

NATIONAL INCOME OF THAILAND STATISTICAL FRAMEWORK

1. National Income Statistics

The National Economic and Social Development Act of 1978 (B.E. 2521) stated that one of the Office of National Economic and Social Development Board (NESDB) duties is

“to survey, study, and analyze the socio-economic situation in order to recommend aims and policies on economic and social development of the country.”

Ministerial Regulations of 2002 further indicated that the National Accounts Office of the NESDB has sole responsibility for producing annual national income statistics from all production, expenditure and income approaches.

National income or national accounts are statistics demonstrating Thailand's economic system, compiling under an international standard that has been continuously developed. System of National Accounts 1953 (UN SNA 1953) was introduced first by the United Nations (UN). Then System of National Accounts 1968 (UN SNA 1968) came along, also developed by the UN, and has been widely used until 1993 when System of National Accounts 1993 (SNA 1993) was developed. SNA 1993 was initiated as a cooperative effort from international organizations, namely, the United Nations, World Bank, International Monetary Fund (IMF), Statistical Office of the European Communities (Eurostat) and the Organization for Economic Co-operation and Development (OECD)

National Accounts Statistics of Thailand have been compiled and disseminated in UN SNA 1953 format with some concepts and classifications developed to conform to SNA 1993. Six standard accounts are presented in the national accounts of Thailand as follow:

- (1) Domestic Product
- (2) National Income
- (3) Domestic Capital Formation
- (4) Households and Private Non-profit Institutions
- (5) General Government
- (6) External Transaction

These accounts are supplemented by 11 summary tables and 47 supporting tables.

2. National Income Compilation

National income can be compiled by 3 approaches: production approach, expenditure approach and income approach. Compilation methods of each approach are explained in brief details as follow:

- **Production Approach:** calculates from value added of final goods and services, which are goods and services that are produced and have not been used in other production process within 1 year. A sum of value added of final goods and services from all production sectors forms Gross Domestic Product (GDP).

Value added is defined as the value of gross output less the value of intermediate consumption. It comprises

- 1) Compensation of employees

- 2) Operating surplus, which are
 - Interest
 - Land rent
 - Profit
- 3) Depreciation
- 4) Indirect taxes less subsidies

In this approach, Thailand Standard Industrial Classification (TSIC-2001) is used to classify economic activities into 16 production sectors, namely:

- 1) Agriculture, hunting and forestry
- 2) Fishing
- 3) Mining and quarrying
- 4) Manufacturing
- 5) Electricity, gas and water supply
- 6) Construction
- 7) Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods
- 8) Hotels and restaurants
- 9) Transport, storage and communications
- 10) Financial intermediation
- 11) Real estate, renting and business activities
- 12) Public administration and defense; compulsory social security
- 13) Education
- 14) Health and social work
- 15) Other community social and personal service activities
- 16) Private households with employed persons

- **Expenditure Approach** or the national expenditures refers to spending on consumption and capital formation by both public and private sectors, as well as values of exported goods and services less values of imports. Although theoretically, the total values of national expenditures must equal to the gross domestic product, there usually are statistical discrepancies between the two approaches in practice.

National expenditures can be classified into 4 major items:

- (1) Private consumption expenditure: represents values of goods and services, produced domestically or imported from abroad, that are consumed directly by households and non-profit institutions serving households (NPISHs), not those that are used in the production process. Classification follows an international standard Classification of Individual Consumption by Purpose (COICOP) which comprises 12 main groups as follow:

- 1) Food and non-alcoholic
- 2) Alcoholic beverages, tobacco and narcotic
- 3) Clothing and footwear
- 4) Housing, water, electricity, gas and other fuels
- 5) Furnishings, households equipment and routine maintenance of the house
- 6) Health
- 7) Transport
- 8) Communication
- 9) Recreation and culture
- 10) Education
- 11) Restaurants and hotels
- 12) Miscellaneous goods and services

(2) General Government Consumption Expenditure: represents government's spending on administration and provision of public services. It can be defined as compensation of employees and government purchase of goods and services less income from goods and services provided by the government. There are 3 dimensions to classify the general government consumption expenditure, namely by type of expenditure, by purpose of expenditure and by authority of government.

