined in the UN System of National Accounts (SNA) and the other termed the Material Product System (MPS) or National Balances for the Economy. In the present paper, an expanded system of accounts integrating the national balances within the framework of a simplified SNA has been suggested. The accounts suggested are mainly the two sets of (i) Supply, Disposition and Domestic Production of goods and services and Consumption Expenditure of Budget and Mixed Organisations and the Population, and (ii) Income and Outlay and Capital Formation Accounts.

The system is convenient not only for arriving at estimates by either of the two approaches, but is readily manageable. This set of accounts can, without any effort, be put in the form of a matrix leading to its ultimate integration with either the UN System of National Accounts or a modified system of national balances.

The system gives not only the integrated system of SNA and national balances, but also a coded list of transactors and transactions within the economy. This coded list can be used as the first set of information for the creation of the economic data bank for the Integrated Statistical Information System.

At present two systems of measurement of national product are in use, one as defined in the UN System of National Accounts (SNA) and the other termed the Material Product System (MPS) or National Balances for the Economy. Whereas the SNA includes a matrix representing the system as a whole and also a set of standard accounts and tables which delineate the basic features of the system, the MPS is presented in the form of four basic source and use tables termed "balances" and a large number of supplementary tables which give further details on the balances. The MPS thus does not integrate the data into a system of accounts though the details provided would not make such a task insurmountable. Presentation in the form of either a set of accounts or a matrix with component submatrices enables one to grasp the whole system without losing sight of any of the components. Such a presentation for the Balance System of the national economy would thus help in having a more comprehensive understanding of the structure of the system as a whole and in furnishing the guideline for compilation of consistent statistical data for economic analysis and policy-making. Such a system would also be of considerable interest as a basis for the types of information to be incorporated in data banks for use in economic analysis and model building.

The general framework of the SNA recommended for adoption and use by different countries is built around the four simplified accounts of the nation but is altogether a much more elaborated system. Thus, for example, the system integrates the information needed for input-output and flow-of-funds analysis in great detail and also information relating to holdings of assets and liabilities.

\*The views expressed are those of the author and not of the Organization to which the author belongs.

Such a comprehensive system is certainly of extreme use to countries intending to extend their systems of national accounts with the idea of providing further details on related topics. Such an extended system is also of assistance for co-ordinating basic economic statistics on a number of aspects at the same time and locating the gaps therein. However, the system as a whole is too elaborate and extensive to be adopted for annual presentation of results of national accounts by many of the countries. The UN system does suggest orders of priority for compilation but these are in the form of orders of priority between different sections of the integrated system and would still require compilation of the whole system for a complete picture of the economy. It might therefore be useful to work out a simplified integrated system containing the basic accounts of the SNA which it would be possible to compile annually and which would give reasonably detailed information for a general assessment of economic conditions, formulation of policies or delineation of economic models. Such a system would also be a relevant form for building up the integrated system of national balances which is the other principal object of the present exercise.

Any simplification of the SNA has still to adhere to the basic framework of the four accounts of the nation and the corresponding accounts at the branch and sector level. Keeping this limitation in view, the system presented in this paper makes the following adjustments. First, no changes are suggested for the consolidated accounts of the nation and hence these have not been included in the present system. Second, to make the system fully integrated, the same set of branches and sectors are used for Production, Income and Outlay and Capital Formation Accounts. Last of all, the number of branches and sectors is limited to the absolute essentials. However, the present exercise has the dual purpose of not only simplifying the SNA but also integrating the national balances of the MPS. The primary differences in the accounts presented here therefore result from the details of the transactions in the national balances which need to be included. This aspect of the problem, it is felt, needs greater attention. The main attempt made here is to integrate the national balances into a system of accounts which broadly follow the principles of the SNA but are substantially different in details.

The MPS follows the theory of social product where the rendering of non-material services is considered as redistribution of income rather than as part of production. For the presentation of the accounts, however, this requires slight modification. For the present system the non-material services have been assumed to be an independent area of social activity and hence included in the productive system in the sense of introducing a Production Account for these organizations. However, the transactions for the non-material sphere have been kept separate to ensure the distinction between material and non-material spheres of economic activities. These accounts for the non-material sphere have been introduced to ensure the double-entry system for all the transactions in the national economy and does not imply any redefinition of the measurement of national income in the MPS. In spite of this change, it would still be possible to measure the aggregates in national balances with the same definitions as at present and also to construct the source and use tables on the basis of the information contained in the accounts.

Another departure from the accepted practice in the MPS is that “current” and “capital” flows within the framework of redistribution have been differentiated to the extent possible. It is possible that this distinction might require information on additional items at the stage of data collection as the MPS at present has no such classification and sums up all receipts and transfers as part of final income representing the source of final consumption and accumulation. As a result of this distinction between current and capital flows, it has become necessary to introduce the concept of “saving” in the accounts which, strictly speaking, is the balancing item in the Income and Outlay Accounts. This has also meant that within the income flows, a systematic distinction has been made between incomes (retained) used for capital formation and income used for current expenditures.

One of the major points in favour of these departures from the MPS practices is that activities in the material and non-material spheres, though kept separately, are recorded symmetrically. As a result, data relating to material and non-material activities can be very conveniently brought together, leading to an overall picture of the economy and the study of the structural changes over time. Further, such a treatment also allows for a more detailed treatment of the non-material sphere as of the total economy. Thus, for example, in addition to the wage payments and other incomes originating in the material sphere, similar details are given for the non-material sphere. This enables a measurement of personal income of the population which is a more relevant measure than “money income” of national balances, particularly with reference to household consumption. Also, the presentation in the form of accounts leads to the measurement of “total consumption” of the population (covering both goods and services), in addition to “personal consumption” covering material goods only. These broader measures are extremely useful for such studies as the level of living of the population and their “saving” during the year.

