



# **Instructions to Field Staff**

## **Volume – I**

**Design, Concept, Definitions and Procedures**

**SOCIO-ECONOMIC SURVEY**

**NSS 74<sup>th</sup> ROUND**  
**(July 2016 – June 2017)**

**National Sample Survey Office**  
**Ministry of Statistics and Programme Implementation**  
**Government of India**

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# Chapter One

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## Introduction: Coverage, Concepts, Design and Definitions

### 1.0 Introduction

1.0.1 The National Sample Survey (NSS), set up by the Government of India in 1950 to collect socio-economic data employing scientific sampling methods, will start its seventy-fourth round from 1<sup>st</sup> July 2016. The survey will continue up to 30<sup>th</sup> June 2017. The seventy-fourth round of NSS would be list frame based enterprise focussed survey on services sector.

1.0.2 The survey is to be conducted under the statutory provisions of the Collection of Statistics (COS) Act, 2008 and the rules framed there-under in 2011 except for the State of Jammu & Kashmir where it is to be conducted under the J&K Collection of Statistics Act, 2010 and rules framed there under in 2012.

1.0.3 **Objective of the survey:** Services sector in India has the largest share in Gross Domestic Product (GDP) and this sector is growing fast. The necessity for reliable and comprehensive data pertaining to this sector needs no emphasise. This round is devoted exclusively to survey of services sector. This is a first survey of its kind covering large business establishments of services sector using list frame. The survey thus aims at meeting emerging data demand on details of the services sector, on the lines similar to Annual Survey of Industries that is primarily focussed on manufacturing sector. The data to be collected in this round will help in meeting the requirements of different Ministries, Organizations such as Directorate General of Commercial Intelligence and Statistics, Ministry of Micro, Small and Medium Enterprises, National Accounts Division, CSO, etc., as also academicians and researchers. Besides, this survey would form a prelude to the Annual Survey of Services Sector.

### 1.1 Outline of Survey Programme

1.1.1 **Subject Coverage:** The coverage of NSS 74<sup>th</sup> round (July 2016 – June 2017) will be an enterprise focussed survey on services sector.

1.1.2 **Coverage of service sector:** From the coverage of the services sector, activities of the following enterprises/sectors will be excluded:

- Government Enterprises /PSU
- Air Transport
- Financial and insurance
- Private Money Lenders
- Self Help Groups (SHG)

Under the coverage of the services sector, the following types of enterprises will be included:

- Establishments with ten or more workers; proprietary, partnership, limited liability companies, Non Government companies
- Co-operative Societies
- Non-profit Institutions
- Trusts

Construction activity as such is outside the purview of the survey coverage. But to meet the specific requirements of NAD, CSO, a limited set of information will be collected from some big construction enterprises, taken from both MCA database as well as EC & BR list frames.

Coverage of the survey in terms of NIC – 2008 codes (considering the corrigendum as issued on 3<sup>rd</sup> May, 2011) is as follows:

Table 1: List of NIC activities under coverage of the 74<sup>th</sup> round survey of NSS

Sections of NIC 2008	Description of activities
G	Wholesale and retail trade; repair of motor vehicles and motorcycles
H	Transportation and storage  (a) Transport via railways (NIC Code 491), Transport via pipeline (NIC Code 493), Urban or suburban tramways (NIC Code 49212) will be <i>excluded</i> .  (b) Air transport (NIC Code 51) will be <i>excluded</i> .
I	Accommodation and Food service activities
J	Information and communication
L	Real estate activities
M	Professional, scientific and technical activities
N	Administrative and support service activities
P	Education
Q	Human health and social work activities
R	Arts, entertainment and recreation
S	Other service activities  'activities of trade unions' (NIC Code 942) and 'activities of political organisations' (NIC Code 9492) will be <i>excluded</i>
Following NIC activities of service sector are <i>excluded</i> from the coverage for 74 <sup>th</sup> Round	
K	Financial and insurance activities
O	Public administration and defence; compulsory social security
T	Activities of households as employers; undifferentiated goods and services producing activities of households for own use
U	Activities of extraterritorial organizations and bodies

**It may be noted that *only enterprises working as single entities or head quarters (having branch offices elsewhere) maintaining audited/auditable accounts will be covered for canvassing Schedule 2.35.***

**1.1.3 Geographical coverage:** The survey will cover the whole of the Indian Union.

**1.1.4.1 Data Collection:** As per Collection of Statistics Rules, 2011 framed under the Collection of Statistics Act, 2008, consultation with Nodal Officer of Central Government is mandatory for conducting any Survey (Section 5[2]). The Nodal Officer is a designated Officer, not below the rank of Joint Secretary, Government of India of nodal department dealing with statistical matters, for exercising powers and performing duties under these rules (Section 3[1]). Now under the revised rules (Rule 7), a Statistics Officer for a specified period and specified territory is required to be appointed (Section 4 of the revised Act 2008) to conduct the Survey. The Statistics Officer is empowered by the Act (Sub-section 4 or 6 of Section 4 of the Act) to collect or authorize officials to collect information from any industrial or commercial concern.

**1.1.4.2** Notice may be issued by the Statistics Officer to informants and the field staff authorized by Statistics Officer may collect and/or verify information from the concerned informants. The powers and duties of persons engaged in this survey are as given under the COS Act, 2008. These include power to enter premises at any reasonable time, obtain copy of any relevant document. They have to maintain secrecy and confidentiality as per the provisions of the Act.

**1.1.4.3** As per the Collection of Statistics Act, 2008, any defaulting unit may be prosecuted by or with the sanction of Statistics Officer and any person who is employed in the execution of any duty or functions under this Act fails to carry out his duties or knowingly makes any false declaration or seeks to obtain information which he is not authorized to obtain or violation of any of the confidentiality and secrecy of the information may be prosecuted by or with the consent of appropriate Government under Section 25.

**1.1.4.4** Since 74<sup>th</sup> round socio-economic survey is a 'statutory survey', the entrepreneurs are to submit the schedules along with the balance sheets within the prescribed time period after the receipt of notice, failing which penalty process may be initiated in accordance with COS Act.

**1.1.4.5** After receipt of the filled-in schedule, field officials of FOD are to verify the same, and check for any discrepancy. If a unit is unable to fill up the schedule as per the guidelines, it may contact the concerned field office of NSSO (FOD) as mentioned in the Notice for guidance. In case if any discrepancy is observed in the filled-in schedule, the field staff of FOD is to make a visit to the concerned unit to verify the schedule. Such unit has to extend all cooperation to the person visiting for the purpose of verifying the schedule.

**1.1.5 Period of survey and work programme:** The period of survey will be of one year starting on 1<sup>st</sup> July 2016 and ending on 30<sup>th</sup> June 2017. The survey period of this round will be divided into two phases as follows:

Phase I : July 2016 – September 2016

Phase II : October 2016 – June 2017

**1.1.6 Schedules of enquiry:** During this round, the following schedules of enquiry will be canvassed:

Schedule 0.0LF : verification of list frame establishments (only for Phase I)

Schedule 2.35 : survey of services sector

**1.1.7 Participation of States:** In this round, as usual, all the States and Union Territories except Andaman & Nicobar Islands, Chandigarh, Dadra & Nagar Haveli and Lakshadweep will participate.

## 1.2 Contents of Volume I

1.2.1 The present volume contains three chapters. Chapter one, besides giving an overview of the whole survey operation, discusses the concepts and definitions of certain important technical terms to be used in the survey. It also describes in details the sample design and the procedure of selection of enterprises adopted for this round. Instructions for filling in the two schedules are given in Chapters two and three.

### 1.3 Sample Design for list frame:

#### 1.3.1 Sampling frames to be used:

In this round three types of frames will be used for data collection. They are as follows:

**1.3.1.1 Economic Census (EC) and Business Register (BR) frames :** The list of establishments as available from the Sixth Economic Census (EC) and Business Registers (BR), developed by State Governments, contains name, address, broad activity code (BAC only for EC), 3 digit NIC 2008 code, ownership code, number of workers, etc. *Business registers are available for 12 States* viz., Himachal Pradesh, Punjab, Uttarakhand, Rajasthan, Uttar Pradesh, Arunachal Pradesh, Nagaland, Manipur, Andhra Pradesh, Lakshadweep, Tamil Nadu and Telangana. These datasets will be used to prepare the list frame of services sector establishments separately for EC and BR with the establishments having 10 or more workers under survey coverage excluding those owned by Govt./PSU, Companies and Self Help Groups. In addition to the information mentioned above, Business Register data also have contact telephone number.

**1.3.1.2 Ministry of Corporate Affairs (MCA) frame:** List of active private non-financial companies of 2013-14, as available from National Accounts Division (NAD), CSO, along with data for some additional companies based on 2014-15, will be the frame of companies. For these companies worker information is not available, but auxiliary information such as industry group, revenue, GVA, etc. are available in addition to name. Postal addresses of the companies of the MCA database as available from the website of the Ministry of Corporate Affairs are to be used through matching of Company Identification Number. Companies for which addresses are not available will be removed from the frame.

**1.3.1.3 Construction enterprises:** Construction activity as such is outside the purview of the survey coverage. But to meet the specific requirements of NAD, CSO, some big construction enterprises, taken from both MCA database as well as EC & BR list frames, will be surveyed. The following statement gives types of frames and frame-codes to be used for the survey.

<b>Statement 1: Different types of frames and the frame codes</b>	
<b>Frame type</b>	<b>Frame code</b>
Economic Census	1
Business Register	2
MCA	3

### 1.3.2 Preparation of list frame:

1.3.2.1 The EC and BR list frames contain three types of establishments:

- a) Establishment operating as headquarter-unit having branch offices located elsewhere. In fact each multi-establishment (branch) company forms one enterprise. Account details of the enterprise are available with the headquarters.
- b) Establishment operating as single entity which does not have any branch office. These are single-establishment firms, in which case the enterprise and the establishment are the same.
- c) Establishment operating as branch office (of a headquarter unit located elsewhere). These are not enterprises and cannot provide account based information.

In 74<sup>th</sup> round enterprise approach will be followed, in the sense that only multi-establishments enterprises as well as single-establishment enterprises will be covered. In other words, from EC & BR frames establishments mentioned in (a) & (b) above only will be covered.

The units of MCA frame discussed above are **enterprises**.

1.3.2.2 Establishments operating as branch offices will be removed from the EC and BR list frame after verification in the field. Government/PSU, Companies and Self Help Groups (SHGs) will be excluded while preparing the EC and BR list frames for Phase I. In other words, the enterprises operating either as single-entity or headquarters-unit having 10 or more workers will be covered from the EC and BR list frames.

1.3.2.3 The combined frame of EC and BR enterprises will be supplemented with the frame of active private non-financial services sector companies from the Ministry of Corporate Affairs (MCA) database.

### 1.3.3 Two different phases:

1.3.3.1 **Phase I:** Since notice will be issued to the eligible enterprises in phase II, list of eligible enterprises will be prepared through verification and updating of only EC and BR based frame establishments. For this purpose, details such as name, complete postal address, whether branch office/head quarters, whether maintaining audited/auditable accounts, ownership codes and NIC codes are to be recorded in a small schedule from the establishments selected from list frame consisting of EC and BR. If the establishment is not identifiable or duplicate then it will also be recorded. The information collected in filled-in schedules will be used for preparation of updated frame of eligible enterprises.

1.3.3.2 **Phase II:** The detailed schedule will be canvassed in the eligible enterprises selected from Phase I updated frame along with enterprises selected from private non-financial MCA database and some enterprises selected from construction sector.

#### 1.3.4 Activities related to Phase I:

1.3.4.1 In Phase I, some establishments of EC & BR list frames will be visited by FOD officials, as part of central sample, for verification and updating identifiability of the establishments, branch or head office, correct name, postal address, 3 digit NIC 2008 code, ownership code and availability of **audited/auditable account** for preparation of sampling frame based on updated details. A small schedule (Schedule 0.0LF) will be used to record these details in Phase I during verification and updating activity for improvisation of the list frame. Existing (i.e. traceable) enterprises operating as single entity or headquarters and maintaining audited/auditable accounts will only be the eligible enterprises for covering in Phase II.

1.3.4.2 **EC and BR frames:** The entire EC and BR list frame establishments will be divided into two groups as follows:

Group 1: (i) All establishments having workers 16 or more and  
(ii) From the remaining, those establishments belonging to State × BAC (Broad Activity Code) combination having less than 10 establishments each.

Group 2: Remaining establishments after forming Group 1.

1.3.4.3 All establishments of Group 1 will be verified and updated in Phase I by FOD as central sample units. State wise number of establishments to be verified and updated in the field is given in **Table 1**.

