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THE MOST IMPORTANT ASPECTS OF STATISTICAL ACCOUNTING OF HOUSEHOLD SECTOR EXPENDITURES IN THE FRAMEWORK OF THE SYSTEM OF NATIONAL ACCOUNTS

Abstract: The article studies the theoretical and methodological bases of calculating GDP by the cost method, describes the features of this method, as well as suggestions and recommendations for its improvement.

Key words: Institutional unit, economic entity, economic activity, resources, system of national accounts.

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Introduction

In the System of National Accounts (SNA), all economic units are grouped by institutional sectors in order to study income and expenditure flows. The classification unit in the sectoral grouping is the institutional unit. An institutional unit is an economic unit that is able to own assets from its name, accept obligations, participate in economic activities and enter into transactions with other units. At the same time, the exception is households that are considered institutional units. They do not keep accounts, but they can manage their resources, own assets on their own behalf and accept obligations, and are economic entities. Thus, in the "Households" sector, an institutional unit is a household –an individual or a group of persons, who are residents, live together, fully or partially combine their income and property and jointly consume certain types of goods and services, mainly food and housing services. All households are consumers of goods and services, and some are engaged in production activities in the form of unincorporated enterprises (personal subsidiary farms, individual entrepreneurial activity without the

formation of a legal entity). Goods and services are produced by households, both for their own consumption and for sale on the side. The productive activity of households cannot be separated from the household itself, either from a legal or economic point of view. The resources of this sector consist of wages for employees, business income, transfer payments (pensions, allowances, scholarships) and income from property (interest on deposits, etc.). All households are the final consumers of goods and services for direct satisfaction of their needs, and not for resale or further processing. The cost of consumer goods and services purchased by a household in order to directly meet the needs and desires of its members is defined as household expenditures on consumer goods and services. They are determined in the amount of their actual payment for consumer goods and services, which is made at the expense of their income. Household final consumption expenditures include purchases of goods and services by residents abroad (for example, during tourist trips) and exclude similar purchases by non-residents in the economic territory of this country (Scheme 1).

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Scheme 1. Household expenditure for final consumption

A	Purchase of consumer goods and services by households on the economic territory of the country
B	Purchase of consumer goods and services by non-resident households in the economic territory of the country
C	Purchase of consumer goods and services by resident households abroad
D = A – B + C	Total expenses of resident households for the purchase of consumer goods and services
E	Final consumption of goods and services of own production (including services for living in own housing)
F	Final consumption of goods and services received in kind (except for social transfers in kind)
G = D + E + F	Total household expenditure on final consumption

At the macro level, in the SNA, the generalizing cost indicator of consumption is household expenditure on final consumption, reflected in the account of the use of disposable income and including expenditures on:

- goods and services purchased by households for final consumption;
- goods produced by households for their own final consumption, including goods and services produced by households for the purposes of final consumption;
- housing services produced by the owners of their own housing for their own consumption (the conditionally calculated cost of the equivalent of the market rent);
- household services performed by hired servants, including servants, gardeners, cooks and chauffeurs;
- goods and services purchased by households in the course of barter transactions for the purposes of final consumption;
- goods and services received by households from producers in the form of payments in kind;
- expenses incurred for the maintenance and maintenance of their own housing by their own forces;
- payments to public authorities for the issuance of various permits, certificates, passports, etc.;
- direct and conditionally calculated fees for the use of financial intermediation services provided by banks, insurance companies, pension funds, etc. by households.

There is a difference between the expenditures for the purchase of goods and services related to final consumption expenditures and expenditures related to other SNA indicators.

Household final consumption expenditures do not include the following elements:

- household expenses for the purchase of goods and services used for production purposes (construction materials, feed, planting material, various tools), payment for veterinary services for livestock, purchase of fuel for vehicles used for production purposes, payment for insurance services for livestock and outbuildings; payment for rent of household premises, machinery, equipment, etc. All the examples given relate to the intermediate consumption of non-corporate enterprises owned by households;
- household expenses for the purchase of movable property (apartments, houses), livestock and valuables (jewelry, precious stones, paintings, antiques with high value), as well as durable goods, for example, the purchase of motor vehicles for the purpose of using them in production activities (are considered as gross accumulation);
- expenses of owners of houses and apartments for the current repair of housing (including the purchase of materials for repairs, but such expenses of tenants of housing are included in the final consumption costs of households);
- travel expenses for travel and hotels (considered as intermediate consumption of enterprises and organizations);
- the cost of food and uniforms for military personnel (refers to the intermediate consumption of public administration bodies);
- expenses for the maintenance of independent divisions of enterprises that provide social and cultural services to their employees, for example, departmental polyclinics, hospitals, rest homes, clubs, etc. (considered as final consumption expenditures of non-profit organizations serving households, financed by current transfers from enterprises and organizations);

