

## **Organization and methodology of domestic trade statistics in the Russian Federation**

1. The trade is one of the major economic branches in terms of added value volume produced. It contributed 22% of Russian GDP in 2004. More than 11mn. (17% of persons engaged in branches of economy) of people involved in trade.

There are more than 900 thousand large, medium and small enterprises involved in trade, including 55 thousand enterprises repairing and selling vehicles and motor fuel, more than 600 thousand wholesale companies and about 200 thousand retail companies and also those who deal with the repair of household products and personal items. Besides there are 6,2 thousand clothing, mixed and food markets with more than 950 thousand trade places and 1,5 mn. of individual entrepreneurs trading in the goods for population. The role of trade in the national economy combined with diversity and number of economic entities specify special requirements to statistical survey and domestic trade statistics.

2. Till 2003 the statistical survey on economic branches was based on the All-Union Classification of Economy Branches (OKONKh).

OKONKh was developed in conditions of the centralized planned economy and designated for control of economic entities activities according to their subordination and branch belonging. In this connection since January 1, 2003 instead of OKONKh the All-Russian Classification of kinds of economic activity (OKVED) was developed. OKVED is developed on a basis harmonization with Statistical classification of all kinds of economic activities of the European economic union (NACE Edition.1) by saving codes (up to four digits) in OKVED and names of the appropriate positions from NACE. The features reflecting needs of the Russian economy on detailed elaboration of kinds of economic activity, are taken into account in groupings OKVED on five – six digits codes. In structure of OKVED more than one thousand items at the lowest classification levels (5 - 6 digits) including section G «Wholesale

and retail trade is provided; repair of vehicles, motorcycles, household products and subjects of personal usage» - about 300 items.

**3.** According to OKVED domestic trade is a wholesale and retail trade, which are determined as follows:

- Wholesale trade - both internal, and foreign trade, including resale (sale without change) new or second - hand goods to the retail dealers, industrial, trade, office or professional users, other wholesale dealers; activity of the agents on purchase (sale) of goods... The exporters, importers etc.;

- Retail trade - resale (sale without change) of new or second-hand goods to the population for personal consumption or home usage.

Within the framework of statistical monitoring based on OKVED the basic activity of organizations of wholesale and retail trade is determined by using the data on commodity composition of a trade turnover on the basis of the specialized annual survey.

Object of monitoring in wholesale and retail trade statistics is the turnover of wholesale (retail) trade, in a general view representing the profits from realization of the goods (services).

The turnover of wholesale (retail) trade can be submitted by the formula:

$$O = \sum_{i=1}^I p_i * q_i, \quad (1)$$

Where p - quantity sold i - those goods, q - price of an item i - those goods.

Proceeding from the given definitions of wholesale and retail trade the turnover of wholesale trade represents the profits from selling of the goods acquired earlier with the purpose to resale to the legal entity and the individual entrepreneurs for professional use (processing or resale), and also compensations for the commission agents (attorneys, agents), sale of the goods under the name of or at the expense of other persons or firms (customers, constituents, principals) under the commission or

agency contracts. The wholesale trade turnover is shown in actual sale prices including the trade margin, tax to added cost, excise, export duty, customs taxes and similar obligatory payments. The sum of compensations for commission agents (attorneys, agents) is an actual cost, including VAT.

The retail trade turnover is a sales revenue acquired from selling of goods for population (cash, credit cards, banks cheques or transfer (also considered as a cash sales)).

The following items are included in the retail trade turnover:

- Cost of the goods sold by way of commission trade (on the contract to a commission) on the moment of sale
- at a rate of complete cost of the goods, including a commission;
- Cost of the goods sent to the buyers by mail, with payment under the clearing settlement (on the moment of delivery of a parcel to post office;
- Complete cost of the goods sold on credit (on the moment of selling of goods to buyers);
- Cost of the durable goods sold by samples (on the moment of account production and delivery to the buyer, irrespective of time of actual payment of the goods by the buyer);
- Complete cost of the goods sold to separate categories of the population with the discount (of medicinal means, fuel etc.);

Cost of the printed editions, sold on a subscription, (on the moment of account production, without the cost of delivery);

Cost of packing, a sale price, not included in price of the goods; cost of the sold empties; cost of the glasswares sold together with the goods or accepted in exchange for the goods (minus glasswares, returned by the population,).