1.3.4.4 *All establishments of Group 2 will be provided to State DESs for verification and updating. Table 5 gives State/UT wise number of establishments from EC and BR frames for verification and updating purpose. The updated frame of establishments from Group 2 will be used for preparation of frame for Annual Survey of Services Sector (ASSS) establishments and the same will not be covered under the survey in Phase II of the 74<sup>th</sup> round.*

#### 1.3.5 Activities related to Phase II:

1.3.5.1 **EC and BR frames:** All establishments of Group 1 will be verified and updated in Phase I using the information recorded in Schedule 0.0LF. The updated frame will help in preparing the list of eligible enterprises, that is, enterprises identified as single entity or headquarters maintaining audited/auditable accounts. After preparing the updated frame of eligible enterprises, a threshold limit based on the number of workers will be determined to identify the enterprises for complete enumeration (on census basis) in Phase II. Remaining eligible enterprises will be stratified considering State × BAC as strata. All enterprises of those strata with a minimum number (say, 4) of eligible enterprises will also be covered on complete enumeration basis. These enterprises will be covered by FOD only. From the remaining eligible enterprises, after drawing central sample, matching state samples will be drawn from the residual

enterprises of Group 1. It may be noted that there will be no common enterprise between the central and state samples. Note that an updated frame of eligible enterprises will be prepared using the information recorded in Schedule 0.0LF from the entire list of Group 1 establishments of EC & BR frames. Some of these enterprises from the updated frame of eligible enterprises will be covered by FOD on complete enumeration basis, and samples will be drawn separately for central and state samples from the remaining eligible enterprises of the updated frame. Sample lists generated from the updated frame of Group 1 enterprises will be sent to FOD offices and States.

1.3.5.2 About twenty eight thousand enterprises will be covered in Phase II for canvassing of detail schedule from EC & BR list frames.

1.3.5.3 **Stratification:** State  $\times$  BAC will be considered as strata both for EC and BR frames separately. For each stratum, allocation will be done in proportion to number of workers subject to a minimum number of establishments for each stratum. The following statement gives the stratification plan for EC and BR frame:

<b>Statement 2: Stratum number for EC and BR list frame in details – separately for Groups 1 &amp; 2</b>					
stratum no.	BAC	description	stratum no.	BAC	description
01		Construction	09	17	Real Estate Activities
02		Complete enumeration	10	18	Professional, scientific and technical activities (including advertisement, market research and veterinary activities)
03	10	Wholesale and retail sale of motor vehicles and motor cycles	11	19	Administrative and support service activities
04	11	Wholesale trade (other than those in BAC 10)	12	20	Education
05	12	Retail trade (other than those in BAC 10) – sale of food & beverage	13	21	Human health and social work activities
06	13	Transportation & storage	14	22	Arts, entertainment, sports & amusement and recreation activities
07	14	Accommodation and food service activities	15	23	All other services activities under the coverage of this survey, not elsewhere classified
08	15	Information and Communication			

1.3.5.4 Enterprises belonging to construction sector from EC & BR list frames will also be covered in Phase II. For this purpose, establishments of construction activity of EC & BR list frames will be arranged by number of workers separately for EC and BR frames and top 200 establishments from EC and 100 from BR will be selected for collection of detailed data. Details of all of these establishments are to be verified and updated in the field using Schedule 0.0LF.

Stratum number for these enterprises will be '01'. **Table 2** gives state wise allocation of 300 construction establishments. These units will also be verified and updated in Phase I and detailed data will be collected in Phase II by FOD only.

1.3.5.5 **MCA frame:** The entire non-financial MCA database considered for this survey has been divided into two sectors –

**Complete enumeration:**

- (i) all companies which have reported annual revenue of Rs. 20 Cr. or more,
- (ii) all companies of the States with less than 100 Companies (Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Daman & Diu, Dadra & Nagar Haveli, Lakshadweep and Andaman & Nicobar Islands),
- (iii) from the remaining, all companies belonging to State  $\times$  Industry group combination having less than 5 units will be considered for complete enumeration

**Sample sector:** remaining units after identifying the companies for complete enumeration.

Total sample sector allocation will be allocated to different States considering proportion of State level annual revenue to total annual revenue of the sample sector companies.

1.3.5.6 **Stratification:** State  $\times$  industry group will be considered as strata for MCA frame. For each State, allocation will be done to different strata in proportion to revenue subject to a minimum number of companies for each stratum, where industry group will be taken as strata.

**Statement 3** shows the stratum number and description of activity for MCA database.

<b>Statement 3: Stratum number for MCA frame</b>					
stratum no.	industry group	description	stratum no.	industry group	description
01	F1	Construction	13	IP	Post and courier
02		Complete enumeration	14	K1	Real estate
03	G1	Wholesale trade	15	K2	Renting
04	G2	Retail trade	16	K3	Computer and related activities
05	G3	Trade and repair of motor vehicles	17	K4	Research and development
06	H1	Hotel	18	K5	Other business activities
07	I1	Land transport	19	M1	Education
08	I2	Water transport	20	N1	Health
09	I4	Supporting and auxiliary transport	21	O2	Activities of membership etc.
10	I5	Telecommunication	22	O3	Recreation
11	I6	Media and cable networks, channels etc.	23	O4	Other services
12	I7	Storage	24	X1	Unclassified, presently added to other services

**Table 3** gives state wise allocation of the complete enumeration and sample sector companies based on MCA frame for central sample to be surveyed by FOD. From the remaining companies of the MCA frame, matching state samples will be selected from the sample sector from the

residual frame which will be surveyed by the State DESs. State/UT wise number of companies to be covered by State DESs is given in **Table 6**.

1.3.5.7 Construction companies from the MCA frame will also be covered in Phase II. For this purpose construction companies will be arranged by revenue and top 200 companies will be selected for collection of detailed data. Stratum number for these companies will be '01'. **Table 4** gives state wise allocation of 200 construction companies. **These companies will be covered by FOD only.**

1.3.5.8 **Sub-stratification:** Sub-strata may be formed in some strata depending on availability of sufficient number of companies in those strata as noted below.

Sub-stratum 1: companies with annual revenue less than or equal to Rs. 1 Cr.,

Sub-stratum 2: companies with annual revenue greater than Rs. 1 Cr. and less than or equal to Rs. 10 Cr.

Sub-stratum 3: companies with annual revenue greater than Rs. 10 Cr. and less than Rs. 20 Cr

For each stratum/sub-stratum, allocation will be done in proportion to annual revenue subject to a minimum number of companies in each stratum/sub-stratum.

### 1.3.6 Sampling procedure:

i) **EC & BR frames:** In each stratum, units will be arranged by number of workers and required number of units will be selected by Circular Systematic Sampling scheme from updated frame of eligible enterprises of Group 1 for central sample. The residual enterprises of Group 1 will be arranged afresh and state samples will be selected by Circular Systematic Sampling scheme.

ii) **MCA frame:** Within each stratum/sub-stratum, companies will be arranged in order of their revenues and samples will be drawn following Circular Systematic Sampling Scheme first for central sample and then from the residual frame for state samples with fresh arrangement of companies by revenues.

iii) For each stratum/sub-stratum allocation will be multiple of 2, subject to a minimum allocation of 4 in general. If sufficient enterprises are not available in any stratum/sub-stratum then minimum allocation of 2 may be made. The enterprises to be selected from different frames at stratum/sub-stratum level will be in the form of two sub-samples.

iv) There will not be any sub-stratification for EC & BR frame enterprises. But for the purpose of uniformity sub-stratum code '1' will be recorded against the selected enterprises from EC and BR frames. Also, wherever there is no sub-stratification done, sub-stratum code will be recorded as '1'.

v) Sub-sample code for the enterprises to be covered on complete enumeration basis for all types of frames (including construction) will be recorded as '9'.

vi) **For all types of frames, enterprises earmarked for complete enumeration will be covered by FOD, NSSO only.** Sample sector enterprises will be covered by FOD and State DESs (separate samples will be drawn for FOD and States). Since state samples will be drawn

from residual frame, all central sample enterprises (both complete enumeration and sample parts) will be treated as completely enumerated for the states. Central sample data (both for complete enumeration and sample parts) are to be given to States for state level tabulation by DESs.

vii) During Phase II, detailed schedule will be canvassed in all the selected eligible enterprises of Group 1 of EC & BR frames and all selected enterprises from MCA frame.

viii) **No substitution will be provided for any selected enterprise for any frame.**

### 1.3.7 Updating procedure:

i) Lists of establishments have been generated district wise for each State/UT separately for EC and BR list frames. After filling in Schedule 0.0LF for a particular establishment, district wise excel file of the list frame (separately for EC and BR) needs to be updated.

ii) Blank (i.e. separate) fields are not provided in the excel files for updating the information. If the entries as given in the sample list are found to be *correct after field verification*, then corresponding *cells do not require any change*. But if on verification it is found that *modification is required* with respect to a particular entry then the same may be *corrected/modified in the respective cell*.

iii) Cells corresponding to entries not relevant to a particular establishment in the excel file may be left blank. But wherever required, information is to be recorded corresponding to a particular establishment.

iv) Although provided in the sample list, information on number of workers for an establishment is not required to be verified/collected.

v) Establishments selected from EC & BR frames for **construction activities** will also be verified and updated in the field in Phase I. After updating, the completely updated excel files with construction sector enterprises will also be sent to DPD. Copy of the updated excel files need to be maintained in field offices also. Complete postal addresses as recorded upon verification will be used to issue the notices. Detailed schedule will be canvassed in all the eligible establishments engaged in construction activities.

1.3.8 The **work allocation for Phase II** will be as follows:

<b>Frame</b>	<b>Number of enterprise</b>
MCA	35453
EC and BR	28000
Construction (both list frame and MCA)	400
Total	63853

**Table 1: State/UT wise allocation of establishments from EC and BR list frame for verification and updating in Phase I for central sample**

state code	state name	no. of establishments		
		EC frame	BR frame	total
01	JAMMU & KASHMIR	1495	0	1495
02	HIMACHAL PRADESH	1531	1827	3358
03	PUNJAB	3710	3169	6879
04	CHANDIGARH	427	0	427
05	UTTARAKHAND	1525	899	2424
06	HARYANA	3743	0	3743
07	DELHI	3711	0	3711
08	RAJASTHAN	5178	5172	10350
09	UTTAR PRADESH	7654	4927	12581
10	BIHAR	1101	0	1101
11	SIKKIM	116	0	116
12	ARUNACHAL PRADESH	173	138	311
13	NAGALAND	384	243	627
14	MANIPUR	560	2541	3101
15	MIZORAM	140	0	140
16	TRIPURA	183	0	183
17	MEGHALAYA	478	0	478
18	ASSAM	2276	0	2276
19	WEST BENGAL	4393	0	4393
20	JHARKHAND	674	0	674
21	ODISHA	2373	0	2373
22	CHHATTISGARH	1546	0	1546
23	MADHYA PRADESH	3213	0	3213
24	GUJARAT	3095	0	3095
25	DAMAN & DIU	65	0	65
26	D & N HAVELI	70	0	70
27	MAHARASHTRA	14034	0	14034
28	ANDHRA PRADESH	5567	431	5998
29	KARNATAKA	9613	0	9613
30	GOA	819	0	819
31	LAKSHADWEEP	21	15	36
32	KERALA	10471	0	10471
33	TAMILNADU	9584	2128	11712
34	PUDUCHERRY	536	0	536
35	A & N ISLANDS	145	0	145
36	TELANGANA	8018	4870	12888
<b>all India</b>		<b>108622</b>	<b>26360</b>	<b>134982</b>

<b>Table 2: State wise number of construction establishments to be covered in Phase I separately for EC and BR frames in central sample</b>				
state code	state name	no. of establishments		
		EC frame	BR frame	total
02	HIMACHAL PRADESH	2	3	5
03	PUNJAB	0	10	10
05	UTTARAKHAND	0	2	2
06	HARYANA	3	0	3
07	DELHI	1	0	1
08	RAJASTHAN	3	8	11
09	UTTAR PRADESH	3	28	31
10	BIHAR	1	0	1
13	NAGALAND	1	2	3
14	MANIPUR	1	1	2
17	MEGHALAYA	1	0	1
18	ASSAM	5	0	5
19	WEST BENGAL	2	0	2
21	ODISHA	1	0	1
22	CHHATTISGARH	2	0	2
23	MADHYA PRADESH	2	0	2
24	GUJARAT	4	0	4
27	MAHARASHTRA	13	0	13
28	ANDHRA PRADESH	6	1	7
29	KARNATAKA	10	0	10
30	GOA	1	0	1
32	KERALA	7	0	7
33	TAMILNADU	3	15	18
36	TELANGANA	128	30	158
<b>Total</b>		<b>200</b>	<b>100</b>	<b>300</b>

<b>Table 3: State/UT wise central sample allocation of the complete enumeration and sample sector companies from MCA frame for Phase II</b>				
state code	state name	no. of companies		
		complete enumeration	sample	total
01	JAMMU & KASHMIR	30	60	90
02	HIMACHAL PRADESH	40	72	112
03	PUNJAB	260	268	528
04	CHANDIGARH	111	150	261
05	UTTARAKHAND	55	60	115
06	HARYANA	373	370	743
07	DELHI	4438	3700	8138
08	RAJASTHAN	306	378	684
09	UTTAR PRADESH	381	536	917
10	BIHAR	123	224	347
11	SIKKIM	0	0	0
12	ARUNACHAL PRADESH	16	0	16
13	NAGALAND	31	0	31
14	MANIPUR	50	0	50
15	MIZORAM	2	0	2
16	TRIPURA	45	0	45
17	MEGHALAYA	91	0	91
18	ASSAM	148	168	316
19	WEST BENGAL	1809	2062	3871
20	JHARKHAND	73	118	191
21	ODISHA	153	162	315
22	CHHATTISGARH	101	98	199
23	MADHYA PRADESH	244	366	610
24	GUJARAT	904	876	1780
25	DAMAN & DIU	36	0	36
26	D & N HAVELI	61	0	61
27	MAHARASHTRA	4346	3516	7862
28	ANDHRA PRADESH	135	184	319
29	KARNATAKA	1308	1406	2714
30	GOA	79	68	147
31	LAKSHADWEEP	1	0	1
32	KERALA	335	378	713
33	TAMILNADU	1250	1306	2556
34	PUDUCHERRY	23	52	75
35	A & N ISLANDS	44	0	44
36	TELANGANA	723	750	1473
<b>all India</b>		<b>18125</b>	<b>17328</b>	<b>35453</b>

Note: Minor changes in allocations may be necessary at the time of selection.