The accounts suggested in the present paper are mainly the two sets:

- (i) Supply and Disposition of goods and services, and Domestic Production of these goods and services, and Consumption Expenditure of Budget and Mixed Organizations and the Population.
- (ii) Income and Outlay and Capital Formation Accounts.

These correspond to Accounts II and III of the SNA. The Accounts I of SNA, which are the consolidated accounts for the nation, have not been presented as no change in the form of presentation is foreseen. It is expected that once the proposed system of Accounts II and III are prepared for the MPS, the preparation of Account I would automatically follow. This is particularly true in this case because, contrary to the SNA where two different classes of transactor units are used (one with the first set of accounts, *viz.*, Production, Consumption Expenditure and Capital Formation and the other with Income and Outlay and Capital Finance Accounts), in the present set, only one class of transactors is used. Besides the fact that this helps in making the system fully integrated between the two sets of accounts, this classification uses the establishment type of units (according to kind of economic activity) as the primary unit of classification and makes the problem of collection of data much simpler. This uniform classification is possible mainly because of the particular institutional set-up of the countries

following the Material Production System, where enterprises are primarily organized on the basis of kind of activity, and in many respects are similar to the establishment classification of the SNA. The collection of data on the uniform basis for the countries following the SNA would not lead to particular difficulties either.

Keeping in mind the main features of the MPS, the primary classification according to type of economic activity adopted here is:

- A. Goods and material services, and
- B. Non-material services.

In the accounts, this broad division is to be used in industrial classification of establishment type of units according to kind of economic activity. It is, however, not desirable to have a large number of industrial groups for the accounts and the following branches may suffice. Thus for "A", i.e., goods and material services, one can have: (i) manufacturing, (ii) construction, (iii) agriculture and forestry products, (iv) transport of goods and communications (Productive), (v) distributive trade in goods, and (vi) others. Another important distinction within the material sphere is the classification by type of organization. The most convenient classification is between (I) socialist sector, and (II) private and personal sector, with the further classification by branches of economic activity within each of (I) and (II). Data permitting, the socialist sector could be further subdivided into state, co-operatives and social organizations and the "private and personal sector" into personal holdings of wage-earners and employees, personal holdings of members of co-operatives, and private. For the present set of accounts, the classification of the material sphere has been limited to (I) and (II), *viz.*, socialist and private and personal sectors, and the accounts have been presented for these two sectors only. It is, however, presumed that if data were available it would be possible to build up the accounts for each of the branches within the two sectors (exactly in the same form) even though no accounts by the further classification of sectors may be possible.

For "B", *viz.*, non-material services, however, the classification by establishment type of units is more complicated as in this case the classification is more institutional in character and hence more heterogenous. Classification by purpose may therefore be more manageable and also perhaps more useful. The following groups may in this case be suggested: (i) passenger transport and non-material communications, (ii) personal and repair services, including housing, (iii) health, education and other social services, (iv) finance and insurance, (v) general government administration, including local government, and (vi) other services. The institutional character of the units in the non-material sphere, however, may make such classification difficult because in MPS it is the nature and the purpose which is the main criterion for classification within the non-material services. A more convenient classification may therefore be: (I) non-material services serving population needs, and (II) non-material services serving community needs. Another distinction which is of significance in this case is the economic character of these institutions. Thus, one of the primary distinctions within the non-material sphere is between budgetary and non-budgetary organizations within each of (I) and (II) above, and within the non-budgetary organizations, the

further distinction between Economic Organizations (which are generally financially self-supporting) and Mixed Organizations which are “non-profit-making” in character and are financially supported by both the national budget and the units in the material sphere. This distinction between Economic Organizations (E.O.), Budgetary Organizations (B.O.) and Mixed Organizations (M.O.) is important from the point of view of the accounts as substantial transactions and transfers occur between these organizations as also between these organizations and the rest of the economy. For the present set of accounts therefore it has been considered most convenient for “non-material services” to be classified by type of organization rather than by purpose. Thus for this group of economic activities, the classification is (i) E.O., (ii) B.O., and (iii) M.O. Availability of data permitting, it would be desirable to extend this classification to the form BI: non-material services serving population needs, and BII: non-material services serving community needs with subclassification between E.O., B.O. and M.O. for each of these groups. For the present set of accounts, however, only B(i), (ii) and (iii) have been considered with no distinction by purpose, *viz.*, BI and BII. The classification of sectors suggested for the present system is based on the details of the national balances and is somewhat different from the SNA. The distinction between the material and non-material sphere is not very contrary to the classification in the SNA, though in the present case the distinction is particularly emphasized. This distinction, though not essential, has advantages particularly because of the differences in cost structure and it might be useful to incorporate this distinction in the SNA as well. However, the classification between the socialist and the private and personal sector for the material sphere and E.O., B.O. and M.O. for the non-material sphere need be adopted only in cases where they are considered important. Alternatively, one could follow the classification by branches for the material sphere, and by purpose for the non-material sphere.