The turnover of retail trade is resulted in the retail prices - actual sale prices including the trade margin and the tax to added cost.

The indicator of wholesale (retail) trade turnover is used for characterizing of volume change of sales in dynamics. In this case it is necessary to exclude the influence on

price fluctuations of goods sold in the respective period. The reduction of size of a turnover of two compared periods to comparable volume is reached by application of an index - deflator of a turnover, which can be submitted by the following formula:

$$D = \frac{\sum_{i=n}^1 i_p * P_{i0} Q_{i0}}{\sum_{i=n}^1 P_{i0} Q_{i0}} \quad (2)$$

$i_p$  – price index (consumer prices – when calculating retail trade turnover deflator; producer prices and consumer prices depending on goods - when calculating wholesale trade turnover (commodity group);

$p_{i0}q_{i0}$  - the structure of retail (wholesale) trade turnover in the previous year actual prices according to respective nomenclature of the goods.

The price indexes of reference year developed in frameworks of price statistics and According to the formula, for account of an index - deflators of a trade turnover the meanings(importance) of indexes of the prices of the accounting period generated are used within the framework of statistics of the prices, which are weighed on densities of the appropriate goods (commodity groups) in cost of a turnover of wholesale (retail) trade for the previous year.

The **index of physical volume** of trade turnover of for two compared periods pays is calculated according to the formula given below:

$$I_{ph.vol.} = T/D * 100 \quad (3),$$

Where  $T$  - turnover of trade in actual prices of the reference period (formula 1);

$D$  - turnover deflator index (formula 2).

Besides wholesale (retail) trade turnover in terms of value the domestic trade statistics forms indicators of turnover commodity structure, sale and stocks of the goods in physical and value terms.

4. The information on wholesale (retail) trade turnover is collected in line with the forms of federal state statistical monitoring on large and medium-sized entities - on the basis of total survey on the "Small business" enterprise, and also mixed and food markets - on the basis of selective inspections with the subsequent distribution of the assembled data on general set of objects of monitoring with application of methods of mathematical statistics.

The type of the surveyed entities (large, medium or small-sized enterprises and entrepreneurs) is defined on the basis of the qualifications according to Russian legislation. Thus large and medium-sized enterprises are the entities with the number of workers exceeding 50 in wholesale and 30 in retail trade. All of them are legal entities. The entrepreneurs are individuals who do not have a legal status.

The large and medium-sized enterprises, the legal entities dealing with wholesale and retail trade (about 64 thousand entities) are surveyed in line with unified statistical survey forms acting towards all kinds commercial organizations. The structure of parameters of the unified forms is determined according to the international standards of enterprise statistics.

The small enterprises (737 thousand organizations) sample survey covers approximately 20% of these organizations, selected by random sampling.

