

# CHAPTER 1

## INTRODUCTION

### 1.1 Objective

The 2001 Manufacturing Industry Survey is conducted by the National Statistical Office with the main objective of collecting basic manufacturing information on number of establishments, number of persons engaged, number of employees, compensation, value of raw materials, parts and components purchased, sales value of goods produced and purchased for resale, inventory and value of fixed assets. Such data might be useful for the government in formulating its policies of manufacturing development and investment promotion. Besides, the data might also be useful for private sectors in making their decision on investment or increasing their productivity.

### 1.2 Scope and coverage of the survey

The establishments under the scope of this survey were those engaged primarily in manufacturing industry (category D International Standard Industrial Classification of All Economic Activities; ISIC: Rev.3) The survey covered all establishments with 10 persons engaged or more in all area over the country.

### 1.3 Reference period

All information collected refers to the operation period of establishment during January 1 to December 31, 2000

### 1.4 Concepts and definitions

#### 1) Manufacturing establishment

Refers to establishments engaged in manufacturing which is defined as the mechanical or chemical transformation of substances into new products whether the work is performed by power-driven machines or by hand, whether it is done in a factory, a workshop or a home, and whether the products are sold wholesale or retail. The assembly of component parts of manufactured products is considered manufacturing.

#### 2) Manufacturing industry classification

In this survey, manufacturing industry activities are classified according to the International Standard Industrial Classification of All Economic Activities (ISIC : Rev.3) category D : Manufacturing. The arrangement of ISIC structure are as follows;

**Divisions** are the sub-categories identified by the first two digits code. There are totally 23 divisions ranging from 15 - 37.

**Classes** are the single industries classified in the groups and identified by four digits code. There are totally 127 classes ranging from 1511 - 3720.

### 3) Form of legal organization

#### **Individual proprietor**

Refers to a privately-owned establishment or an establishment owned by or organized in the form of partnership, but not registered.

#### **Juristic partnership**

Refers to an establishment which is legally registered by at least 2 persons who were bound together to form and share their responsibilities in a business.

#### **Company limited or Public company limited**

##### *Company limited*

Refers to an establishment which was established and legally registered by an initiative group of at least 7 persons.

##### *Public company limited*

Refers to an establishment which was established and legally registered by an initiative group of at least 15 persons.

#### **Government or State enterprise**

Refers to an establishment which entirely owned by the government or more than 50 percent of its shares belonged to the government.

#### **Cooperatives**

Refer to an establishment which was organized on cooperative lines and registered under the Cooperation Act. with an initiative group of not less than 10 persons.

#### **Others**

Refer to establishments other than those mentioned earlier.

### 4) Form of economic organization

#### **Single unit**

Refers to an establishment which was not a branch of any establishment or which had no branch or subsidiary.

#### **Network**

Refers to an establishment which was not a head office or a branch, but it is a part of the group of establishments supporting each other on administration and operation of the business.

**Head office** is a head quarter establishment which owned or controlled their branches or subsidiary units.

### **Branch or Subsidiary**

Refers to an establishment which was a branch or a subsidiary of another establishment.

### **5) Persons engaged**

Refer to persons who worked in or for the establishment, including working proprietors, active business partners, unpaid workers and workers permanently worked outside the establishment. Exclusion are managers or directors paid solely for their attendance at meeting of the board of director, persons from other establishments working at this establishment and home workers. Persons engaged are classified as follows,

#### **Unpaid workers**

Refer to the owners or business partners who managed or participated in the management of the establishment but received no wages/salaries and persons living in the household of the owners or partners, or any other persons who are working for the establishment at least 20 hours a week without regular pay.

#### **Operatives**

Refer to persons who were directly engaged in the production or other related activities of the establishment and received pay in terms of wages or salaries.

**Skill labour** refer to workers in production line who have been train at least 3 months or who have work experience at least 5 years in specific works e.g. special in machine maintenance producers or setting equipment, machine controller and assembler etc.

**Unskill labour** refer to workers in production line who have been train before work at least 2 weeks e.g. Machine tenders, worker in factories and caretakers etc.

#### **Other employees**

Refer to all employees other than operatives as define earlier. They included administrative, technical and clerical personnel such as salaried managers and directors, laboratory and research workers, clerks, typists, book-keepers, administrative supervisors, salesmen and the like.

### **6) Remuneration**

#### **Wages/salaries**

Refer to all payments paid to the employees during January - December 2000, whether they were paid by monthly, weekly, daily, hourly or piece-work basis.

#### **Overtime, bonus, special payment, cost of living allowance and commission**

Refer to all payments paid to employees for an extra work

### **Fringe benefits**

Refer to all payments in addition to wages or salaries paid to employees such as food, beverages, lodgings, rent, medical care, transportation recreational and entertainment services etc. Payments might be in cash or in kind.