Next, going into the details of the accounts, the first set gives the supply and disposition of goods and services divided into Account “A” for goods and material services, and Account “B” for non-material services. Strictly speaking Account “A” should be split between “commodities” and “services connected with production” and should give the details of supply and disposition separately. Account “B” covers all non-material services and is pieced together from production and consumption expenditure accounts of the system in order to portray together the supply and disposition of all goods and services. The non-material services can be classified into those which are strictly complementary to material services but are not part of social product (e.g. passenger transport, personal and repair services) and other services which are mainly provided by government and mixed organizations (of the same kind as *non-profit* institutions) either for their own final consumption or made available to households at reduced rates or free-of-charge. Most of the non-material services under the first group (including housing services) would then be produced within E.O.’s while the rest would be provided by B.O.’s and M.O.’s. The set of accounts on Domestic Production are therefore illustrated for:

A1: goods and material services: socialist sector

A2: goods and material services: private and personal sector

- B3: non-material services: Economic Organizations
- B4: non-material services: Budget Organizations
- B5: non-material services: Mixed Organizations

In the case of goods and material services, the distinction is mainly because of dissimilarities in purpose and policies as well as of controlling authority, while for non-material services the distinction is primarily from the point of view of differences in their role in the economy and in the sources and uses of funds.

The Income and Outlay Accounts are provided for the same set of sectors and organizations into which the resident transactors are classified above. Since these institutions exhibit significant differences in the type of income receipts and disbursements, the details of the different categories of transactions recorded in these accounts differ between sectors and give interesting information in detail. The variations in detail reflect the differences between these sectors in the nature and importance of various items of receipts and disbursements. These accounts are linked with the Domestic Product Accounts in terms of primary income of enterprises or income of households and can be used for consolidation to the national level and measurement of disposable income. As will be obvious from the details in these accounts which attempt to record all current receipts and disbursements arising from ownership of property and also the current transfers, the transactions differ between different institutional sectors and not all entries appear in every account for each sector. Thus, for example, in the account for the national budget, which plays a major role in the redistribution of incomes, substantially larger numbers of items appear. Similarly for households, the categories of incomes and outlays are, to some extent, different from those for the institutional sectors.

The Capital Formation Account, which is illustrated next, has been limited to one consolidated account for the economy as a whole, and no Capital Finance Account has been suggested. Because of the special institutional arrangements of the countries where the MPS is followed, separate Capital Accounts by sectors are hardly of any significance and in terms of details, information for gross accumulation and its internal sources of finance would suffice. The institutional set-up of these countries gives very little scope of variation between sectors in terms of financial claims and hardly any differences in terms of distinct items exist. It was therefore felt that no useful purpose would be served by attempting an itemization by various types of assets and liabilities and it is further hardly called for as a part of analytical requirements. These remarks would not, however, apply to countries with substantially larger private sectors, and in such cases the SNA pattern would be best to follow with, of course, the same classification by branches and sectors as above.

External transactions have similarly been presented in the form of a consolidated account for all the resident economic agents with the rest of the world. The account again refers to the current transactions and records the surplus of the nation on current account. The Capital Finance Account could also be introduced here in cases where it is considered important.

The complete set of accounts for the sectors and branches suggested above is presented at the end, followed by a list of the accounts in Annex I.

As will be noted from the accounts, the transactions have been coded in a standard form. This not only helps in their identification, but is necessary for the compilation of the data bank. Any economic analysis by the use of the data contained in the accounts or in the corresponding national balances would not only require their storage over a number of years and subsequent retrieval and analysis, but also their identification in terms of the links between the various transactions. The transactions in the accounts have been coded keeping all this in view and also with the object of standardizing the system. The coding is on the basis of transactors' accounts, class and categories of transactions and the sector to which the transactions refer. The listing of the class and category of transactions is generally on the same basis as in the SNA. Thus, the first digit number refers to the transactors' account in which the given transaction is included and is exactly the same as in the SNA except for the fact that the Capital Finance Account does not appear in the system at all. The second and third parts of the codes for the transactions indicate the class and category of a given transaction and are again generally on the same principle as in the SNA except for the coding of transactions separately for each sector. The last (fourth) digit in the code refers to the sector to which the transactions belong and *not* to the subcategory within the class of transaction. The absence of the fourth digit for any transaction would thus suggest that the transaction refers to the economy as a whole and not to any particular sector. This last digit in the coding is thus a departure from the SNA practice, though it is of significance for distinction between SNA and MPS concepts. As will be noticed from the details, the codes not only distinguish the sector to which the transactor belongs, but also whether it refers to the material or non-material sphere. This is an important point for consideration while building up the MPS estimates and their standardization and separate identification for the data bank will be very much simplified because of this distinction. The complete list of codes for classes and categories of transactions is included in Annex II and the fourth digit for the identification of the sector is introduced in the accounts only.

It would be useful next to mention briefly the main points of departure from the SNA as the contents are not always the same, though the structure for the most part remains the same. The first and most important point of difference is the systematic distinction between material (including material services) and non-material activities. It is not only that the transactions within these two spheres of activities are given in detail, but all the inter-transactions between these two groups are recorded for analytical purposes. The institutional set-up, as well as the MPS approach to measurement of national income, add special significance to this distinction between the activities. However, even for countries following the comprehensive net domestic product approach of SNA, the distinction between the material and non-material sphere will be of special significance and may be welcome.

In the present set of accounts, the same set of transactors is used for all the accounts, contrary to the practice in the SNA. In the MPS, as also in the present set of accounts, the enterprise is usually the primary unit of classification. This is possible mainly because, due to the special nature of the institutional set-up, the enterprises are more homogenous and are mainly organized on the basis of

type of activity. This makes it very simple to follow the single classification in the case of goods and material services. In the case of non-material services the classification is mainly on the basis of purpose, which is enterprise-oriented. This makes it very easy to deal with the problems of both integration and consolidation and thus not only is a double-entry system achieved throughout the whole set of accounts, but the Consolidated Accounts for the Nation are obtained almost without any effort.