<b>Table 4: State/UT wise allocation of construction companies to be surveyed from MCA frame during Phase II</b>		
<b>state code</b>	<b>state name</b>	<b>no. of companies</b>
05	UTTARAKHAND	1
06	HARYANA	8
07	DELHI	43
08	RAJASTHAN	4
09	UTTAR PRADESH	2
13	NAGALAND	1
19	WEST BENGAL	11
21	ODISHA	2
22	CHHATTISGARH	3
23	MADHYA PRADESH	1
24	GUJARAT	17
27	MAHARASHTRA	56
28	ANDHRA PRADESH	14
29	KARNATAKA	3
32	KERALA	1
33	TAMILNADU	12
36	TELANGANA	21
<b>Total</b>		<b>200</b>

*Note: Minor changes in allocations may be necessary at the time of selection.*

<b>Table 5: State/UT wise allocation of units from EC and BR list frame for verification and updating in Phase I for State DESs</b>				
<b>state code</b>	<b>state name</b>	<b>no. of establishments</b>		
		<b>EC frame</b>	<b>BR frame</b>	<b>total</b>
01	JAMMU & KASHMIR	1041	0	1041
02	HIMACHAL PRADESH	1502	2298	3800
03	PUNJAB	2337	7891	10228
04	CHANDIGARH	0	0	0
05	UTTARAKHAND	1617	2005	3622
06	HARYANA	2452	0	2452
07	DELHI	2553	0	2553
08	RAJASTHAN	4845	9589	14434
09	UTTAR PRADESH	6624	15363	21987
10	BIHAR	1341	0	1341
11	SIKKIM	131	0	131
12	ARUNACHAL PRADESH	111	1169	1280
13	NAGALAND	204	95	299
14	MANIPUR	298	1340	1638
15	MIZORAM	165	0	165
16	TRIPURA	85	0	85
17	MEGHALAYA	331	0	331
18	ASSAM	2030	0	2030
19	WEST BENGAL	3069	0	3069
20	JHARKHAND	639	0	639
21	ODISHA	2798	0	2798
22	CHHATTISGARH	1210	0	1210
23	MADHYA PRADESH	3173	0	3173
24	GUJARAT	2287	0	2287
25	DAMAN & DIU	21	0	21
26	D & N HAVELI	0	0	0
27	MAHARASHTRA	10903	0	10903
28	ANDHRA PRADESH	5201	1296	6497
29	KARNATAKA	10642	0	10642
30	GOA	842	0	842
31	LAKSHADWEEP	0	0	0
32	KERALA	9619	0	9619
33	TAMILNADU	8113	3760	11873
34	PUDUCHERRY	357	0	357
35	A & N ISLANDS	0	0	0
36	TELANGANA	7300	6068	13368
<b>all India</b>		<b>93841</b>	<b>50874</b>	<b>144715</b>

<b>Table 6: State/UT wise ‘state sample’ allocation of the sample sector companies from MCA frame for Phase II</b>		
<b>state code</b>	<b>state name</b>	<b>no. of companies</b>
01	JAMMU & KASHMIR	315
02	HIMACHAL PRADESH	480
03	PUNJAB	1032
04	CHANDIGARH	0
05	UTTARAKHAND	821
06	HARYANA	1108
07	DELHI	1804
08	RAJASTHAN	1584
09	UTTAR PRADESH	3772
10	BIHAR	1752
11	SIKKIM	0
12	ARUNACHAL PRADESH	0
13	NAGALAND	0
14	MANIPUR	0
15	MIZORAM	0
16	TRIPURA	0
17	MEGHALAYA	0
18	ASSAM	1160
19	WEST BENGAL	2620
20	JHARKHAND	936
21	ODISHA	1340
22	CHHATTISGARH	1401
23	MADHYA PRADESH	2428
24	GUJARAT	2268
25	DAMAN & DIU	0
26	D & N HAVELI	0
27	MAHARASHTRA	3960
28	ANDHRA PRADESH	1850
29	KARNATAKA	1512
30	GOA	108
31	LAKSHADWEEP	0
32	KERALA	1376
33	TAMILNADU	2476
34	PUDUCHERRY	161
35	A & N ISLANDS	0
36	TELANGANA	2248
<b>all India</b>		<b>38512</b>

*Note: Minor changes in allocations may be necessary at the time of selection.*

## 1.4 Concepts and Definitions:

1.4.0 Important concepts and definitions relevant to different schedules of this survey are explained below.

1.4.1 **Enterprise:** An institutional unit<sup>1</sup> in its capacity as a producer of goods and services is known as an enterprise. An enterprise is an economic transactor with autonomy in respect of financial and investment decision -making, as well as authority and responsibility for allocating resources for the production of goods and services. It may be engaged in one or more economic activities at one or more locations. It may be noted that unincorporated enterprises owned by households, all of whose output is intended for final consumption or gross fixed capital formation by those households is outside the coverage of the definition of enterprises used in this round.

1.4.2 **Establishment:** An establishment is an enterprise, or part of an enterprise, that is situated in a single location and in which only a single productive activity is carried out or in which the principal productive activity accounts for most of the value added. The enterprise and the establishment are the same for single-establishment firms. Each multi-establishment company forms one enterprise-the enterprise employment and annual payroll are summed from the associated establishments.

1.4.3 **Manufacturing Enterprise:** A manufacturing enterprise is a unit engaged in the physical or chemical transformation of materials, substances or components into new products. It covers units working for other concerns on materials supplied by them. Also included are units primarily engaged in maintenance and repair of industrial, commercial and similar machinery & equipment, which are, in general, classified in the same class of manufacturing as those specialising in manufacturing the goods. Thus all activities covered by NIC – 2008 divisions 10 to 33 of NIC- 2008 will be considered as 'manufacturing' activity.

1.4.4 **Trading Enterprise:** A trading enterprise is an undertaking engaged in trade. Trade is defined to be an act of purchase of goods and their disposal by way of sale without any intermediate physical transformation of the goods. Thus all the trading activities, both wholesale and retail (perennial, casual or seasonal) listed under NIC-2008 divisions 45 to 47 will be treated as trade. The activities of intermediaries who do not actually purchase or sell goods but only arrange their purchase and sale and earn remuneration by way of brokerage and commission will also be treated as trade. Thus purchase and sale agents, brokers and auctioneers listed under NIC-2008 division/group will also be under the survey coverage.

1.4.5 **Service Enterprise:** A service sector enterprise is engaged in activities carried out for the benefit of a consuming unit. Such consuming units could be individuals or other institutional units. Activities of service enterprises typically results in changes in the condition of consuming units when such activities are realized by the consuming unit on demand. It is possible for a unit to produce a service for its own consumption provided that the type of activity is such that it

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<sup>1</sup> An institutional unit is an economic entity that is capable, in its own right, of owning assets, incurring liabilities and engaging in economic activities and in transactions with other entities.

could have been carried out by another unit. Some examples of changes that a producer of service brings about in the condition of consumers of service are:

- a) Changes in the condition of consumer's goods: the producer works directly on goods owned by the consumer by transporting, cleaning, repairing or otherwise transforming them;
- b) Changes in the physical condition of persons: the producer transports the persons, provides them with accommodation, provides them with medical or surgical treatments, improves their appearance etc;
- c) Changes in the mental condition of persons: the producer provides education, information, advice, entertainment or similar services;
- d) Changes in the general economic state of the institutional unit itself: the producer provides insurance, financial intermediation, protection, guarantees, etc.

Only enterprises in the service sector under coverage as described in para 1.1.2 will be surveyed.

**1.4.6 Financial enterprise:** A financial enterprise is an enterprise that is principally engaged in financial intermediation or in auxiliary financial activities which are closely related to financial intermediation. Financial intermediation is a productive activity in which an institutional unit incurs liabilities on its own account for the purpose of acquiring financial assets by engaging in financial transactions on the market. The role of financial intermediaries is to channelise funds from lenders to borrowers by intermediating between them. NIC-2008 divisions 64 to 66 are covered under financial activities in this round.

**1.4.7 Mixed Activity:** There are enterprises that carry out a number of activities simultaneously. For example, a hospital may have restaurant or may run a medicine shop. The activities may be mixed at any level of NIC, but for the present survey, an enterprise will be considered to have mixed activities if its activities are different at 2-digit level of NIC-2008. The appropriate NIC in such cases will be determined on the basis of major activity. Major activity refers to the activity which yields maximum income/ turnover/ employment. The above criteria are applied in the given order, i.e. income first, then turnover and then employment, to determine the major activity.

For the service sector enterprises with mixed activities, which do not maintain activity-wise separate accounts, information will be collected for the enterprise as a whole even when the minor activities (activities other than the principal activity) are outside the coverage of NSS 74<sup>th</sup> round. However if separate accounts for services only are available, the same may be taken by excluding the activities outside the coverage of NSS 74<sup>th</sup> round.

**1.4.8 Non-Profit Institutions (NPI):** Non-profit institutions are legal or social entities created for the purpose of producing goods and services whose status does not permit them to be a source of income, profit or other financial gain for the units that establish, control or finance them. In practice, their productive activities are bound to generate either surpluses or deficits but the units that establish, control or finance them cannot appropriate surpluses. The articles of association by which they are established are drawn up in such a way that the institutional units

which control or manage them are not entitled to a share in any profits or other income which the NPI's receive. For this reason, they are frequently exempted from various kinds of taxes.

**1.4.9 Non-profit institution serving households (NPISH):** Non-profit institutions serving households (NPISHs) consist of non-market NPIs that are not controlled by government. They provide goods and services to households free or at prices that are not economically significant. Their major income will be coming from grants and donations. NPISHs provide non-market goods and services to households financed mainly by transfers from non-governmental sources - households, corporations or non-residents. NPISHs may be distinguished not only by the fact that they are incapable of providing financial gain to the units which control or manage them, but also by the fact that they must rely principally on funds other than receipts from sales (such as grants/ donation) to cover their costs of production or other activities.

#### 1.4.10 Type of organisation:

(i) *Proprietary*: When an individual is the sole owner of an enterprise it is a proprietary enterprise.

(ii) *Partnership*: Partnership is defined as the 'relation between persons who have agreed to share the profits of a business carried on by all or any one of them acting for all'.

(iii) *Limited Liability Partnership*: A limited liability partnership is a body corporate<sup>2</sup> formed and incorporated under this *Limited Liability Partnership Act (2008)* and is a legal entity separate from that of its partners. A limited liability partnership shall have perpetual succession. Any change in the partners of a limited liability partnership shall not affect the existence, rights or liabilities of the limited liability partnership.

(iv) *Non-Government Company-Public*: It is a company where paid-up share capital of the appropriate Government (Central/ State/ Local) is less than 51% and number of shareholders is at least 7 and no upper limit for number of shareholders.

(v) *Non-Government Company-Private*: It is a company where paid-up share capital of the appropriate Government (Central/ State/ Local) is less than 51% and number of shareholders is at least 1 and maximum number of shareholders is 200.

(vi) *Co-operative society*: It is a society formed through the co-operation of a number of persons (members of the society) to benefit the members. The funds are raised by members' contributions/ investments, and the members share the profits. The government or government agency can also be a member or shareholder of a registered co-operative society but this fact cannot render the society into a public sector enterprise for the purpose of the survey.

(vii) *Trust*: An arrangement through which one set of people, the trustees, are the legal owners of property which is administered in the interest of another set, the beneficiaries. Trusts may be set

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<sup>2</sup> Body corporate broadly means a corporate entity which has a legal existence. This includes a private company, public company, Limited Liability Partnerships, foreign company, etc.

up to provide support for individuals or families, to provide pensions, to run charities, to liquidate the property of the bankrupts for the benefit of their creditors, or for the safe keeping of securities bought by trusts with their investor's money. The assets, which trusts hold are regulated by law, must be administered in the interests of the beneficiaries, and not for the profit of the trustees.

(viii) *Foreign company not registered in Companies Act:* Foreign company means any company or body corporate incorporated outside India which (a) has a place of business in India whether by itself or through an agent, physically or through electronic mode; and (b) conducts any business activity in India in any other manner.

(ix) *Others:* These are the enterprises not falling under any of the above categories.

1.4.11 The appropriate definitions of Private Company and Public Company as per Section 2 (Clauses 68 and 71 respectively) of the Companies Act 2013 are as given below:

(i) **Private Company:** Private company means a company having a minimum paid-up share capital as may be prescribed (presently prescribed as Rs. Zero) and which by its articles (i) restricts the right to transfer its shares and (ii) except in case of One Person Company, limits the number of its members to two hundred.

(ii) **Public Company:** Public company means a company which (a) is not a private company, and (b) has a minimum paid-up share capital as may be prescribed (presently prescribed as Rs. Zero).