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- expenses of employers for goods and services carried out to a greater extent in the interests of employers, for example, the cost of special clothing, special shoes, therapeutic and preventive nutrition, professional medical examination, training for advanced training of employees, etc. (refer to the intermediate consumption of the enterprise);

- services for cooking, cleaning of homes and other free services provided by household members;

- expenses for the free provision of medicines and other consumer goods and services to the population or reimbursement of expenses to the population for their purchase, financed from the state budget, funds of state extra-budgetary funds (refer to social transfers in kind).

In addition to the above, there are some items of household final consumption expenditure that are not explicitly identified. For example, payments for obtaining a driver's license relate to current transfers, but payments for driver training courses are classified as purchases of services. Fines relate to current transfers; payments for the rental of consumer goods are classified as expenses for the purchase of services; lottery winnings relate to current transfers, but the difference between the cost of purchasing lottery tickets and winnings is considered as the cost of purchasing market consumer services. Tips are considered as the purchase of services; contributions and donations to public organizations are classified as current transfers; payments for obtaining passports, birth, marriage, and death certificates are considered as the purchase of services. From the point of view of qualitative statistical accounting, it is important to determine the sources of information on household final consumption expenditures. Thus, the initial information for calculating household final consumption expenditures is data on purchases of goods and services by the population. The sources of information for this purpose are: trade statistics data on the volume and structure of retail trade turnover; data on market services provided to the population; statistics on the activities of deckhand farms, personal subsidiary farms; data from a sample survey of household budgets, on the basis of which the structure, dynamics and differentiation of household expenditures are studied. At the household level, consumption is studied on the basis of a sample survey of their budgets. The survey program provides for the collection of information that characterizes not only the income, but also the expenses of the population. Household expenditures include consumption expenditures and non-consumption expenditures. The latter include taxes, deductions for pensions and social insurance and other insurance premiums, money transfers, gifts. Household consumption expenditures cover all current expenditures on goods and services, regardless of whether they were fully or partially paid for during the survey period and whether they were intended for consumption within the household.

Household expenses are reflected in the prices of buyers paid by households, including any taxes on products that may be payable at the time of purchase. The buyer's price of the goods is the amount to be paid in order to ensure the delivery of a unit of goods at the time and place determined by the buyer. Consumer spending consists of expenses for the purchase of food, alcoholic beverages, non-food products and expenses for services. They do not take into account the payment of materials and works for the construction and major repairs of residential or utility rooms. Free educational services, medical and other services are not included in consumer expenses. The cost of food in households consists of the monetary expenses for the purchase of products intended for personal consumption within the household, the cost of food outside the home and the cost of in-kind food receipts. A variety of services play an increasing role in household spending.

Their evaluation has its own specifics. Services are a special type of consumer value that exists in the form of useful activities for a person and society. The time of production of services coincides with the time of their consumption. In the expenses for the purchase of consumer services, the object of research is only the services provided to the population that meet the needs of a person.

Collective services that meet public needs (in the field of management, defense, law enforcement, science, etc.) do not belong to this group. The services produced for their own final consumption take into account: services for living in their own home (they are estimated conditionally, in the amount of the costs of providing accommodation in a home) and household services produced by employees (servants, cooks, gardeners, etc.), determined by the amount of remuneration for these workers, including all types of compensation in kind (food, housing, etc.).

The conditionally calculated cost of housing services occupied by their owners is one of the types of conditionally calculated operations for the production of services that do not have a direct market valuation.

The cost of the output of these services should be estimated and included in the total cost of the output of goods and services. To evaluate this type of services, it is recommended to use the market value of renting similar premises, but in practice such an assessment may be difficult due to the lack of primary data on average rental prices. It is allowed to use alternative methods, in particular, an assessment of the current costs of housing maintenance.

The SNA provides for social indicators that are used to analyze the level and quality of life of the population. One of these indicators is the actual final consumption of households— the most important indicator of the standard of living of the population, which reflects consumption not only in terms of their own final consumption expenditures, but also in terms

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of expenditures of other sectors produced for the benefit of households. (Scheme 2).