Going into the details of the accounts, it will be seen that certain items appear in the present accounts which are not exactly the same as in the SNA. Besides the inclusion of the separate item of "losses" because of the difference in treatment in MPS, the most important point of departure is the measurement of consumption of services by the population. Since a major portion of the non-material services (e.g. education, health, cultural services, etc.) are provided by government institutions, either at reduced rates or free-of-charge, their exclusion from the estimate of total consumption of the population would not be justified. This has meant a slight change in the practice of the SNA. Thus, both the value of services produced and the total consumption of the population include the services available at reduced rates or free-of-charge. Any contributions made by the population for purchase of such services is included as expenditure while the cost of production is included in the Account for Supply and Disposition as equivalent to the output. This enables an explicit recording of all important items of consumption of the population which is important for a measurement of level of living.

In the Domestic Product Account, two points of departure need to be mentioned. First, the "input of services for production" is shown separately and not as a part of "intermediate consumption". In MPS, such expenses are treated as part of redistribution and hence as a part of primary income of enterprises. It has been shown separately in the present system as a cost mainly for comparison with SNA but in harmony with MPS approach is not included in "intermediate input". Secondly, "depreciation" is here recorded in two parts, one for payments into the state budget and the other for retention within the enterprise. The institutional set-up of the economy, in this case, makes this essential as the greater proportion of all capital formation within the economy is through the state budget and the receipts from depreciation allowances of enterprises along with savings are used by the state budget for investment in the economy. However, the enterprises pay not only a part of "depreciation provision" for financing of capital formation of the country, but also part of operating surplus to the state budget for the same purpose (recorded in the Income and Outlay Account). Such payments by enterprises often result in undertaking investment not only out of their own finance but by funds received from other enterprises and vice versa. This overall control of financing of gross capital formation by the state budget has been one of the primary considerations in presenting only one consolidated Capital Formation Account for the economy as a whole.

The enterprises, mainly those in the material sphere, have also to make other compulsory payments into the budget (other than taxes, customs duties, etc.) which are used to finance the current expenditures of enterprises (primarily

in the non-material sphere) which make services available to the population at a subsidized rate or free-of-charge and hence run at a deficit. Such contributions are also recorded separately both as a receipt and as a disbursement.

The above discussion broadly gives the details of the accounts presented in the paper. It is expected that the system would be found useful for practical application by countries following both the SNA and MPS approaches. Not only is the system convenient for arriving at estimates by either of the two approaches, but it is readily manageable, being presented in a simplified form. Because of the double entry system, the set of accounts can, without any effort, be put in the form of a matrix leading to its ultimate integration with either the UN system of national accounts or a modified system of national balances. From the point of view of the Net Material Product approach this system has some additional advantages. The system is fully integrated so that no transaction within the economy is missed, and the system also enables the derivation of other important related aggregates like total domestic product, disposable income, total personal consumption and saving, all of which are of interest for any economic analysis as also for study of the level of living of the population.

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SIMPLIFIED SNA FOR NATIONAL BALANCES

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I. SUPPLY AND DISPOSITION OF GOODS AND SERVICES

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Accounts 1, 2 and 4: Production, Consumption and Capital Formation

A. Goods and material services

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<ul style="list-style-type: none"> <li>1.1.1 Social product               <ul style="list-style-type: none"> <li>1.1.1.1 Socialist sector</li> <li>1.1.1.2 Private and personal sector</li> </ul> </li> <li>1.1.6 Imports of goods and material services</li> </ul>	<ul style="list-style-type: none"> <li>1.2.1 Intermediate consumption               <ul style="list-style-type: none"> <li>1.2.1.1 Socialist sector</li> <li>1.2.1.2 Private and personal sector</li> </ul> </li> <li>1.2.2 Social consumption in non-material sphere               <ul style="list-style-type: none"> <li>1.2.2.3 Economic Organizations</li> <li>1.2.2.4 Budget Organizations</li> <li>1.2.2.5 Mixed Organizations</li> </ul> </li> <li>2.2.16 Current material expenses of housing services</li> <li>2.2.5 Final consumption of population in domestic market from               <ul style="list-style-type: none"> <li>2.2.5.1 Socialist sector</li> <li>2.2.5.2 Private and personal sector</li> </ul> </li> <li>4.2.7 Gross fixed capital formation</li> <li>4.2.8 Net increase in circulating assets</li> <li>4.2.9 Losses</li> <li>1.2.10 Exports of goods and material services</li> </ul>
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Supply of goods and material services

Use of available goods and material services

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B. Non-material services (budgetary and non-budgetary)

1.1.2	Non-material services for sale from	1.2.3	Use of services in material sphere
1.1.2.3	Economic Organizations	1.2.3.1	Socialist sector
1.1.2.4	Budget Organizations	1.2.3.2	Private and personal sector
1.1.2.5	Mixed Organizations	1.2.4	Use of services in non-material sphere
1.1.3	Non-material services available at reduced rates from	1.2.4.3	Economic Organizations
1.1.3.4	Budget Organizations	1.2.4.4	Budget Organizations
1.1.3.5	Mixed Organizations	1.2.4.5	Mixed Organizations
1.1.4	Non-material services available free of charge from	2.2.6	Consumption of population in non-material sphere from
1.1.4.4	Budget Organizations	1.2.6.3	Economic Organizations
1.1.4.5	Mixed Organizations	1.2.6.4	Budget Organizations
1.1.5	Non-material services for own use in	1.2.6.5	Mixed Organizations
1.1.5.4	Budget Organizations	2.2.11	Direct consumption of services by rest of the world
1.1.5.5	Mixed Organizations		
1.1.7	Direct purchase of services from abroad		
Supply of non-material services		Use of available non-material services	