1.4.12 **Auditable account:** An audit is a systematic and independent examination of books, accounts, documents and vouchers of an organization to ascertain how far the financial statements present a true and fair view of the concern. It also attempts to ensure that the books of accounts are properly maintained by the concerned unit. Such financial statements and books of accounts may be: *balance sheet, profit and loss account, cash flow statement, journal, ledger, cash book, purchase and sales book, stock registers, etc.*

Accounts maintained in this way by the units are termed as auditable account for the purpose of this survey.

1.4.12.1 A 'Teaching Material' for Annual Survey of Industries (ASI), prepared by FOD in 2009 explains in detail basic accounting concepts to maintain books of accounts. Chapters 11 to 14 of this 'Teaching Material' explain:

*Book keeping, type of accounts, single and double entry system, posting of entries in books of accounts, Debit and Credit entries, journal, ledger, cash book, purchase and sales book, stock registers, Trial Balance, Balance sheet, Different kinds of share, share issue, royalty, mortgage, hypothecation, Types of assets and liabilities.etc.*

Chapters 11 to 14 of the 'Teaching Material' for Annual Survey of Industries (ASI) are reproduced in Annexure VI of the Instructions to Field Staff, Volume I.

1.4.12.2 Enterprises selected from EC and BR frame may not be registered under Companies Act and therefore, accounts maintained by them may not be strictly comparable as required by Companies Act. For such enterprises, it would be possible to collect information if they maintain books of accounts and other registers as mentioned in para. 1.4.12.

1.4.12.3 It may be noted that the enterprises which are selected from the MCA frame are registered under Companies Act and therefore it is mandatory for them to maintain financial statement and other aspects of standards of accounts as required under Companies Act. Extract of the Companies Act 2013 is given in Box below:

**Extract of Companies Act 2013**

Definition in company act :

“financial statement” in relation to a company, includes—

- (i) a balance sheet as at the end of the financial year;
- (ii) a profit and loss account, or in the case of a company carrying on any activity not for profit, an income and expenditure account for the financial year;
- (iii) cash flow statement for the financial year;
- (iv) a statement of changes in equity, if applicable; and
- (v) any explanatory note annexed to, or forming part of, any document referred to in sub-clause (i) to sub-clause (iv): Provided that the financial statement, with respect to One Person Company, small company and dormant company, may not include the cash flow statement;

Article 128 of the Companies Act 2013 provides other aspects of standards of accounts:

**Art 128.** (1) Every company shall prepare and keep at its registered office books of account and other relevant books and papers and financial statement for every financial year which give a true and fair view of the state of the affairs of the company, including that of its branch office or offices, if any, and explain the transactions effected both at the registered office and its branches and such books shall be kept on accrual basis and according to the double entry system of accounting.

1.4.13 **Self-help Groups:** A **self-help group (SHG)** is a financial intermediary usually composed of between 10-20 local persons. Most self-help groups are located in India, though SHGs can also be found in other countries, especially in South Asia and Southeast Asia.

Members make small regular savings contributions over a few months until there is enough capital in the group to begin lending. Funds are lent back to the members or at times to others. In India, many SHGs are 'linked' to banks for the hand delivery of microcredit.

Self-help groups are essentially engaged in the **financial intermediation** i.e. the activity of the SHG is focussed to provide loans to the members and the members can utilise the loan for the purposes - personal or entrepreneurial. However, an SHG may be formed initially and later all or some members may be engaged in group-based non-financial activities.

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## Chapter Two

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### Schedule 0.0LF: Verification of list frame establishments

**2.0.0 Introduction:** Collection of Statistics Act, 2008 and rules framed there under in 2011 will be used for data collection in this round. Accordingly, notice will be issued under Collection of Statistics Act to all the eligible establishments selected from Economic Census (EC) and Business Register (BR) list frame for the purpose of the survey. Thus, correct and complete postal address of the establishments is required for this purpose. Schedule 0.0LF is meant for verifying and updating details of the selected establishments of EC and BR list frames through field visit. Information relating to duplication of the establishment (within EC or BR list frames or between these two frames) and availability of audited/auditable accounts will also be recorded in this schedule. This activity of verification will be taken up during Phase I (July – September 2016) of this round. After verification, the filled-in schedules will be used to update the existing list frame of EC and BR. Concepts and definitions of various items are given in Chapter one.

**2.0.1 Structure of the schedule:** Schedule 0.0LF contains the following blocks:

Block 1: identification of the establishment

Block 2: particulars of the establishment

Block 3: details of the establishment

**2.0.2 Unit of survey:** In Phase I, some establishments of EC & BR list frame will be visited by FOD officials, as part of central sample, for verification and updating identifiability of the establishment, branch office or head office, correct name, postal address, 3 digit NIC 2008 code, ownership code and availability of audited/auditable account for preparation of sampling frame based on updated details. If any establishment is non-identifiable or duplicate, it will also be recorded in the schedule. Identifiable (i.e. traceable) establishments operating as single entity or headquarter and maintaining audited/auditable accounts will only be the eligible for survey in Phase II (October 2016 – June 2017) of 74<sup>th</sup> round.

**2.0.3 Sample list of services sector establishments from EC and BR list frames along with some information such as serial number, name and code of the State/UT, name and address of the establishment along with frame type (EC or BR frame), description of activity, 3 digit NIC 2008 code, ownership code, number of workers etc. for each establishment will be provided. During an initial field checking it has been found that name, postal address of the establishments of EC and BR list frames are not complete for sending notice to the selected establishments. Some of the establishments could not be identified because of incomplete name, address and other details. So each establishment in the sample list is to be identified and on verification, some details are to be recorded in Schedule 0.0LF which will be used for updating the existing list frame.**

## 2.1.0 Instructions for filling up different blocks of Schedule 0.0LF:

2.1.1 Tick marks will be given against appropriate items for establishments belonging to Group 1 or Group 2 or Construction activity, as available in the sample lists, at the top left-hand corner and against central or state sample at the right-hand corner of the schedule. Separate sample lists for Group 1 and Construction activity will be provided to FOD. Sample list for Group 2 will be given to State DESs for verification and updating of list frame establishments. Further, for EC and BR separate sample lists will be provided.

### 2.1.2 Block 1: identification of the establishment:

2.1.3 This block is meant for recording the identification particulars of the selected establishment. Name of the frame code, State/UT and State/UT code will be printed beforehand against items 1, 2 & 3 of this block. Soft copy of the Schedule 0.0LF will be provided to the field offices and *these three items may be entered in the schedule before taking print-out at State/Regional Office (RO) level. Depending on the requirement ROs can make multiple copies for data collection at State/Regional Office level.*

2.1.4 **Item 1:** A 2-digit frame code corresponding to each establishment is to be copied from the sample list. The first digit of the frame code '0' is already printed in the schedule. The frame codes (second digit) to be used are:

Economic Census –1

Business Register –2

2.1.5 **Item 4:** An 8-digit establishment serial number will be assigned to each establishment in the list frame and will be available in the sample list. The structure of the serial number will be FSSNNNNN – with single digit Frame code (1 or 2), two digit State/UT code and five digit running serial number of an establishment within each State/UT. Against item 1 of Block 1, the last *five-digits* of the serial number (i.e. NNNNN) are to be copied from the sample list.

Example: For establishment serial number '10910056', last *five-digits* i.e. '10056' will be recorded in item 4 of block 1.

### 2.2.0 Block 2: particulars of the establishment:

2.2.1 **item 1: whether identifiable** (yes – 1, no – 2): From the list of the establishments as provided to the field office, it needs to be checked whether the establishment is identifiable in the field as on the date of survey. Code 1 will be entered against item 1 of Block 2 if the establishment can be identified, else code 2 will be recorded.

2.2.2 **item 2: for '1' in item 1, whether duplicate:** When an establishment is identifiable, i.e. code 1 has been recorded against item 1 of Block 2, it needs to be ascertained whether the establishment has appeared more than once in the list frame. To identify multiple appearances of a single establishment code 1 will be given against item 2 if there is no multiple record of the identified establishment in the list frame. If an establishment has appeared more than once in a particular frame or between two frames, it will be treated as a 'duplicate' entry, except for the

first instance. So, for the first appearance of any such establishment code '1' will be entered against item 2 of Block 2. Codes '2' and '3' will be recorded if duplication occurs within the same frame (EC or BR) or between two frames. The codes to be used are as follows:

- no – 1
- yes: within same (EC or BR) frame – 2
- between two (EC & BR) frames – 3

It may so happen that two or more establishments operate from the same building/premises/towers with same address and almost same name but different activity and/or number of workers. So for deciding duplication of an establishment, details such as name, address, NIC code, activity description and number of workers as available in the sample list are to be considered.

**2.2.3 item 3: for '2' or '3' in item (2), serial number of the establishment:** 5 digit serial number of the establishment which is identified as duplicate will be recorded.

**2.2.4 item 4: for '1' in item 2, name and complete postal address (including PIN) of the establishment (in block letters):** Name and address as available in the list frame will be given in the sample list. However, name and address may be incomplete. *For the purpose of issuing Notice under Collection of Statistics Act, complete and correct postal address is essential.* Name and complete postal address i.e., house number, street name, locality, town/village name, PIN need to be recorded here, in capital letters in English, for a particular establishment. For those establishments which are duplicate, complete postal address is to be recorded against the first appearance of the establishment in the list. Name and address are to be recorded in the blank lines provided.

**2.2.5 item 5: for '1' in item 2, type of establishment:** For entry '1' in item 2 of this block, type of establishment will be enquired and appropriate code is to be given. If the establishment is single entity (single establishment which does not have any branch), code 1 will be recorded. Code 2 will be given to those establishments which are head-quarters having branch office(s) elsewhere. Finally for branch offices whose head-quarters are located elsewhere, code 3 will be recorded.

**2.2.6 item 6: for '1' or '2' in item 5, whether maintaining audited/auditable accounts for the year 2015-16 (yes – 1, no – 2):** For an establishment which is either a single entity or a head-quarter with branch office located elsewhere, it will be enquired whether accounts are maintained and whether the accounts were audited during the year 2014-15. For an establishment that has its audited accounts of previous year (2014-15) and whose accounts are to be audited this year (2015-16), code 1 will be recorded against item 6, else code 2. For the establishment whose books of accounts are available but not audited may also be considered as auditable, provided detailed data of Schedule 2.35 can be collected from such accounts.

### 2.3.0 Block 3: details of the establishment:

2.3.1 The purpose of Block 3 is to update the list frame comprising of establishments from EC and BR list frames. Details for all identifiable establishments which are single entities or headquarters and maintain auditable accounts will be collected in this block.

2.3.2 **item 1: broad activity category:** The work performed by the establishment shall be determined before identifying the broad activity category. Each establishment shall be given broad activity category code on the basis of the type of work it does. For the purpose of this survey, the broad activity category code will be given based on the divisions as mentioned in NIC 2008 classification as follows:

activity type	NIC 2008 division	code
manufacturing	10 – 33	1
trade	45 – 47	2
construction	41 – 43	3
other services	49 – 96	4
remaining	remaining NIC divisions	5

2.3.4 **item 2: 3-digit NIC 2008 code:** Since the focus of this survey is establishments engaged in services sector, this item will be filled-in for all those establishments with codes '2', '3' and '4' in item 2 of Block 3. 3 digit NIC - 2008 code appropriate to the activity of the establishment (as collected for identifying broad activity category) will be recorded here. All the admissible codes of this round are provided with the Schedule.

2.3.5 **item 3: ownership code:** For all the establishments of trade and other services (i.e. for codes 2, 3 and 4 in item 1), type of ownership code is to be recorded against this item. *Codes are as follows:*

Govt./PSU – 1  
 proprietary – 2  
 partnership – 3  
 companies – 4  
 SHG – 5  
 co-operative society – 6  
 NPI – 7  
 others – 9

The terms proprietary, partnership, Govt./ PSU, companies, co-operative society, SHG and NPI have been explained in Chapter one. Establishments with type of ownership not falling into any of these categories will get code 9.

## Chapter Three

### Schedule 2.35 (Survey of Services Sector)

**1 Introduction:** This chapter contains the detailed instructions for filling up Schedule 2.35. The survey of services sector in NSS 74<sup>th</sup> round will cover activities starting from Section ‘G’ (Wholesale and retail trade; repair of motor vehicles and motorcycles) onwards of National Industrial Classification (NIC), 2008 except Financial Sector, i.e., except those with NIC-2008 codes 64 to 66. ‘Construction’ (Section F of NIC, 2008) sector is not included in service sector. However separate modules, which will include information on input items, output items and labour cost, will be canvassed along with the identification particulars of the enterprise to calculate the rates and ratios of different items/commodities used in the ‘Construction’ sector for the purpose of use by National Accounts Division (NAD). For selected enterprises in the construction sector, Blocks 10.1 to 10.3 will be canvassed along with the blocks for recording the identification particulars of the enterprise (i.e., Block 0 and Block 1), relevant items of Block 2 (Particulars of the enterprise) and Blocks 13 to 16 relating to particulars of field operations.

**2 Reference Period:** For the 74<sup>th</sup> round survey of NSSO, the reference period is the year commencing from 1<sup>st</sup> April 2015 and ending on 31<sup>st</sup> March 2016 or the accounting year of the enterprise ending on any date between 01.04.2015 to 31.03.2016.