### **Employer's contribution to social security**

Refers to all payments made by employers in respect of their employees, to social security schemes for the benefits received by the employees, in respect of absence from work during employment, injury, accident disability, maternity and death. Those contributions are, for example, social security fund, workmen's compensation fund and health insurance etc.

### **7) Purchase of materials and components**

Refers to the total value of raw materials, parts and components purchased by establishments, head office or purchasing agencies for production during January-December 2000. It includes value of those purchased or owned by the establishment but consumed by other enterprises in making products for the establishment under contract. The value also includes cost of transportation, custom duties and other expenses related.

### **8) Cost of fuels**

Refers to the cost of all fuels consumed for heat and power, except fuels that enter the product.

### **9) Cost of electricity used in production process**

Refers to the total value of electricity purchased by the establishment during January - December, 2000. It also includes the value of electricity generated in generating section of other establishment in the same enterprise.

### **10) Cost of contract and commission work**

Refers to the total amount paid to other establishments for their work done or services rendered. Generally, materials are supplied by the customers.

### **11) Cost of repair and maintenance work done by others**

This covers the total cost of current repair and maintenance services on buildings and other fixed assets of the establishment. Current repair and maintenance services are those required to make good of any breakage or to keep fixed assets in proper working condition, including those of other establishments in the same enterprise.

**12) Purchase of goods for resale**

Refers to cost of all goods purchased to be resold without any transformation or processing.

**13) Value of stocks**

This refers to the values of stocks of goods, all materials, parts and components, owned by the establishments, regardless of where they were kept.

*Value of stocks at the beginning of the year* refer to the value of goods, all materials, parts and components, as of January 1, 2000

*Value of stocks at the end of the year* refer to the value of goods, all materials, parts and components, as of December 31, 2000

**14) Change in value of stocks**

Refers to the difference between the value of stocks at the end of the year 2000, and at the beginning of the year 2000, (Value at the end - Value at the beginning of the year)

**15) Other operating expenses**

Refers to other expenses paid for operating the business. It includes amounts paid for rent on land, rent on building, depreciation of all fixed assets, water supply, electricity (excluding cost of electricity used in production) postage, telegram, telephone, interest paid, bad debt, advertising etc.

**16) Sales of goods produced**

Refers to the value of sales, during January 1 - December 31, 2000, of all goods produced either by the establishment itself, or by other establishments under contract and commission as well as the value of goods produced for own use or providing to employees as of fringe benefits. Included are value of goods transferred from the producing establishment to their head office and branches or to their wholesale and retail organizations under the same ownership and value of sales of scrap and refuse.

**17) Sales of goods purchased for resale**

Refers to value of all goods that were resold without any transformation or processing.

**18) Receipts for contract and commission work**

This item includes the value of contract and commission work done for others on materials owned by them. Similar work done for other establishments of the same enterprise, should be included and valued at an estimated market price or the actual cost. Excluded is the value of material supplied to the establishment doing the contract work.

### 19) Receipts for repair and installation work done for others

This item covers the value, at actual invoice prices of repair, maintenance and installation work rendered to other establishments or to individual customers. Services provided to other establishments within the same enterprises include labour and overhead costs, charges for materials supplied by the establishment in the course of the work.

### 20) Other receipts

This item refers to the value of electricity sold by the establishment and value of the by-product sold.

### 21) Book value of fixed assets

Refers to the net value of fixed assets after deducting the accumulated depreciation at the end of the year. Fixed Assets are land, building, machinery and equipments, vehicles and office appliances etc. Included are major additions, alternations, and improvements to fixed assets during January - December, 2000 in order to extend their normal life or raise their productivity.

### 22) Depreciation

Refers to a decrease in the value of fixed assets through normal wear and tear.

### 23) Value added

The value added is computed as follows;

Value added = Value of gross output - Intermediate consumption

**Value of gross output** refers to receipts of establishment in 2000, as follows;

- (1) Sales of goods produced
- (2) Sales of goods purchased for resale
- (3) Receipts for contract and commission work
- (4) Receipts for repair and installation work done for others
- (5) Receipts for rent on building, vehicles, machinery and equipment and other receipts

**plus**

- (6) Change in value of stocks of goods

**Intermediate consumption** refers to all expenses on the production process of goods or services in the establishment in 2000, it covers items as follows;

- (1) Purchase of materials and components
- (2) Cost of fuels
- (3) Cost of electricity used in production process
- (4) Cost of contract and commission work
- (5) Cost of repair and maintenance work done by others
- (6) Purchase of goods for resale
- (7) Other expenses (Other operating expenses minus value of rent on land, interest paid, bad debt and losses of currency exchange).

**minus**

- (8) Change in value of stocks of raw materials, parts and components