II. DOMESTIC PRODUCTION

Account 1: Production Account

A-1: Branches and sectors in material sphere: socialist sector

1.2.1.1	Intermediate consumption of goods and material services	1.1.1.1	Social product
1.3.10.1	Consumption of fixed capital		
1.3.11.1	paid into budget		
1.3.12.1	reserved in own fund		
1.2.3.1	Use of services for production		
1.3.4.1	Primary income of population		
1.3.6.1	Employers' contribution to social security, pension, welfare funds, etc.		
1.3.8.1	Primary income of enterprises*		
Gross Input		Gross Output	

A-2: Branches and sectors in material sphere: private and personal sector

1.2.1.2	Intermediate consumption of goods and material services	1.1.1.2	Social product**
1.3.10.2	Consumption of fixed capital		
1.3.11.2	paid into budget		
1.3.12.2	reserved in own fund		
1.2.3.2	Use of services for production		
1.3.4.2	Primary income of population		
1.3.6.2	Employers' contribution to social security, pension, welfare funds, etc.		
1.3.8.2	Primary income of enterprises*		
Gross Input		Gross Output	

\*excluding 1.2.3.1 (payment for services) and

1.3.6.1 (employers' contribution to social welfare, etc.)

\*\*including value of output from personal holdings and small private producers.

Account 1 (continued)

B-3: Branches and sectors in non-material spheres: Economic Organizations

1.2.2.3	Consumption of goods and material services	1.1.2.3	Services produced for sale
1.3.10.3	Consumption of fixed capital		
	1.3.11.3 paid into budget		
	1.3.12.3 reserved in own funds		
1.2.4.3	Use of services for production		
1.3.5.3	Income of population		
1.3.6.3	Employers' contribution to social security, welfare funds, pension fund, etc.		
1.3.9.3	Net receipt from non-productive activities ( $\pm$ )		

Gross Input

Gross Output

B-4a: Branches and sectors in the non-material sphere: Budgetary Organizations

1.2.2.4a	Consumption of goods and material services	1.1.2.4a	Non-material services for sale
1.3.10.4a	Consumption of fixed capital	1.1.3.4a	Non-material services made available at reduced rates
	1.3.11.4a paid into budget		
	1.3.12.4a reserved in own funds		
1.2.4.4a	Use of services for production		
1.3.5.4a	Income of population		
1.3.6.4a	Employers' contribution to social security, pension fund, etc.		
1.3.9.4a	Net receipt from non-productive activities ( $\pm$ )		

Gross Input

Gross Output

B-4b: Branches and sectors in non-material sphere: National Budget

1.2.2.4b	Consumption of goods and material services	1.1.3.4b	Non-material services made available at reduced rates
1.3.10.4b	Consumption of fixed capital	1.1.4.4b	Non-material services made available without charges
1.2.4.4b	Use of services for production	1.1.5.4b	Services produced for own use
1.3.5.4b	Income of population		
1.3.6.4b	Employers' contribution to social security, pension fund, etc.		

Gross Input

Gross Output

Account 1 (continued)

B-5: Branches and sectors in non-material sphere: Mixed Organizations

1.2.2.5	Consumption of goods and material services	1.1.3.5	Value of services made available at reduced rates
1.3.10.5	Consumption of fixed capital	1.1.4.5	Value of services made available without charges
	1.3.11.5 paid into budget	1.1.5.5	Services produced for own use
	1.3.12.5 reserved in own funds		
1.2.4.5	Use of services for production		
1.3.5.5	Income of population		
1.3.6.5	Employers' contribution to social security, welfare funds, etc.		
1.3.9.5	Net receipts from non-productive activities ( $\pm$ )		

Gross Input

Gross Output

III. CONSUMPTION EXPENDITURE

Account 2: Final Consumption

B-4b: Non-material sphere: National Budget

2.1.5.4b	Services produced for own use	2.2.12.4b	Final consumption expenditure
	Supply		Use

B-5: Non-material sphere: Mixed Organizations

2.1.5.5	Services produced for own use	2.2.13.5	Final consumption expenditure
	Supply		Use

C-6: Population

2.2.5	Final consumption in domestic market from	2.2.14	Consumption of population in material sphere
	2.2.5.1 Socialist sector	2.2.15	Consumption of population in non-material sphere
	2.2.5.2 Private and personal sector		(i) purchased from market
2.2.6	Consumption of non-material services in domestic market from		(ii) available at reduced rates
	2.2.6.3 Economic Organizations		(iii) available without charges
	2.2.6.4 Budget Organizations		
	2.2.6.5 Mixed Organizations		
2.1.8	Direct purchase abroad of goods and material services		
2.1.9	Direct purchase abroad of non-material services		

Supply

Use

IV. INCOME AND OUTLAY

Account 3: Income and Outlay

A-1: Branches and sectors in material sphere: socialist sector

3.4.7.1	Payments for fixed and circulating assets	3.3.8.1	Primary income of enterprises
3.6.1.1	Taxes on income of enterprises	3.4.9.1	Interest receipts from credit system
3.6.2.1	Other direct taxes	3.6.7.1	Current grant receipts from budget
3.5.3.1	Obligatory payments of fees, fines, etc.	3.6.9.1	Current transfers n.e.c. from the budget
3.4.8.1	Interest payments on bank credits and loans	3.6.12.1	Current transfer receipts from other units
3.5.1.1	Premium payments for property insurance		
3.5.2.1	Contributions to social insurance		
3.6.10.1	Other current transfers into budget		
3.6.11.1	Current transfers into other units in material and non-material sphere		
3.7.1.1	Operating surplus/loss retained ( $\pm$ )		
Disbursements		Receipts	