**3 Survey Period:** The actual survey period will be from the month of October 2016 to June 2017.

**4 Structure of the Schedule for Survey on Services Sector:** Schedule 2.35 contains the following blocks:

Block No.	Block Description
Block 0 :	Descriptive identification of the enterprise
Block 1 :	Identification of the enterprise
Block 2 :	Particulars of the enterprise
Block 2.1 :	Particulars of the enterprise having branches outside the State /outside the country
Block 3 :	Land and fixed assets owned and hired (long term lease) as on the last date of accounting period
Block 4 :	Working capital and loans
Block 5 :	Employment and labour cost during the accounting period
Block 6 :	Expenses during the accounting period
Block 7 :	Receipts during the accounting period
Block 8 :	Taxes and subsidies during the accounting period
Block 9 :	Gross Value Added during the accounting period
Block 10.1:	Expenses during the accounting period in respect of construction sector
Block 10.2:	Employment and labour cost during the accounting period in respect of construction sector
Block 10.3:	Receipts during the accounting period in respect of construction sector
Block 11:	Particulars of use of Information and Communication technology (ICT) by the enterprise
Block 12.1:	Particulars of import and export of services by the enterprise during the accounting period
Block 12.2 :	Export & import of services during the accounting period

Block No.	Block Description
Block 12.3 :	break-up of value of exports of top 5 services by top 5 partner countries during the accounting period
Block 12.4 :	break-up of value of imports of top 5 services by top 5 partner countries during the accounting period
Block 13:	Particulars of field operations
Block 14:	Remarks by Field Investigator (FI) / Junior Statistical Officer (JSO)
Block 15:	Comments by supervisory officer(s)
Block 16:	Details of remarks in the Schedule

#### 4.1 Coverage of different Blocks in specific situations

srl. no.	Block No.	Blocks/items to be filled in
1	Blocks 0, 1, 13 to 16:	for all enterprises
2	<i>if entry in item 12, Block 1 is any of 1, 2, 3, 6, 7 and 9, fill up all relevant blocks for which information is available as given below:</i>	
2.1	Block 2 :	for all enterprises (for enterprises with first 2-digit codes any of 41, 42 or 43 in item 7 of block 2, fill in items 1 to 7, 12 to 15 of Block 2)
2.2	Blocks 2.1, 3, 4, 5, 6, 7, 8, 11:	for all enterprises except those with 2-digit codes any of 41, 42 or 43 in item 7 of block 2
2.3	Block 9 :	for all enterprises with code 4 in item 11 of block 2
2.4	Blocks 10.1, 10.2, 10.3:	for all enterprises with 2-digit codes any of 41, 42 or 43 in item 7 of block 2
2.5	Block 12.1:	for all enterprises except those with 2-digit codes any of 41, 42 or 43 in item 7 of block 2
2.6	Blocks 12.2, 12.3 and 12.4:	for all enterprises if entry in either item 2 or item 4 of Block 12.1 exceeded Rs. 7,00,000.

**5 Block 0: Descriptive Identification of the enterprise:** This block has been designed to collect the descriptive identification of the enterprise. The items are self-explanatory.

**6 Block 1: Identification of the enterprise:** In this block identification particulars of the enterprise will be recorded. Entries for Item 3 (round number) and item 4 (Schedule number) are already printed. Entries in items 1, 2, 5 to 9 will be copied from the corresponding items of the sample list.

**6.1 Item 8: District code:** For the enterprises for which district code (item 8) is not available from the sample list, district code where the headquarter of the enterprise is located will be recorded, else the district code as available in the sample list will be recorded.

**6.2 Item 10: Sector:** This information will not be available in the sample list. If the headquarter of the enterprise is located in the rural areas, code 1 and if the headquarter is situated in the urban areas, code 2 will be recorded in item 10.

**6.3 Item 11: FOD sub-region:** This information will not be available in the sample list. The

FOD sub-region will be the office under whose jurisdiction the enterprise is located and surveyed. Entry in item 11 will be made accordingly.

**6.4 Items 12: Status of unit:** The following codes will be used to record 'status of unit' in this item:

open .....	1
existing <i>but</i> not having production.....	2
closed irrespective of whether owner/occupier is traceable or not.....	3
selected unit is an establishment (other than headquarter) of a multi-establishment enterprise..	4
out of coverage.....	5
non-response due to production not yet started.....	6
non-response due to accounting year not closed during the year.....	7
non-response due to other reasons.....	9

#### 6.5 Some clarifications on status code of the selected unit:

Open: An enterprise will be considered as 'open' if during the accounting period the unit had production activity.

Existing but not having production: An enterprise will be considered as 'existing but not having production' if during the accounting period the unit was maintaining staff and fixed assets but no production activity took place.

Closed: An enterprise will be considered as 'closed' if during the accounting period the unit neither maintained staff nor had production activity.

Unit is an establishment: Selected unit will be considered an establishment, if it is not the headquarter of a multi-establishment enterprise.

Out of coverage: A selected unit will be considered out of coverage if it is engaged in the principal activity which is outside the coverage of the Survey of Services Sector in 74<sup>th</sup> round.

Non-response due to production not yet started: An enterprise will be categorised as 'non-response due to production not yet started' if in the accounting period the unit had not started production.

Unit for which accounting year is not closed: If for a selected enterprise the accounting period of the enterprise has not closed on any date between 01.04.2015 to 31.03.2016, it will be considered as a unit for which accounting year is not closed.

Non-response due to other reasons: For the enterprises, if the relevant records are with court/Income Tax authorities or if the unit refused to submit information, it will be considered non-response due to other reasons.

**6.6 Item 13: whether the unit is covered in ASI 2015-16 (yes-1, no-2):** If a unit which is under the coverage of the 74<sup>th</sup> round Survey of Services Sector is also covered in ASI 2015-16, code 1 will be recorded in item 13, otherwise entry will be 2. For the enterprises which are under the coverage of 74<sup>th</sup> round survey of services sector, information will be collected in Schedule 2.35, irrespective of whether the enterprise is covered in ASI 2015-16 or not.

## 7 Block 2: Particulars of the enterprise:

In this block some basic information about the nature of the enterprises will be recorded.

**7.1 Item 1: type of organisation:** The following codes will be used to record the type of organisation of the enterprise:

Individual Proprietorship.....	1
Partnership.....	2
Limited Liability Partnership.....	3
Non-Government Company-Public.....	4
Non-Government Company-Private.....	5
Co-operative Society.....	6
Trusts.....	7
Foreign company not registered in Companies Act.....	8
Others.....	9

**7.2 Item 2: whether registered under any act/ authority?:** The following code will be recorded for this item:

yes:

with one authority.....1

with more than one authority .....2

no.....3

**7.3 Item 3: if entry in item 2 is 1 or 2, type of registration of the enterprise:** Information on types of registration of the enterprise will be recorded in item 3(i), 3(ii) and 3 (iii). If entry in item 2 is 1, the type of registration of the enterprise will be recorded in item 3(i). If entry in item 2 is 2, at most three codes will be recorded in items 3(i), 3(ii) and 3(iii). Type of registration codes to be used are as follows:

Central sales tax.....	01
VAT.....	02
Shop & Establishment Act.....	03
Co-operative Society Act.....	04
Labour Act.....	05
Companies Act (CA) .....	06
The Limited Liability Partnership (LLP) Act 2008.....	07
Societies Registration Act.....	08
Trust Act.....	10
Central Excise.....	11
Service Tax.....	12
Registered with other agencies.....	19

### 7.3.1 Short description of different acts mentioned above are given below:

- **The Central Sales Tax Act, 1956:** An Act to formulate principles for determining when a sale or purchase of goods takes place in the course of inter-state trade of commerce or outside a State or in the course of imports into or export from India, to provide for the levy, collection and distribution of taxes on sales of goods in the course of inter-state trade or commerce and to declare certain goods to be of special importance in inter-state trade or commerce and specify the restrictions and conditions to which state laws imposing taxes on the sale or purchase of such goods of special importance shall be subject.
- **Value Added Tax Act (VAT):** VAT is a multi-stage tax which is levied at each step of production of goods and services which involves sale/purchase. Value added tax or VAT is levied both on local as well as imported goods. Value-added taxation in India was introduced as an indirect value added tax (VAT) into the Indian taxation system from 1<sup>st</sup> April 2005. The existing general sales tax laws were replaced with the Value Added Tax Act (2005) and associated VAT rules. An example of VAT is give below:
  - a) Suppose 'X' owns a restaurant and spends Rs.50,000 towards obtaining raw materials. Input VAT is 10%, so input tax becomes 10% of Rs.50,000 = Rs.5,000
  - b) Now after selling the food made by using the purchased raw materials, 'X' was able to make Rs.1,00,000. Supposing 10% output VAT, output VAT becomes Rs.10,000
  - c) So, final VAT payable by 'X' comes out to be Rs.10,000 – Rs.5,000 = Rs.5,000
- **Shops and Establishments Act, 1953:** Shops and Establishments Act is enacted to regulate conditions of work and to provide for statutory obligations of the employers and rights of the employees employed in shops and establishments. Main provisions of this Act are:
  - Compulsory registration of shop/establishment within thirty days of commencement of work.

- Communications of closure of the establishment within 15 days from the closing of the establishment.
  - Lays down the hours of work per day and week.
  - Lays down guidelines for spread-over, rest interval, opening and closing hours, closed days, national and religious holidays, overtime work.
  - Rules for employment of children, young persons and women
  - Rules for annual leave, maternity leave, sickness and casual leave, etc.
  - Rules for employment and termination of service.
  - Maintenance of registers and records and display of notices.
  - Obligations of employers.
  - Obligations of employees.
- **Co-operative Society Act:** This is an act to facilitate the formation and working of Co-operative societies.
  - **Labour Act:** Various acts like Contract Labour Act, Payment of Minimum Wages Act, Payment of Gratuity Act, Payment of Bonus Act, etc., to protect the working conditions of the employees.
  - **Limited Liability Partnership Act 2008:** A limited liability partnership is a body corporate formed and incorporated under this Act and is a legal entity separate from that of its partners. A limited liability partnership shall have perpetual succession. Any change in the partners of a limited liability partnership shall not affect the existence, rights or liabilities of the limited liability partnership.
  - **Companies Act:** Companies Act regulates incorporation of a company, responsibilities of a company, directors, dissolution of a company. Companies Act will refer to both Companies Act 1956/Companies Act 2013.
  - **Societies Registration Act/ Trust Act:** Societies Registration Act is an Act for the registration of literary, scientific and charitable societies and Trust Act is an Act to define and amend the law relating to Private Trusts and Trustees.
  - **Central Excise Act:** An Act to consolidate and amend the law relating to Central Duties of Excise. Central Excise is a tax levied on a commodity manufactured within India.
  - **Service tax:** Service tax is a tax on Services. It is a tax levied on the transaction of certain services specified by the Central Government.

**7.4 Item 4: if entry in item 3 is 06 or 07, then CIN/ LLPIN:** The CIN stands for Corporate Identification Number. If an enterprise is registered in Companies Act, 21-character (combination of alphabet and digits) CIN will be recorded in item 4. For the enterprise registered in LLP Act, 7-character (combination of alphabet and digits) Limited Liability

Partnership Identification Number (LLPIN) will be recorded in this item. Recording will be made with one digit in each cell starting from the left-most cell.

**7.5 Item 5: if entry in item 3 is 12, Service Tax Registration Number:** Service Tax Registration Number is a unique 15-character (combination of alphabet and digits) number which is allotted to the assessee at the time of filing an application for registration for Service Tax. If the selected enterprise has a Service Tax Registration Number, it will be recorded in this item.

**7.6 Item 6: Description of activity:** The description of the industry of activity of the enterprise will be recorded in the space provided. The description of the activity should be recorded in as specific terms as possible based on the activities of the enterprise and need not be copied from the NIC 2008 booklet.

**7.7 Item 7: Principal activity during the accounting period (5-digit level of NIC-2008):** 5-digit NIC-2008 code of the principal activity of the enterprise during the accounting period will be recorded in this item. Each box will contain one digit and no box will remain empty.

It may be noted that though Construction Sector is out of coverage of services sector, some information on enterprises pursuing construction activities will be collected in 74<sup>th</sup> round survey of Services Sector. Thus, if the principal activity is a construction activity, i.e., if the first two digits of the NIC code recorded in item 7 is any of 41 (Construction of buildings), 42 (Civil engineering) or 43 (Specialized construction activities), only the Items 1 to 7, 12 to 15 of Block 2 and the following of the remaining blocks will be filled in:

- Block 10.1: Expenses during the accounting period in respect of construction sector
- Block 10.2: Employment and labour cost during the accounting period in respect of construction sector
- Block 10.3: Receipts during the accounting period in respect of construction sector
- Block 13: particulars of field operations
- Block 14: remarks by Field Investigator (FI) / Junior Statistical Officer (JSO)
- Block 15: comments by supervisory officer(s)
- Block 16: details of remarks in the Schedule

**7.8 Item 8: whether pursuing mixed activity?:** If the enterprise is pursuing mixed activity, entry will be 1, else 2 will be recorded in this item.

**7.9 Item 9: if entry in item 8 is 1, principal minor activity during the accounting period (5-digit code as per NIC 2008):** This is applicable for enterprises pursuing mixed activity (code 1 against item 8). If the enterprise pursues more than one activity, principal minor activity code will be recorded here. The same procedure which was followed to determine the major activity will be adopted for determining the principal minor activity of the enterprise. It may be noted that the first two digits of item 7 should be different from the first two digits of item 9.