Scheme 2. Actual final consumption households

Final consumption costs				Actual final consumption	
Households		→		Households	
NCODH	Individual consumption	→	Social transfers in kind	→	
	Individual consumption	→			
State administration	Collective consumption	→		Public administration	

The actual final consumption of households consists of three elements: their own final consumption expenditures, the final consumption expenditures of government authorities, and the final consumption expenditures of non-profit organizations serving households (NCODH).

At the same time, household’s consumer goods and services at the expense of their own income, as well as non-market individual health, education, and culture services at the expense of state funds and non-profit organizations transferred to households in the form of social transfers in kind.

Although the actual final consumption is determined for all sectors, it is only relevant for analyzing the situation in the household sector. The determining component of the actual final consumption of households is the final consumption expenditure of households, the source of which is their available resources. Final consumption expenditures characterize the level of household income and their purchasing power.

Thus, the indicator of the actual final consumption of households makes it possible to compare the final consumption of households in the space-time plane at the national and international levels, taking into account the social policy of governments and the activities of NCODH.

Currently, the Republic of Uzbekistan continues to implement the updated version of the national accounts-the 2008 SNA, which serves as a mechanism for improving statistics and ensuring international comparability of data. In this regard, it should be noted that the implementation of the SNA-2008 is a long process that requires the development of not only methodological, but also a large number of organizational solutions.

This implies a wide range of conditions, including the necessary improvement of basic statistics and a sufficient level of organizational, financial and human potential in statistics.

For the gradual improvement of macroeconomic calculations in accordance with the 2008 SNA standard, the State Statistics Committee developed a “Set of practical measures for further improvement of economic statistics and the introduction of a modern system of national accounts in the Republic of Uzbekistan”, which was approved by Resolution No. 691 of the Cabinet of Ministers of the Republic of Uzbekistan dated August 19, 2019. [1]

The set of practical measures provides for priority measures to improve the statistics of national accounts for the next 2 years.

Medium-and long-term tasks in this direction will be covered in the framework of the development of a National Strategy for the Development of Statistics together with international experts of the World Bank [2].

According to the recommendations of international organizations, the main direction of improving national accounts is the introduction of new provisions of the 2008 SNA that affect the size, structure and growth rates of GDP.

State statistical bodies and other departments responsible for the formation of macroeconomic statistics need to make a number of changes to the definitions and classifications of certain indicators, to accounting and reporting, to sample survey programs.

In the context of the transition to the SNA -2008, a number of issues are considered in the practice of calculating such an indicator of national accounts as household final consumption expenditures:

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- one of the conditions for the implementation of the 2008 SNA is the use of the Classification of Individual Consumption by Goals (COICOP) to

estimate the final consumption expenditures of households in the GDP structure for all primary classification groups (Scheme 3);

Scheme 3. CLASSIFICATION OF INDIVIDUAL CONSUMPTION BY GOALS (CICG)
(Elements of household final consumption expenditure at the level of two-digit COICOP codes)

Category identification	Categories	Groups
01	Food and non-alcoholic beverages	1.1 Food products 1.2 Soft drinks
02	Alcoholic beverages, tobacco products	2.1 Alcoholic beverages 2.2 Tobacco products
03	Clothing and shoes	3.1 Clothing 3.2 Shoes
04	Housing services, water, electricity and other fuels	4.1 Actual rent for housing 4.2 Conditionally calculated rent for housing 4.3 Maintenance and repair of residential premises 4.4 Water supply and other services related to the maintenance of residential premises
05	Household items, household appliances and routine maintenance of housing	5.1 Furniture, household items, carpets and other floor coverings 5.2 Home textiles 5.3 Household appliances 5.4 Glassware, cutlery and household utensils 5.5 Tools and devices used in everyday life and gardening 5.6 Goods and services used in connection with household management
06	Healthcare	6.1 Medicines, medical equipment and other medical products 6.2 Outpatient services 6.3 Hospital services
07	Transport	7.1 Purchase of vehicles 7.2 Operation of personal vehicles 7.3 Transport services
08	Connection	8.1 Postal services 8.2 Telephone and fax equipment 8.3 Telephone and fax services
09	Recreation and culture	9.1 Audio-visual equipment and photographic equipment, information processing equipment 9.2 Other large durable goods for the organization of recreation and cultural events 9.3 Other goods and equipment for recreation, gardening and pets 9.4 Services for organizing recreation and cultural events
10	Education	10.1 Preschool and primary education 10.2 Secondary education 10.3 Continuing secondary education (specialized secondary) 10.4 Higher education 10.5 Education, not divided by stages
11	Restaurants and hotels	11.1 Catering services 11.2 Hotel services
12	Various products and services	12.1 Personal service 12.2 Personal property not assigned to other categories 12.4 Social protection 12.5 Insurance 12.6 Financial services not classified in other categories 12.7 Other services not classified in other categories

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- improvement of calculations of financial intermediation services measured indirectly (UFPIC) and rejection of a simplified approach to the definition of UFPIC as an intermediate consumption of a conditional industry;

- introduction of the method of user expenses when estimating the conditionally calculated cost of living in your own home.