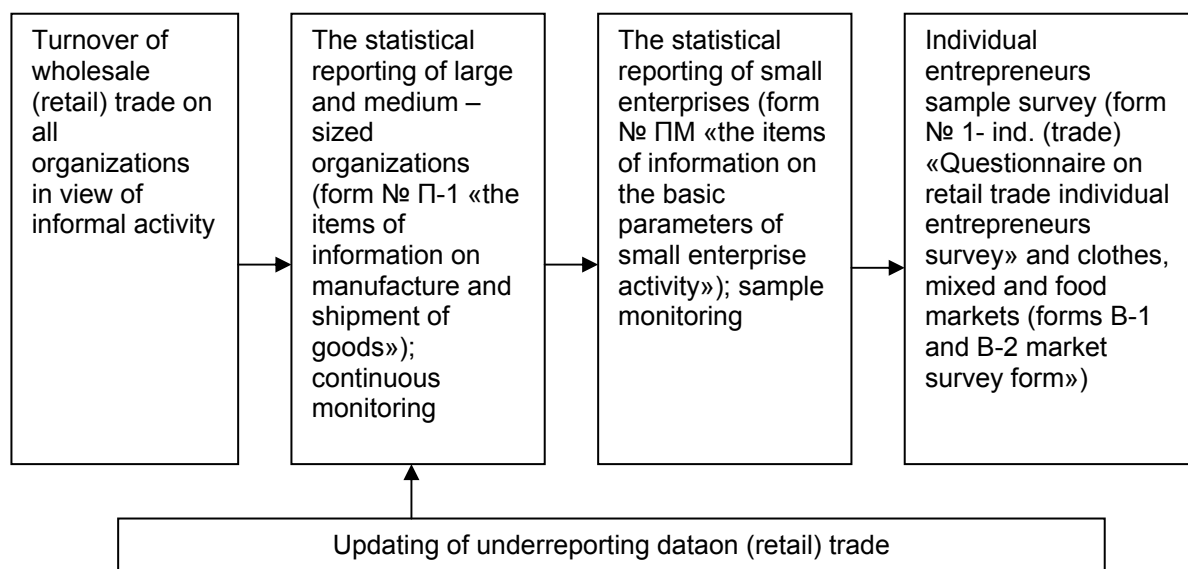
Individual entrepreneurs sample survey (about 1,5 mn. statistical units) was conducted by the simple selection of 10 % statistical units from the list. However the selection mechanism was improved and it is supposed to apply the combined sample representing a combination of list and territorial samples.

Statistical monitoring of markets - open ground areas equipped with trade places for sale of the goods to the population, which number makes 6,4 thousand, and trade places (900 thousand), is conducted on a basis two stage selection according to type of markets (food, clothes, construction materials etc.) and trade places in the selected markets. The sample of trade places makes approximately 5 % from their total number.

The data acquired is corrected on volumes of activity which is not registered by direct statistical monitoring (informal activity) according to the requirements of system of the national accounts. First of all it is underreporting. Underreporting is revealed through the use of a various linked information for finding of its share in a turnover.

In the wholesale and retail trade statistics one of the basic methods of underreporting size calculation is the comparison of data on changes in purchased and selling cost of goods in the respective year. However during last two years as an alternative estimation the surveys of business activity of trade organizations are used, in which forms there is a set of questions allowing by results of the answers of the businessmen to compare actual results of organization activity and results is which achievement would allow the businessman to ensure an optimum level of the income.

In the whole algorithm of formation of a turnover of wholesale (retail) trade is presented in a fig. 1:



5. Besides statistical monitoring in frameworks of enterprise statistics program the specialized supervision under the program of the branch forms is carried out. It includes annual monitoring of commodity structure of a trade turnover on large and medium-sized organizations allowing to specify operative results for the respective years and being base for annual account of the basic kind of activity of

organizations. Besides on a selective basis (with scope no more than 5 % of organizations) the inspection product structure of structure of a turnover of retail trade will be carried out(spent), which data are used at account of an index - deflators of a trade turnover.

Statistical institutions regularly (2 times per 5 years) carrying out surveys on presence of a trading warehouse network of large and medium-sized trade organizations. The indicators of presence of a trading -warehouse network according to the international statistical standards are also included in the programs of economic censuses of enterprises and individual entrepreneurs.

Several forms of statistical survey are introduced in order to monitor some of commodity markets by virtue of necessity of application of measures of regulation in these markets. Such surveys are carried out in the form of monitoring of the selected organizations and during the limited period of time.

**6.** The sample survey of business activity of wholesale and retail trade organizations is carried out once every three months and considered as a component of business activity surveys in branches of economy. According to the international standards the survey program provides qualitative estimations of the economic situation made by the entrepreneurs, predictive estimations for next quarter, data on actual and expected changes in basic economic parameters (trade turnover, commodity stocks, number of the workers, price etc.). The index of entrepreneurs confidence in retail and wholesale trade is calculated on the basis of survey results. Because of essential distinctions in the separate commodity markets and in wholesale trade the index of entrepreneurs confidence is defined quarterly on kinds of activity.

As it was already mentioned above, that business activity survey also serves as source of the information for updating of a trade turnover on volumes "of «shadow" activity. Within the framework of business activity surveys the items of information on a level of a competition, distribution of some progressive types of trade, such as electronic trade, trade through the catalogues etc.