**7.10 Item 10: number of units belonging to the enterprise:** Number of units will refer to the number of establishments belonging to the enterprise. In case of single establishment enterprise, entry will be 1, else entry in this item will refer to the number of establishments belonging to the enterprise, including the head office of the enterprise (for which the schedule would be canvassed).

**7.11 Item 11: whether engaged mainly in non-market production?** Non-market producers, under the coverage of 74<sup>th</sup> round of NSS, are producers that provide most of their output to others for free or at prices that are not economically significant. It may be noted that unincorporated enterprises owned by households, all of whose output is intended for final consumption or gross fixed capital formation by those households are outside the coverage of NSS 74<sup>th</sup> round.

Economically significant prices are prices that have a significant effect on the amounts that producers are willing to supply and on the amounts purchasers wish to buy. The NPISHs and other non-market producers provide their output to others either free or at a nominal price, which is not economically significant. In other words, they often charge a price that is much lower than the prevailing market prices.

The code structure to determine whether the enterprise is mainly in non-market production is as follows:

yes:

NPISH.....	1
enterprises other than NPISH engaged only in non-market production.....	2
others engaged in mainly non-market production.....	3

no.....	4
---------	---

If the enterprise is engaged mainly in non-market production, any of the codes 1, 2 or 3 will be recorded as the case may be and if the unit is not mainly engaged in non-market production code 4 will be recorded.

**7.12 Item 12: Accounting Period:** For the purpose of the Survey of Services Sector, the accounting period is the period for which the enterprise finalises its books of account. It may be noted that the accounting period will generally be a period covering 01.04.2015 to 31.03.2016. In some cases the accounting period may not cover the 12 months of the whole period of 01.04.2015 to 31.03.2016 and it may be shorter while in other cases the accounting period may be more than 12 months, say 18 months. However, in all such cases the closing period will be on any date between 01.04.2015 to 31.03.2016.

**Information in different blocks of this Schedule will be filled in covering the whole accounting period without making any apportionment irrespective of the length of the accounting period.**

**7.13 Item 13: number of months operated during the accounting period:** The number of months the enterprise operated during the accounting period will be recorded in item 13. An operating month does not mean a complete calendar month in which the enterprise has operated with full intensity. Suppose, in a particular month the enterprise has operated only for 5 days, even then, that month will be counted as an operating month. The entry will be made in whole numbers.

**7.14 Item 14: can your unit supply data online:** In item 14, it will be recorded whether the enterprise can supply data for this Schedule of enquiry online. If the enterprise can supply data online, entry will be 1, else 2 will be recorded.

**7.15 Item 15: if entry in item 10>1, can the enterprise provide information separately for each of the establishments?:** For the multi-establishment enterprises (i.e., for enterprises with entry in item 10>1), it will be enquired whether the enterprise can provide data for each of the establishments separately. If the enterprise can provide data separately for each of the establishments entry will be 1, else 2 will be recorded in this item.

## **8 Block 2.1: Particulars of the enterprise having branches outside the State/outside the country**

### **This Block will be filled in after filling in Block 5**

The purpose of this block is to distribute the gross value added of the enterprise in different States/UTs in proportion of the number of workers in those States/UTs.

**For the enterprises having branches outside the country, data relating to Indian Operation only will be recorded in all the blocks of the schedule.**

**8.1 Item 1: does the enterprise have branches outside India?:** If the enterprise have branches outside India, code 1 will be recorded, else code will be 2.

8.2. For the enterprises without any branch outside the country, items 2 and 3 will be left blank. For the enterprises with branch(s) outside India, information on number of workers will be recorded in item 2 and item 3 as given below:

**8.2.1 Item 2: number of persons worked in Indian operation:** For the enterprises with branches outside the country, total number of persons worked in Indian operation only will be recorded in item 2.

**8.2.2 Item 3: total number of persons worked in the enterprise (total of number of persons worked in Indian operation and in units outside India):** For the enterprises with branch(s) outside the country, total number of persons worked in the enterprise considering the persons worked in Indian operation as well as the persons worked outside India will be recorded in this item.

**8.3 Item 4: does the enterprise have branches outside the State/UT where the headquarter is located:** This item is for identifying the enterprises which have branches outside the State/UT in India where the headquarter is located. If the enterprise has branches outside the State/UT where the headquarter is located code 1, else code 2 will be recorded.

**8.4 Item 5: number of persons worked in the respective State/UT where the enterprise has branches:** In this item total number of persons worked as well as total number of establishments in each State/UT where the enterprise has branches will be recorded. Total number of establishments in each State/UT will be recorded in column 3 and total number of workers in each State/UT will be recorded in column 4.

For the enterprises which have no branches outside the State/UT where the headquarter of the enterprise is located (i.e., enterprises with code 2 in item 4), entry in column 3 (number of establishments) and column 4 (number of persons worked) will be recorded against the State/UT where the headquarter is located.

For other enterprises which have branches outside the State/UT where the headquarter is located (i.e., enterprises with code 1 in item 4), total number of establishments and number of persons worked will be recorded against each of the State/UT wherever the enterprise has branches, including the headquarter. Against the last row 'all-India', the total number of establishments considering all the States/UTs will be recorded in column 3 and total number of persons worked considering all the States/UTs will be recorded in column 4.

The following consistencies may be ensured for making entries of Block 2, Block 2.1 and Block 5:

(A) Number of persons worked:

**entry in item 2 of Block 2.1 (number of persons worked in Indian operation for enterprises with branches outside India)**

=

**entry in the last row 'all-India' against column 4 of item 5 of Block 2.1**

=

**total number of persons worked in item 9, column 4 of block 5**

(B) Number of establishments:

**entry in the last row 'all-India' against column 3 of item 5 of Block 2.1**

=

**entry in item 10 of Block 2**

**9 Block 3: Land and fixed assets owned and hired (long term lease) as on the last date of accounting period (Rs. in whole number)**

**Source of data: Balance Sheet**

9.1 In this Block details of land and fixed assets owned and hired (long term lease) will be

C-10

recorded. Fixed assets are of a permanent nature having a productive life of more than one year, which is meant for carrying out production activity of the enterprise (and thus either for earning revenue-directly or indirectly- or for providing non-market services to others) and not for the purpose of sale in ordinary course of business. They include assets used for production, transportation, living or recreational facilities, hospital, school, etc. Provision has been made to record the details of non-produced intangible assets separately in this block which are not to be included in the calculation of fixed assets. The fixed assets have, at the start of their functions, a definite value, which decreases with wear and tear. The original cost less depreciation indicates that part of value of the fixed assets, which has not yet been consumed in the process of using them for production. This value is called the residual value. Provision is made to record the addition due to re-valuation. It may be noted that depreciation will be taken on original cost and not on re-valued cost. The items of this block are described below:

**9.2 Item 1: Land:** In a balance sheet, the monetary value of land is shown in general apart from monetary value of other fixed assets. The book value of land, as such, at the beginning and at the closing is the same, unless new land is purchased during the accounting year.

Land consists of the ground, including the soil covering and any associated surface waters. Buildings, or other structures, and plantations are often purchased or sold together with the land on which they are situated, without separate valuations being placed on the structures and the land. Even if it is not feasible to obtain separate valuations, as may be the case for existing structures, it may be possible to determine which out of the land or the structure accounts for most of their combined value and to classify the transaction as the purchase of land or of a structure depending upon which has the greater value. If it is not possible to determine whether the land or the structure is the more valuable, by convention, the transaction should be classified as the purchase of a structure.

All the land owned, purchased or held with long-term lease hold (perpetual lease), like owned land, should be included. The short-term lease hold land will not be considered in this Block, and only the rent, if paid during the accounting period, should be recorded in Block 6 (expenses).

Value of land is available separately in fixed asset block of Balance Sheet as Land. This item will not include land improvement.

**9.3 Item 2: Land improvement:** Land improvements are the result of actions that lead to major improvements in the quantity, quality or productivity of land, or prevent its deterioration. Activities such as land clearance, land contouring, creation of wells and watering holes that are integral to the land in question are to be treated as resulting in land improvements. Land improvements represent a category of fixed assets distinct from the non-produced land asset as it existed before improvement.

Value of land improvement is available separately in fixed asset block of the Balance Sheet

as Land Development/Improvement expenses.

**9.4 Item 3 and Item 4: Building:** In item 3 details of residential building will be recorded and in item 4, non-residential buildings and other structures will be recorded.

*9.4.1 Residential buildings:* These are dwellings such as Staff Quarters. Residential buildings are used entirely or primarily as residences, including any associated structures, such as garages, and all permanent fixtures customarily installed in residences.

*9.4.2 Non-residential buildings:* Non-residential buildings are buildings other than dwellings such as office buildings, warehouses, commercial buildings, etc.

*9.4.3 Other structures:* Other structures include creation of seawalls, dykes, dams and major irrigation systems which are in the vicinity of the land but not integral to it.

Some examples of this category 'non-residential buildings and other structures' are: Office Building, Railway Siding, Roads & Bridges, Road & Culverts, Electrical Installation, Building & civil structures, Building & Bunk Houses, Ice Plant Building, Factory Building, Canteen Building, Shopping Complex, Fencing, Barrages.

**9.5 Item 5: Plant and machinery:** Plant and machinery include Laboratory & Survey Equipment, Electrical Equipment, Refrigerators, ACs/ Air Coolers/Heaters, Quality Control Equipment, Freezing Plants & Machineries, Ice Plant, Hospital Equipments, Agriculture Implements.

**9.6 Item 6: Transport equipment:** Transport equipment consists of equipment for moving people and objects. Motor Vehicles, Vehicle, Jeep, Insulated van, Lorries, Cycles, etc.

**9.7 Item 7: Furniture and fixtures:** In this item details of furniture and fixtures will be recorded. These include furniture, electrical fittings, etc.

**9.8 Item 8: Software and database:** This is a part of Intellectual property products and is available separately in fixed assets block of balance sheet as Computer software. Any software built in-house for repeated use will be shown here. Computer software consists of computer programs, program descriptions and supporting materials for both systems and applications software. Databases consist of files of data organized in such a way as to permit resource-effective access and use of the data.

**9.9 Item 9: Information, computer and telecommunications equipment:** Information, computer and telecommunications (ICT) equipment consists of devices using electronic controls and also the electronic components forming part of these devices. The coverage broadly include computing machinery, parts and accessories, computer hardware and telecommunications equipment, like Computers & EDP, Telephone, mobile phones, Audio visual & other allied publicity Equipment

**9.10 Item 10: Animal resources yielding repeat products:** They include breeding stocks, dairy cattle, draft animals, sheep or other animals used for wool production and animals used for transportation, racing or entertainment. Animals raised for slaughter, including poultry, are not fixed assets but inventories. In fixed asset block of the Balance Sheet, it is available as “Livestock”.

**9.11 Item 11: Tree, crop and plant resources yielding repeat products:** They include trees (including vines and shrubs) cultivated for fruits and nuts, for sap and resin and for bark and leaf products. Trees grown for timber that yield a finished product once only when they are ultimately felled are not fixed assets, just as cereals or vegetables that produce only a single crop when they are harvested cannot be fixed assets. In fixed asset block of the Balance Sheet, it is available as “Plantations”.

**9.12 Item 12: R&D and other intellectual property products:** Intellectual property products include the results of research and development (R&D). Examples of intellectual property products are the results of research and development, mineral exploration and evaluation, computer software and databases, and entertainment, literary or artistic originals. They are characterized by the fact that most of their value is attributable to intellectual endeavour. In fixed asset block, R&D is available as R&D; Development Expenditure; Technical know-how, copyrights, patents and other operating rights; recipes, formulae, models, designs and prototypes, etc.

Other intellectual property products includes entertainment, literary and artistic originals. This consist of the original films, sound recordings, manuscripts, tapes, models, etc., on which drama performances, radio and television programming, musical performances, sporting events, literary and artistic output, etc.. are recorded or embodied.

It may be noted that computer software and databases have been put in a separate item (Item 8).

**9.13 Item 13: Tools and other fixed assets:** Tools and other fixed assets include Drawing Equipment, Office Equipment, Photo Copier, Voltage stabilizers, UPS.

**9.14 Item 14: Capital work in progress:** The value of all assets capital in nature, which are under construction or installation but not capitalized, will be shown here. It is available as “capital work in progress” in balance sheets.

**9.15 Item 15: total (items 1 to 14):** Against this item in different columns total of items 1 to 14 will be recorded.

**9.16 Item 16: Non produced intangible assets:** All the non-produced intangible assets will be recorded here such as purchased goodwill, marketing assets (such as mastheads, logos,

trademarks), spectrum, permits to undertake specific activities (such as Mining Rights Fee), Licenses (such as Technical/Process Licenses)

**9.17 Column 3: opening balance:** The original cost or re-valued gross figures of the fixed assets (whenever revaluation is carried out) as on the opening day of the accounting period is to be reported.