The main activity of financial intermediaries (banks, insurance companies) consists in attracting temporarily free funds from some economic units and providing them to other units for temporary use on a reimbursable basis. The fee for these services is charged indirectly. In the case of banks, this is done by charging interest on loans at a higher rate and paying interest on deposits at a lower rate, that is, income from this activity is formed as the difference between interest on loans and deposits [3].

In connection with this feature of the VSNS, a special approach is applied to the definition of indirectly measured financial mediation services (CIUFP). CIUFP is measured as the amount of property income received by financial intermediaries minus the total amount of interest paid by them, excluding the value of any property income received from investing their own funds, since the source of such income is not financial intermediation. The production of CIUFS is reflected in the production account as part of the output of institutional units of the financial intermediaries sector. It is more difficult to reflect the use of CIUFP in the invoices. The part of it that relates to operations with deposits of the population is included in the final consumption of households.

Also, to improve the statistics of national accounts, an experimental assessment of the conditionally calculated rent was carried out using the "user cost method". Using this method, the volume of production of housing services is calculated as the sum of costs: intermediate consumption, other taxes on production, consumption of fixed assets and net operating profit [4].

One of the priority directions of the development of the Republic of Uzbekistan is to improve the standard of living of the population. This is also recorded in the Action Strategy for the five priority areas of development of the Republic of Uzbekistan in 2017-2021, which specifies specific directions for the development of the social sphere, providing for a consistent increase in real incomes and employment, improving the system of social protection of the population and health protection, increasing the socio-political activity of women, implementing targeted programs for the construction of affordable housing, development and modernization of road transport, engineering and communication and social infrastructure, ensuring the improvement of the living conditions of the population [5]. Progressively, all these directions are being implemented, which is

confirmed by statistical data. Thus, the growth rate of household final consumption expenditures in 2017 compared to 2016 was 103.9 %, and in 2018 this indicator reached 105.9 %. According to the results of 9 months of 2019, the growth of household final consumption expenditures amounted to 105.8 %. Currently, thanks to the policy of reforms and openness, the issues of increasing the reliability and analytical value of statistical information, improving the quality of macroeconomic indicators and ensuring their international comparability have become particularly relevant in Uzbekistan [6]. The interest in international comparisons of macroeconomic indicators is associated with the intensification of foreign economic relations, integration processes and the globalization of the world economy. International organizations (the UN, the World Bank, the IMF, the OECD, Eurostat) need comparable information to analyze the state and trends in the development of the world and regional economies, to solve practical problems related to the implementation of their functions. Exchange rates do not provide satisfactory accuracy of comparisons of macroeconomic indicators, since they are intended mainly for servicing foreign economic transactions and do not reflect the purchasing power of currencies [7]. Therefore, in modern international statistics, GDP is compared by calculating the purchasing power parities (PPP) of currencies-coefficients expressing the ratio between the prices of countries. Thus, PPP is a statistical category that is used for currency exchange, is not an instrument of real economic policy (unlike the official exchange rate), but is a tool for ensuring international comparability of GDP. The International Comparison Program (ICP) provides comparable prices and quantitative indicators in different countries for the components of the use of gross domestic product. GDP represents the aggregate of a country's final expenditures for the year, occupies a central place in the ICP, since it characterizes the overall scale of the countries' economies [8,9]. The comparison of its component, such as the actual consumption of households, is important for a comparative analysis of the standard of living of the population. International organizations, national governments, as well as scientific organizations widely use the results of ICP for analytical and practical purposes. Among the most important goals are the following: assessment of the levels of general economic development of countries, the welfare of nations, identification and comparison of the effectiveness of national economies, comparison of economic potential, analysis of the financial capabilities of countries (possible contributions to the budgets of international organizations), development of policies and volumes of assistance from developed countries to developing countries, assessment of poverty levels, analysis of market conditions, international comparisons of price levels, study of

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international economic integration, development of economic theories, etc [10].

The upcoming participation of Uzbekistan in the program of International Comparisons in the CIS region based on data for 2020 opens up great prospects

in terms of analytical capabilities that allow analyzing the main components of final consumption of households (consumption of food and non-food goods, services) per capita of Uzbekistan.

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