A-2: Branches and sectors in material sphere: private and personal sector

3.4.4.2	Entrepreneurial income withdrawn by owners	3.3.8.2	Primary income of enterprises
3.4.7.2	Payments for fixed and circulating assets	3.4.5.2	Entrepreneurial income withdrawn by owners
3.6.1.2	Taxes on income of enterprises	3.4.9.2	Interest receipts from credit system
3.6.2.2	Other direct taxes	3.6.7.2	Current grant receipts from budget
3.6.3.2	Obligatory payments of fees, fines, etc.	3.6.9.2	Current transfers n.e.c. from the budget
3.4.8.2	Interest payments on bank credits and loans	3.6.12.2	Current transfer receipts from other units
3.5.1.2	Premium payments for property insurance		
3.5.2.2	Contributions to social insurance		
3.6.10.2	Other current transfers into budget		
3.6.11.2	Current transfers into other units		
3.7.1.2	Operating surplus/loss retained ( $\pm$ )		
Disbursements		Receipts	

Account 3 (continued)

B-3: Branches and sectors in non-material sphere: Economic Organizations

3.4.7.3	Payments for fixed and circulating assets	3.3.9.3	Net receipt from non-productive activities
3.6.1.3	Taxes on income of organizations	3.4.9.3	Interest receipts from credit system
3.6.2.3	Other direct taxes	3.6.7.3	Current grant receipts from budget
3.6.3.3	Obligatory payments of fees, fines, etc.	3.6.9.3	Current transfers n.e.c. from the budget
3.4.8.3	Interest payments on bank credits and loans	3.6.12.3	Current transfer receipts from other units
3.5.1.3	Premium payment for property insurance		
3.5.2.3	Contributions to social insurance		
3.6.10.3	Other current transfers into budget		
3.6.11.3	Current transfers into other units in material or non-material sphere		
3.7.1.3	Operating surplus/loss retained ( $\pm$ )		
Disbursements		Receipts	

B-4: Branches and sectors in non-material sphere: Budget Organizations (consolidated)

3.2.12.4	Final consumption expenditure	3.3.9.4	Net receipts from activities of budget organizations
3.6.7.4	Grants to cover current losses and expenses in A. material sphere B. non-material sphere	3.6.1.4.	Taxes on income from A. material sphere B. non-material sphere C. population
3.6.5.4	Payments of social security benefits to population	3.6.2.4	Other direct taxes
3.6.6.4	Social assistance grants to population	3.6.3.4	Obligatory payments into budget from A. material sphere B. non-material sphere C. population
3.6.8.4	Payments of pensions, allowances, etc. to population	3.3.6.4	Employers' contribution to social security, pension fund, etc. from A. material sphere B. non-material sphere
3.6.13.4	Grants for current material cost of housing services	3.6.10.4	Current transfers n.e.c. from A. material sphere B. non-material sphere
3.6.9.4	Current transfers n.e.c. to units in A. material sphere B. non-material sphere	3.6.15.4	Current transfers n.e.c. from C. population D. rest of the world
3.6.14.4	Current transfers n.e.c. to C. population D. rest of the world		
Disbursements		Receipts	

Account 3 (continued)

B-5: Units in non-material sphere: Mixed Organizations

3.2.13.5	Final consumption expenditure	3.3.9.5	Net receipt from non-productive activities
3.4.4.5	Entrepreneurial incomes withdrawn by owners	3.4.5.5	Entrepreneurial incomes withdrawn by owners
3.4.7.5	Payments for fixed and circulating assets	3.4.9.5	Interest receipt from credit system
3.6.1.5	Taxes on income of organizations	3.6.7.5	Current grant receipts from budget
3.6.2.5	Other direct taxes	3.6.9.5	Current transfers n.e.c. from the budget
3.6.3.5	Payments of fees, fines, etc.	3.6.12.5	Current transfer receipts from other institutions
3.4.8.5	Interest payments on bank credits and loans		
3.5.1.5	Premium payment for property insurance		
3.5.2.5	Contributions to social insurance		
3.6.10.5	Other current transfers into budget		
3.6.11.5	Current transfers into other units in material and non-material sphere		
3.7.1.5	Operating surplus/loss retained ( $\pm$ )		
Disbursements		Receipts	

C-6: Population

3.2.14.6	Final consumption expenditure in material sphere	3.4.3.6	Wage income of population from A. material sphere B. non-material sphere
3.2.15.6	Consumption in non-material sphere (i) purchased from market (ii) available at reduced rates (iii) available without charges	3.4.6.6	Allowances, pensions, etc. receivable from A. material sphere B. non-material sphere
3.2.16.6	Current material expenses of housing services	3.6.8.6	Pension, allowances, etc. from national budget
3.3.13.6	Capital consumption of housing services	3.6.13.6	Grants for current maintenance of housing services
3.6.1.6	Taxes on income paid into budget	3.6.5.6	Social security benefits
3.6.2.6	Other direct taxes paid into budget	3.6.6.6	Social assistance grants
3.6.3.6	Obligatory payments of fees, fines, etc.	3.6.15.6	Current transfers n.e.c. from the budget
3.6.4.6	Social security contributions	3.4.2.6	Cost of services available without charges
3.4.8.6	Interest payments on bank credits and loans		
3.5.2.6	Contributions to social insurance		
3.5.3.6	Premium payments for personal insurance		
3.6.15.6	Current transfers n.e.c. to national budget		
3.7.2.6	Money available for individual house construction		
Disbursements		Receipts	