(3) Capital Formation: refers to expenditures by public and private sectors to yield future production. It consists of gross fixed capital formation (GFCF) and change in inventories of all final products, work-in-progress goods and raw materials.

Capital formation before deducting provision for consumption of fixed capital is called gross capital formation and net capital formation is attained after the deduction.

Gross Fixed Capital Formation measures expenditure in acquiring any fixed assets e.g. constructions, machineries and equipment which are used in production of goods and services, and have economic lifetime of more than 1 year. It also includes expenditure to renovate, improve of existing fixed assets in order to extend their service lives or to increase their capacity. Gross Fixed capital can be classified into 2 types: Construction and Equipment

Change in inventories refers to changes in values of agricultural, manufacturing and mining products in form of finished goods over a year. It also includes changes of values of work-in-progress, raw materials and goods in inventories, which is calculated by using commodity flow method.

(4) Imports and Exports: are values of goods and services arising from international transactions.

Both production and expenditure approaches are compiled at current market prices as well as constant prices with base year of 1988.

- **Income Approach:** measures factor income of the economy, which are compensation of employees, land rent, interest and profit. Statistics from this approach are classified and disseminated under UN SNA 1953 system as follow:
 - (1) Compensation of employees: covers wages, salaries, and other remunerations that are paid by employers to employees, both in cash and in kind.
 - (2) Income from farm, professions and other unincorporated enterprises: refer to income of farmers, medical doctors, architects, engineers, street venders, convenient store owners, etc. that do not register as separate legal entities. Consequently, they receive mixed income of profits of the enterprises and compensation to the owners. This also includes unpaid family workers and, in practice, statistical discrepancies between production and income approaches.
 - (3) Income from property received by households and private non-profit institutions serving households: comprises of land rent, interests, dividends, and property income attributed to insurance policyholders, which are paid to households and non-profit institutions serving households.
 - (4) Savings of corporations: represents net savings, namely profits of private business enterprises, co-operatives and state-enterprises after deduction of corporate income tax, dividends and state enterprises' distribution to the government.
 - (5) Direct taxes on corporations: consist of taxes on income of private corporations, and public corporations.
 - (6) General government income from property and entrepreneurship: reflects income that government received from land rent, interest, dividends and state enterprises' distribution.
 - (7) Interest on the public debt: measure interest incurred from borrowings by the government to purchase goods and services. In practice, it also includes interests paid to borrowings for investment purpose e.g. borrowings to build roads, dams and bridges. This item is usually deducted from the gross national income in order to arrive at a net value.
 - (8) Interest on consumers' debt: shows interest on loans made by households to be used for consumption, not creating any production. In addition to the above item, this is another item that has to be deducted from the gross national income to arrive at a net value.

Unlike the other two approaches, income approach is calculated only at current market prices.

3. Source Data

Data used to compile annual National Income of Thailand comprises both primary and secondary data. They are collected from various sources as follow:

1) Government agencies: e.g. Office of Agricultural Economics, Department of Livestock Development, Royal Forest Department, Department of Fisheries, Department of Primary Industries and Mines, Department of Mineral Fuels, Office of Industrial Economics, Department of Lands, Department of Public Works and Town and Country Planning, Department of Land Transport, The Court of Justice

(Thailand), The Comptroller's General Department, Ministry of Education, Ministry of University Affairs, Ministry of Public Health, National Statistical Office, Revenue Department, Excise Department, Ministry of Commerce, etc.

2) State enterprises: e.g. Electricity Generating Authority of Thailand, Metropolitan Electricity Authority, Provincial Electricity Authority, State Railway of Thailand, Thai Airways International, Port Authority of Thailand, Tourism Authority of Thailand, Government Savings Bank, The Government Lottery Office, The Zoological Park Organization, etc.

3) Private companies: e.g. Airports of Thailand Plc., CAT Telecom Plc., Thailand Post, TOT Plc., Stock Exchange of Thailand, United Broadcasting Corporation, etc.

4) Reports on Surveys and Censuses: e.g. Household Socio-economic Survey Reports, Construction Survey Reports from National Statistical Office.