**9.18 Columns 4 & 5: Addition during the year:** Addition to the fixed assets could be made through purchase (new or used) or through own-account production. Addition can also be by receiving as gifts. Improvements on land, new construction of building, shed, structure as well as assets produced on own-account will be considered as additions to the fixed assets. Fixed assets acquired from others should be valued at the full cost incurred, that is, at the delivered price plus the cost of installation, including any necessary fees and taxes paid but excluding financing costs, if any. Repair and maintenance cost of minor nature will not be included but replacement of some major parts, which require considerable (capital) expenditure will be considered for inclusion.

Own-account production of fixed assets include the cost of all fixed assets, such as buildings and structures, machinery and equipment, etc., manufactured or built by the enterprise during the accounting period for its own use and having a service life of more than one year, as well as the costs of extensions, alterations, improvements and major repairs that are carried out by the enterprise itself with its own labour force and that extend the service life or increase the productive capacity of existing fixed assets.

Addition to the fixed assets could also be due to revaluation during the accounting period and will be recorded in column 4. Revaluation of a company's assets takes into account inflation or changes in fair value since the assets were purchased or acquired. Actual additions of fixed assets during the accounting year will be recorded in column 5.

**9.19 Column 6: Deduction and adjustment during the year:** Gross value of the fixed assets sold, discarded or otherwise disposed off during the accounting period is to be entered. Book Value of the sale or that value which is recorded in the books of accounts for the discarded item need be reported.

**9.20 Column 7: Closing value:** In column 7, closing gross value of fixed assets will be recorded as follows:

$$\text{closing value in column 7} = \text{column 3} + \text{column 4} + \text{column 5} - \text{column 6}$$

**9.21 Depreciation/amortisation:** In columns 8 to 11 depreciation/amortisation will be recorded.

**Depreciation:** Depreciation is a method of allocating the costs of past expenditures on fixed assets over subsequent accounting periods. Depreciation represents the loss in value of a

fixed asset due to ageing and to its use in production. It is mostly calculated on the basis of historic costs of fixed assets.

**Amortisation:** Amortisation is similar to depreciation which is used in the context of intangible assets.

The following points may be noted for determining depreciation/amortisation:

- Depreciation/amortisation up to the beginning of the accounting period and that provided during the accounting period should be shown respectively under Columns (8) and (9). Depreciation relating to assets sold/discarded /otherwise disposed off during the accounting period should be shown under Column (10).
- All fixed assets, which have a normal life of more than a year are allowed some allowance each year; the allowance thus claimed is recorded as depreciation. Where the enterprise was following a system of depreciation, but provision has not been made for a period of time, the estimate of depreciation for the accounting period is to be made as per the method followed by it. If depreciation figures for preceding year(s) are reported along with the depreciation provided during the year, depreciation provided during the year should be apportioned and same may be reported in Column 9.
- If no depreciation has been allowed for item of fixed assets, the same may be estimated on the basis of (a) total cost including the price of purchase or construction of the asset in consideration and the cost of installation and (b) an estimate of its working life in years. Then (a)/(b) will give the annual rate of depreciation in such a case.

**9.22 Columns 12 and 13: net value: opening and closing:** Net value of opening and closing will be recorded in column 12 and 13 respectively.

- **Net value of opening will be derived as 'column 3- column 8'**
- **Net value of opening will be derived as 'column 7- column 11'**

## 10. Block 4: Working capital and loans

### Source of Data: Balance Sheet

10.1 Working capital represents the excess of total current assets over total current liabilities. The item-wise descriptions are given below.

10.2 **Item 1: Materials, supplies and stores:** This includes stores, spares, loose tools of short life, office supplies and other consumables. For enterprises like, publishing, restaurant,

etc., this will also include raw materials. For 'warehousing, this will include, pesticide, insecticide, weedicide, fungicide, etc., for 'human health, social work and veterinary activities' this will include drugs and medicines. For the enterprises engaged in activities like recharging of mobile/net packs/etc., or the travel agents engaged in booking of tickets from railways/air lines, etc., who keep some amount as deposit from which purchase of such services are done, this will also include the balance that they have. The raw material which is left after the consumptions in input process should be taken. Materials supplied by the enterprise to others for processing will be included but materials supplied by others to the enterprise for processing will not be considered. The stocks of material for which payment has been made but material is yet to be delivered should be taken in this item (such as material in transit). But in case neither the material has been received nor the payment has been made, then it should not be considered. This item will also include packing material.

**It may be noted that stock-in-trade will not be included in this item.**

10.3 **Item 2: others:** This item will include, scraps, fuel and lubricants, etc.

10.4 **Item 3: sub-total (1 and 2):** In this item sub-total of items 1 and 2 will be recorded.

10.5 **Item 4: semi-finished goods/work in progress:** This item refers to the value of output produced by an enterprise that is not yet sufficiently processed to be in the state in which it is normally supplied to other enterprises or not usually sold without further processing. Goods under process from the material supplied by others are not to be taken here. **This item excludes value of semi-finished fixed assets for the use of the factory.**

10.6 **Item 5: finished goods/stock-in-trade:** This item includes all goods produced by an enterprise which are ready for sale. Finished goods processed by others and held by them from the raw materials supplied by the enterprise will be included but finished goods held by the enterprise after processing from raw materials supplied by others will be excluded. **Stock-in-trade of the enterprise will be also recorded against this item. Stock- in-trade represents the value of all goods purchased for trading.**

10.7 **Item 6: Total inventory (items 3 to 5):** In this total of items 3 to 5 will be recorded.

10.8 **Item 7: Cash in hand & at bank:** Cash to be considered as current asset should be of liquid in nature. Deposit with telephone, electricity, etc., are not considered as current assets. Cheque issued but not presented will be included against this item. Stocks of postage stamps, revenue stamps are to be included here. Moreover, current account, savings bank account, short-term deposits are considered as current assets and hence included here. Drafts in hand will be included here. Fixed deposit of any nature will be included here irrespective of their tenure. Any remittance in transit will be excluded.

10.9 **Item 8: Sundry debtors:** Sometimes enterprises engage in transactions on credit basis and credit is allowed to a customer (debtor). All such credits to debtors are to be taken together in this item. Besides, advances given to supplier / parties are also to be included.

**10.10 Item 9: Other current assets:** Sometimes an enterprise pays in advance which is recoverable in cash or kind. Sometimes an employer makes advance payment to its workers or employees. This advance payments are for short term and recoverable or adjusted against the following months' bills. Such advance payment will form a part of this item. All short-term capital transactions (except share capital) receivable within a year may be considered in this item.

The items which will also be included in other current assets are:

- Bills receivable,
- Cheques in hand,
- Prepaid expenses,
- Balance with excise authorities,
- Advance income tax,
- Security deposits (if refundable within one year),
- Tender deposits of short duration,
- Rent receivable for rented out fixed assets,
- The interest charged by the enterprise for untimely payment from parties, and
- Excess service tax paid to the government.
- Short-term capital transactions (except share capital) receivable within a year.

The items which will also be excluded in other current assets are:

- Unused overdraft facility,
- Capital transactions like investment in private companies,
- Trade investment,
- Amount receivable for sale of fixed assets,
- Any advance relating to capital transactions,
- Long term loan with interest thereon.

Sometimes, a negative entry is found in current asset figures from the balance sheet. In such cases, the amount shown with negative value in current asset must be ascertained and if confirmed, it may be entered as positive value against 'other current liability'. Similarly, negative current liability has to be recorded against 'other current assets'. In no case, the entries for current assets or current liability can be negative.

**10.11 Item 10: Total current assets (items 6 to 9):** Total of items 6 to 9 will be recorded in item 10.

**10.12 Item 11: Sundry creditors:** Sundry creditors are those to whom some amount is owed by an enterprise on account of goods purchased or services received from them. This will include sundry creditors for supplies (amount due on account of capital transactions are not to be included), sundry creditors for other finances, sundry creditors for other liabilities, etc. It includes all advance payment received for supplying services/goods to consumers.

**10.13 Item 12: Over draft, cash credit, other short term loan from banks & other financial institutions:** This will include short-term loan from banks, other financial institutions, from Directors and others. Bank over drafts, cash credit, loan taken on hypothecation of raw materials and other current assets, etc., for a period up to one year are also to be included here.

**10.14 Item 13: other current liabilities:** Bills payable, income tax collected from employees, sale tax payable, service tax payable, unpaid property tax, unpaid excise duty, telephone bills and electricity bills payable, credit balance of subsidiary companies, short-term capital transactions (except share capital) payable within a year etc. are to be considered in this item. All provisions will also be included here. Expenses which are expected to be payable within a year are to be considered.

**10.15 Item 14: Total current liabilities (items 11 to 13):** Total of items 11 to 13 will be recorded in item 14.

**10.16 Item 15: Working capital (items 10 – item 14):** Working capital will be derived as **item 10 – item 14** and will be recorded in item here.

**10.17 Item 16: Outstanding loans:** In an enterprise the capital employed either as fixed assets or current assets, comes from ownership funds as well as borrowed funds. This borrowed fund is termed as loan. This loan may be secured and unsecured.

The secured loans which will form a part of this item are:

- Debentures are uniform parts of a loan raised by a company and the public are invited to purchase as many as they wish. All kinds of debentures, i.e., non-convertible and redeemable as well as convertible debentures will be considered as outstanding loan. Convertible debentures are those debentures which remain a part of long-term liability of the unit till the date of redemption of the debentures. On the date of redemption, it becomes converted into share capital of the unit.
- Loans and advances from banks on hypothecation of fixed assets.
- Loans and advances from subsidiaries.
- Other loans and advances.

Unsecured Loans which will form part of this item are:

- (i) Fixed deposit - money deposit by the public at a certain rate of interest for a certain period.
- (ii) Short-term loans and advances taken in current liabilities will not be included.
- (iii) Other loans and advances from banks/financial institutions and others.
- (iv) Loan from Directors/ Friends: Loans taken from the friends and Directors will be included, but the interest accrued on them will not be included.

If the outstanding loan includes interest, it may be separated and only the outstanding loan will be recorded. If the interest cannot be separated, a footnote may be given to this effect.

## 11 Block 5: Employment and labour cost

### Source of data: Profit and Loss Accounts/Employee registers

11.1 Particulars in this block should relate to all persons who work in and for the enterprise including working proprietors and active business partners and unpaid family workers. However, Directors of incorporated enterprises who are paid solely for their attendance at meeting of the Board of Directors are to be excluded.

For items 1 to 8, 14 and 15 average number of persons worked in column 4 will be computed by dividing the total man-days worked in the respective category by the number of working days reported by the enterprise (**recorded in item I**). For items 1 to 8 and 15, total wages/salaries during the accounting period in respect of the different categories of staff will be recorded in column 5 in whole number of Rupees. For items 10 to 12, 'bonus', 'contribution to Provident fund and other funds' and 'staff welfare expenses' in respect of all the staff will be recorded in column 5 in whole number of Rupees.

**11.2 Item I: Average number of days worked by the enterprise during the accounting period:** This item has been placed to record the average number of days worked by the enterprise during the accounting period. The average number of days worked by the enterprise during the accounting period will be arrived at by considering the days on which the enterprise remained open and workers remained present irrespective of whether productive activities took place or not.

For multi-establishment enterprises, the total number of days worked by all the establishments will be divided by the number of establishments in the enterprise to arrive at the average number of days worked by the enterprise and will be recorded in the cell provided against this item.

Entry will be made in the cell in whole number of days by rounding to the nearest whole number.

11.3 It may be noted that in items 5 and 6 unpaid family members/proprietor will be recorded while in items 1 to 4, 7 and 8, only those will be included for whom employee benefit expenses are shown in P & L account.

**11.4 Item 1 and item 2: Supervisory & managerial staff:** These items will include all persons holding positions of supervision or management in the enterprise who are paid salaries by the enterprise.

**11.5 Item 3 and Item 4: other employees employed directly:** In these items all employees other than the supervisors who are employed directly on payment of wages or salaries will be included.

**11.6 Item 5 and Item 6: unpaid family members/proprietor:** Unpaid working proprietors/partners/ family members will be included against these items.

**11.7 Item 7 and Item 8: others:** Item 7 and item 8 will also include persons undergoing traineeships, apprenticeships, internships or other types of programmes when they are engaged in the production of services in the enterprise. Casual workers engaged in the enterprise for whom employee benefit expenses are shown in P & L accounts will also be recorded in this items 7 and 8.

**11.8 Item 9: Total:** In item 9 total of items 1 to 8 will be recorded corresponding to column 3, column 4 and column 5.

**11.9 Item 10: Bonus:** All types of bonus and ex-gratia payments paid at less frequent intervals (i.e., other than bonuses paid more or less regularly for each pay period) are to be recorded under this item.

**11.10 Item 11: Contribution to Provident fund and other funds:** It includes old age benefits like contribution to provident fund, pension, gratuity and contribution to other social security charges such as employee's state insurance, compensation for work injuries and occupational diseases, provident fund linked insurance, retrenchment and lay-off benefits, payment made for VRS, etc. The expenditure incurred for 'labour welfare fund' by the unit will be recorded here.

**11.11 Item 12: Staff welfare expenses:** It includes cheap ration, shoes, umbrellas, benefits in kind, etc., which are provided to workers. Light meal or lunch, beverages, electricity free of charge, medical expenses, children educational allowances, LTC, bus hired for to and fro daily journey (HRA will be considered as a part of wage and salary), maternity benefits and crèches, cultural and recreational facilities, cooperative stores for employees etc., are also included.