## V. CAPITAL FORMATION

### Account 4: Capital Account Consolidated Account for the Nation

<p>4.2.8 Net increase in circulating assets in</p> <p style="margin-left: 20px;">4.2.8.1 Socialist sector</p> <p style="margin-left: 20px;">4.2.8.2 Private and personal sector</p> <p style="margin-left: 20px;">4.2.8.3 Economic Organizations</p> <p style="margin-left: 20px;">4.2.8.4 Budget Organizations</p> <p style="margin-left: 20px;">4.2.8.5 Mixed Organizations</p> <p>4.2.7 Gross fixed capital formation in</p> <p style="margin-left: 20px;">4.2.7.1 Socialist sector</p> <p style="margin-left: 20px;">4.2.7.2 Private and personal sector</p> <p style="margin-left: 20px;">4.2.7.3 Economic Organizations</p> <p style="margin-left: 20px;">4.2.7.4 Budget Organizations</p> <p style="margin-left: 20px;">4.2.7.5 Mixed Organizations</p> <p style="margin-left: 20px;">4.2.7.6 Individual housing—building</p> <p>4.2.9 Losses in</p> <p style="margin-left: 20px;">A. material sphere</p> <p style="margin-left: 20px;">B. non-material sphere</p> <p>4.7.7 Net lending to the rest of the world</p>	<p>4.4.7 Capital transfers into budget from</p> <p style="margin-left: 20px;">4.4.7.1 Socialist sector</p> <p style="margin-left: 20px;">4.4.7.2 Private and personal sector</p> <p style="margin-left: 20px;">4.4.7.3 Economic Organizations</p> <p style="margin-left: 20px;">4.4.7.4 Budget Organizations</p> <p style="margin-left: 20px;">4.4.7.5 Mixed Organizations</p> <p>4.3.11 Depreciation paid into budget from</p> <p style="margin-left: 20px;">4.3.11.1 Socialist sector</p> <p style="margin-left: 20px;">4.3.11.2 Private and personal sector</p> <p style="margin-left: 20px;">4.3.11.3 Economic Organizations</p> <p style="margin-left: 20px;">4.3.11.4 Budget Organizations</p> <p style="margin-left: 20px;">4.3.11.5 Mixed Organizations</p> <p>4.3.12 Depreciation reserved in own funds of</p> <p style="margin-left: 20px;">4.3.12.1 Socialist sector</p> <p style="margin-left: 20px;">4.3.12.2 Private and personal sector</p> <p style="margin-left: 20px;">4.3.12.3 Economic Organizations</p> <p style="margin-left: 20px;">4.3.12.4 Budget Organizations</p> <p style="margin-left: 20px;">4.3.12.5 Mixed Organizations</p> <p>4.7.1 Operating surplus/loss retained in</p> <p style="margin-left: 20px;">4.7.1.1 Socialist sector</p> <p style="margin-left: 20px;">4.7.1.2 Private and personal sector</p> <p style="margin-left: 20px;">4.7.1.3 Economic Organizations</p> <p style="margin-left: 20px;">4.7.1.4 Budget Organizations</p> <p style="margin-left: 20px;">4.7.1.5 Mixed Organizations</p> <p>4.7.2 Money available for individual house construction, etc.</p> <p>4.7.5 Net capital transfer from the rest of the world</p>
Gross accumulation	Finance of gross accumulation

## VI. EXTERNAL TRANSACTIONS

### Account 6: External transactions Consolidated Account for the Nation

<p>6.2.10 Exports of goods and material services</p> <p>6.2.11 Consumption of services by the rest of the world</p> <p>6.6.15 Other current transfers from the rest of the world to</p> <p style="margin-left: 20px;">(i) budget</p> <p style="margin-left: 20px;">(ii) population</p>	<p>6.1.6 Import of goods and material services</p> <p>6.1.7 Purchase of services from abroad</p> <p>6.6.14 Other current transfers to the rest of the world</p> <p style="margin-left: 20px;">(i) budget</p> <p style="margin-left: 20px;">(ii) population</p> <p>6.7.3 Surplus of the nation on current transactions</p>
Current receipts	Disposal of current receipts

## ANNEX I

### LIST OF ACCOUNTS FOR NATIONAL BALANCES

- I. *Supply and Disposition of goods and services*
  - A. Goods and material services—Accounts 1, 2 and 4.
  - B. Non-material services—Accounts 1 and 2.
  
- II. *Domestic Production*
  - A-1: Branches and sectors in material sphere: socialist sector—Account 1.
  - A-2: Branches and sectors in material sphere: private and personal sector—Account 1.
  - B-3: Branches and sectors in non-material sphere: Economic Organizations—Account 1.
  - B-4a: Branches and sectors in non-material sphere: Budget Organizations—Account 1.
  - B-4b: Branches and sectors in non-material sphere: National Budget—Account 1.
  - B-5: Branches and sectors in non-material sphere: Mixed Organizations—Account 1.
  
- III. *Consumption Expenditure*
  - B-4b: Branches and sectors in non-material sphere: National Budget—Account 2.
  - B-5: Branches and sectors in non-material sphere: Mixed Organizations—Account 2.
  - C-6: Population—Account 2.
  
- IV. *Income and Outlay*
  - A-1: Branches and sectors in material sphere: socialist sector—Account 3.
  - A-2: Branches and sectors in material sphere: private and personal sector—Account 3.
  - B-3: Branches and sectors in non-material sphere: Economic Organizations—Account 3.
  - B-4: Branches and sectors in non-material sphere: Budget Organizations—Account 3 (consolidated).
  - B-5: Branches and sectors in non-material sphere: Mixed Organizations—Account 3.
  - C-6: Population—Account 3.
  
- V. *Capital Formation*
  - Consolidated Account for the Nation—Account 4.
  
- VI. *External Transactions*
  - Consolidated Account for the Nation—Account 6.

## ANNEX II

### THE CODES FOR CLASS AND CATEGORIES OF TRANSACTIONS

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#### 1. *Supply of goods and services*

- 1.0 Gross output of goods and services
- 1.1 Commodities and material services produced
- 1.2 Non-material services produced for sale
- 1.3 Non-material services available at reduced rates
- 1.4 Non-material services available free of charge
- 1.5 Non-material services for own use
- 1.6 Import of goods and material services
- 1.7 Purchase of non-material services from abroad
- 1.8 Direct purchase of goods and material services abroad, population
- 1.9 Direct purchase of non-material services abroad, population
- 1.10 Direct purchase abroad of goods and material services on current account, budget organizations
- 1.11 Direct purchase abroad of non-material services on current account, budget organizations

#### 2. *Disposition of goods and services*

- 2.0 Intermediate consumption of goods and services
  - 2.1 Intermediate consumption of goods and material services in material sphere
  - 2.2 Social consumption of goods and material services in non-material sphere
  - 2.3 Input of non-material services for production in material sphere
  - 2.4 Input of non-material services for production in non-material sphere
  - 2.5 Final consumption of population of goods and material services in domestic market from
  - 2.6 Consumption of population of non-material services in domestic market from
  - 2.7 Gross fixed capital formation
  - 2.8 Net increase in circulating assets
  - 2.9 Losses
  - 2.10 Export of goods and material services
  - 2.11 Direct consumption of non-material services by the rest of the world
  - 2.12 Final consumption expenditure, budget organizations
  - 2.13 Final consumption expenditure, mixed organizations serving households
  - 2.14 Final consumption expenditure in goods and material services, population
  - 2.15 Consumption of non-material services, population
  - 2.16 Current material expenses on housing services
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ANNEX II (continued)

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| <p>3. <i>Gross value added</i></p> <p>3.0 Gross domestic product (total)</p> <p>3.1 Gross domestic product, material sphere</p> <p>3.2 Gross domestic product, non-material sphere</p> <p>3.3 Wage income* of the population (total)</p> <p>3.4 Primary income* of population, material sphere</p> <p>3.5 Wage income* of population, non-material sphere</p> <p>3.6 Employers' contribution to social security, pension fund, welfare funds, etc.</p> <p>3.7 Operating surplus (total)</p> <p>3.8 Primary income of enterprises, material sphere</p> <p>3.9 Net receipt from non-productive activities</p> <p>3.10 Consumption of fixed capital (total)</p> <p>3.11 Consumption of fixed capital: paid into budget</p> <p>3.12 Consumption of fixed capital: reserved in own funds</p> <p>3.13 Capital consumption of housing services</p> <p>4. <i>Distributed factor income and material income</i></p> <p>4.0 National income (total)</p> <p>4.1 National income, material sphere</p> <p>4.2 Net value of non-material services produced</p> <p>4.3 Wage income* of population</p> <p>4.4 Incomes from private and personal holdings withdrawn by owners, disbursements</p> <p>4.5 Incomes from private and personal holdings withdrawn by owners, receipts</p> <p>4.6 Allowances, pensions, etc. receivable by population from</p> <p>4.7 Payments for fixed and circulating assets of enterprises</p> <p>4.8 Interest payments to credit system</p> <p>4.9 Interest receipts from credit system</p> <p>5. <i>Insurance transactions</i></p> <p>5.1 Premium payments for property insurance</p> <p>5.2 Contribution to social insurance</p> <p>5.3 Premium payments for personal insurance, population</p> | <p>6. <i>Current transfers and disposable income</i></p> <p>6.0 Disposable income</p> <p>6.1 Taxes on income paid by</p> <p>6.2 Other direct taxes (on financial assets, etc.) paid by</p> <p>6.3 Obligatory payments of fees, fines, dues, etc.</p> <p>6.4 Social security contributions</p> <p>6.5 Social security benefits</p> <p>6.6 Social assistance grants</p> <p>6.7 Current grants to enterprises made by national budget</p> <p>6.8 Payments of pensions, allowances, etc. by national budget</p> <p>6.9 Current transfers n.e.c. made by national budget to enterprises</p> <p>6.10 Current transfers n.e.c. received by national budget from enterprises</p> <p>6.11 Current transfers from enterprises to other units in material and non-material sphere, payment</p> <p>6.12 Current transfers from enterprises to other units in material and non-material sphere, receipt</p> <p>6.13 Grants for current maintenance of housing services</p> <p>6.14 Current transfers n.e.c. made by national budget to</p> <p style="padding-left: 20px;">(i) population</p> <p style="padding-left: 20px;">(ii) rest of the world</p> <p>6.15 Current transfers n.e.c. received by national budget from</p> <p style="padding-left: 20px;">(i) population</p> <p style="padding-left: 20px;">(ii) rest of the world</p> <p>7. <i>Balancing items and transactions on capital account</i></p> <p>7.1 Operating surplus/loss retained by enterprises</p> <p>7.2 Money available with population for construction of residential houses</p> <p>7.3 Surplus of the nation on current transactions, deficit</p> <p>7.4 Surplus of the nation on current transactions, credit</p> <p>7.5 Capital transfers received</p> <p>7.6 Capital transfers paid</p> <p>7.7 Net lending, debit</p> <p>7.8 Net lending, credit</p> |
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\*Including income from private and personal sector.

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