**11.12 Item 13: Total emoluments: total of the entries in column 5 of (item 9 + item 10 + item 11 + item 12):** In item 13, total of entries in column 5 against items 9 and items 10 to 12 will be recorded.

**11.13 Item 14: Total number of persons working voluntarily without remuneration:** In this item, total number of persons working voluntarily without remuneration will be recorded. The persons working voluntarily without any remuneration are sometimes made nominal payments. Such payments made to the persons working voluntarily without remuneration will be recorded in item 18 of Block 6 (**expenses during the accounting period**).

**11.14 Item 15: Other employees employed through contractors:** The persons employed purely on contract basis will come here for whom the employee benefits are not shown in Profit and Loss Account.

**11.15 Column 3: Total number of man-days worked:** The total number of man-days worked during the accounting period by each of the category of staff is obtained by summing up the number of staff attending in each shift over all the shifts worked during the accounting year.

**11.16 Column 4: Average number of persons worked:** Average number of persons worked will be recorded in column 4 for each of the category of staff and will be computed by dividing the *total man-days worked recorded in column 3* for that category of staff by the *number of working days reported by the enterprise against Item I* and the nearest higher integer so derived will be recorded in this column.

Consider an enterprise with three establishments.

- First establishment worked for 300 days in the accounting period and ‘supervisory & managerial staff’ (male) worked in three shifts with a total of 900 man-days.
- Second establishment worked for 100 days in the accounting period and ‘supervisory & managerial staff’ (male) worked in three shifts with a total of 300 man-days.
- Third establishment worked for 250 days in the accounting period and ‘supervisory & managerial staff’ (male) worked in one shift with a total of 250 man-days.

In this example,

- entry in item 1 (*average number of days worked by the enterprise during the accounting period*) will be 217 [= (300+100+250)/3].
- entry in srl. no. 1 (*supervisory & managerial staff*), column 3 (*total number of man-days worked*) will be 1450 [=900+300+250].
- entry in srl. no. 1 (*supervisory & managerial staff*), column 4 (*average number of persons worked*) will be 7 [= (900+300+250)/217=6.7].

**11.17 Column 5: Total wages/salaries (in Rs.) during the accounting period:** Total wages/salaries which are related to an individual worker, in terms of money, directly or indirectly payable, more or less regularly for each pay period, in respect of his/her employment or work done in such employment will be considered for recording in this column. It includes:

- (i) wages & salaries including those paid for leave periods and holidays,
- (ii) payment for overtime, dearness, compensatory, house rent and other allowances,
- (iii) bonuses which are paid more or less regularly for each pay period,
- (iv) lay-off payments and compensation for unemployment except where such payments are made from trust or other social funds set up expressly for this purpose, i.e., payments, which are not made by the employer.
- (v) benefits in kind (perquisites) of individual nature.

The amount of salaries/wages payable during the accounting period should be entered as gross amount, i.e., before deductions for fines, damages, taxes, provident fund, employee’s state insurance contributions, etc.

The following will be excluded from the coverage of wages/salaries:

- Employer's contribution to old age benefits, employer's contribution to other social security charges and travelling and other expenditure incurred for business purposes and reimbursed by the employer.
- Any payment made by Government under the employment guarantee scheme to apprentices working in an enterprise.

## **12 Block 6: Expenses during the accounting period**

### **Source: Profit and Loss Accounts, notes and different registers/ledgers maintained by the enterprise**

12.1 This block includes values of all the expenses incurred by the enterprise during the accounting period. In column 2, description of the items with regard to (i) 'goods purchased for trading' in srl. no. 1 to 6 and (ii) 'other main items (both goods and services) of input in srl. no. 9 to 17 will be recorded and the corresponding 4-digit item code will be given in column 3. The 4-digit item codes for 'goods purchased for trading' in srl. no. 1 to 6 will be recorded from the list of item code given in Annexure I. The 4-digit item codes for 'other main items (both goods and services) of input' in srl. no. 9 to 17 will be recorded from the list of item code given in Annexure I and Annexure II. The Block has the following broad items:

**12.1.1 *Items 1 to 8: goods purchased for trading (value of stock in trade):*** An enterprise may be a trading enterprise in its principal activity or may also engage in trading of goods along with its principal activity. The values of goods purchased for trading (value of stock-in-trade) by the enterprise during the accounting period will be recorded in items 1 to 7. In items 1 to 6, the values of the goods will be recorded in the descending order of the value, and the rest of the goods will be taken together to record in item 7. Total value of goods purchased for trading will be recorded in item 8.

**12.1.2 *Items 9 to 19: other main items (both goods and services) of input:*** Items 9 to 18 are for recording the values of other items of input of the enterprise during the accounting period. In items 9 to 17 the values of the input items will be recorded in descending order of the value. All the remaining input items will be taken together and recorded in item 18. Item 19 is for recording total of items of inputs recorded in items 9 to 18. Special care is to be taken so that following items are not omitted:

- Service charges paid to others for work done by other concerns: This covers payments made by the enterprise for work done by others.
- Operating expenses: Like (i) inward freight and transport charges, (ii) rates and taxes excluding income tax, i.e., local rates, subscription to business

association (if they are mandatory for operation), road tax for vehicles, provident fund administrative charges (to be segregated from the provident fund contribution) sales tax renewal fees, professional tax, property tax, (iii) purchase tax on materials, (iv) payments for communication such as postage, telegrams, telex, telephones (rental as well as call charges), (v) bank charges (which is an amount charged to a customer by a bank for collection, exchange, cheques drawn, other services exclusive of interest and discount), (vi) cost of advertising (for sales promotion also), (vii) payments for legal services, accounting and bookkeeping services, managing and consulting services, entertainment, etc., (viii) copy right charges, (ix) expenses for uniform provided by the employer to its employees for wearing mandatorily during working hours, (x) other miscellaneous expenses (such as purchase agency services, technical know-how and consultancy charges, medical examination fees for recruitment of staff, payment made to the labour contractor), etc., exchange fluctuation loss of the enterprise, (xi) AMC.

- Expenses on raw materials and other components for own construction: This include the expenses incurred for own construction of fixed assets by the enterprise including raw materials and other components. However, labour cost incurred for own construction should not be included in this block. Instead this will be included in Block 5. If there is any entry against Block 7 item 22 (own account fixed capital formation), then the corresponding expenses should not be missed out while recording information in this block.

**12.1.3 Items 20 and 21: minor repair and maintenance:** Expenditure on minor repair of building and other fixed assets will be recorded in items 20 and 21, respectively. Both the value of materials used in repair and service charges paid for maintenance will be included. Replacement of some major parts of fixed assets, involving considerable expenditure, and which increases the life of the fixed asset will not be included here. Expenses on minor repairs such as whitewashing of rooms, routine maintenance of machinery, etc., will be included here. The charges for minor repair and maintenance of hired assets will also be reported if the expenses are made by the enterprise.

**12.1.4 Item 22: rental paid for fixed assets including building (other than land):** Expenditure by the unit for hiring, leasing or renting of fixed assets including building will be recorded in item 22.

**12.1.5 Item 23: total of other expenses (item 20 to item 22):** Total of items 20, 21 and 22 will be reported in item 23.

**12.1.6 Item 24: total (item 8+item 19+item 23):** Total of items 8, 19 and 23 will be reported in item 24.

**12.1.7 Item 25: Rent/royalty paid for land on lease and similar assets:** Rent/royalty paid for land on lease and other subsoil resources will be recorded in item 25. The regular payments made by the lessees of natural resources such as subsoil assets are often described as royalties.

12.1.8 **Item 26: Interest paid:** This item will include all interest paid by the enterprises for loans irrespective of duration and nature of agency/party from which loan was taken. Interest paid to partners and proprietors on capital will not be included.

### **13 Block 7: Receipts during the accounting period**

#### **Source: Profit and Loss Accounts, notes and different registers/ledgers maintained by the enterprise**

13.1 This block includes receipts of the enterprise during the accounting period. For reporting receipts in this Block, **taxes on products will be included but subsidies on products will be excluded.** In column 2 description of the items with regard to (i) 'receipts from sale of traded goods' in srl. no. 1 to 6 and (ii) 'receipts from other main items (both goods and services) of output' in srl. no. 9 to 17 will be recorded and the corresponding 4-digit item code will be given in column 3. The 4-digit item codes for items of 'receipts from sale of traded goods' in srl. no. 1 to 6 will be recorded from the list of item code given in Annexure I. The 4-digit item codes for 'receipts from other main items (both goods and services) of output' in srl. no. 9 to 17 will be recorded from the list of item code given in Annexure I and Annexure II. It may be noted that taxes on products, generally, becomes payable when goods or services are produced or sold. The enterprise pays the taxes on products to the government.

It may be noted that while reporting receipts in Block 7, amount paid/payable as taxes on the products in respect of the receipts for goods and services of the enterprise will be included but amount received/receivable as subsidies on the products for goods and services of the enterprise will be excluded.

However, if for an enterprise, receipts do not include the taxes on products, while reporting in receipts in Block 7, taxes on products should be added and recorded. Similarly, if for an enterprise, receipts include the subsidies on products, while reporting in receipts in Block 7, subsidies on products should be excluded and recorded. In other words, actual value of receipt is to be recorded in Block 7.

Special care is to be taken to ensure that receipts recorded in this Block are inclusive of taxes on products (VAT, excise duties, general sales tax, service tax, export duties, turnover tax, octroi, etc.) and exclusive of subsidies. Taxes on products will also be again recorded separately as a total in Block 8. Total subsidies on products and total subsidies on productions received/receivable will be recorded separately in Block 8.

13.1.1 **Items 1 to 8: Receipts from sale of traded goods:** An enterprise may be a trading enterprise in its principal activity or may be other type of enterprise in its principal activity but also engage in trading of goods along with its principal activity. The sale value of all goods sold in the same condition as purchased during the accounting period will be recorded in item 1 to 7. These will also include the goods withdrawn by the owners of the enterprise

for their own use. As the scrap and discarded material are not considered as by-product in general, sale value of scrap & discarded material may be included in these items. In item 8, total of items 1 to 7 will be recorded. Entries in items 1 to 6 will be made in descending order of the value of receipt and the rest of the receipts will be taken together for reporting in item 7.

**13.1.2 Items 9 to 19: Receipts from other main items (both goods and services) of output:**

Receipts during the accounting period in respect of the output of all the goods and services of the enterprise will be reported in items 9 to 18. The total of items 9 to 18 will be recorded in item 19. Entries in items 9 to 17 will be made in descending order of the value of receipt and the rest of the receipts will be taken together for reporting in item 18. For recording entries in items 9 to 18, the following points may be noted:

- **Include:** This includes receipts for work done for others or for services rendered to others, as for example contract or commission work done for other units on their materials or repair and maintenance on machinery and equipment. The value reported should be the total amount charged to customers for the work or services performed. It also includes all receipts of the enterprise from others for services such as transportation, agency, consultancy, etc. Income due to exchange rate fluctuation should be included here.
- **Exclude:** This item excludes (i) imputed value of free services after sales during the warranty period to own products sold, (ii) repairs to own fixed asset, (iii) servicing on its own account, i.e., repairing or processing work done on the items furnished by itself for sale or exchange.

**13.1.3 Item 20: Change-in-stock of semi-finished goods:** The output is considered as semi-finished when it is to be an input for further processing. It includes the values of materials which has been partially processed and are not usually sold without further processing. This item excludes value of semi-finished fixed assets for the use of the enterprise.

The entries for this item will be derived as follows: item 20 Block 7= item 4 of Block 4 (column 3-column 4). In case, the difference is negative the value will be recorded with a negative (-) sign.

**13.1.4 Item 21: Change-in-stock of finished goods/stock-in trade:** In this item total of change-in-stock of finished goods and change of stock-in-trade will be recorded. The output is considered as finished when it is to ready for utilisation or consumption. Finished goods processed by others and held by them from the raw materials supplied by the enterprise will be included but finished goods held by the enterprise after processing from raw materials supplied by others will be excluded.

The entries for this item will be derived as follows: item 21 Block 7= item 5 of Block 4 (column 3 - column 4). In case, the difference is negative the value will be recorded with a negative (-) sign.

**13.1.5 Item 22: Own account fixed capital formation:** This item includes the values of all fixed assets, such as buildings and structures, machinery and equipment, etc., manufactured or built by the unit during the accounting period for its own use and having a service life of more than one year, as well as the costs of extensions, alterations, improvements and major repairs that are carried out by the unit that extend the service life or increase the productive capacity of existing fixed assets. It will include the net balance of semi-finished fixed asset or fixed capital work-in-progress plus actual addition to completed fixed assets, by virtue of own construction of the enterprise, during the accounting period. The first part i.e., the net balance of fixed capital work-in-progress i.e. (column 7 – column 3) of item 14 in Block 3 will be added to this item.

**13.1.6 Item 23: Rental/royalty received for produced assets:** Rental/royalty received for produced assets during the accounting period will be recorded here. These will include rental/royalty from machinery and equipments, buildings and intellectual property products, etc.

**13.1.7 Item 24: total of other receipts (items 20 to 23):** Total of other receipts recorded in items 20 to 23 will be recorded in item 24.

**13.1.8 Item 25: total (item 8 +item 19 +item 24):** Entry in item 25 will be equal to the entries in item 8+item 19+item 24.

**13.1.9 Item 26: Rent/royalty received for non-produced assets:** Rent is the income receivable by the owner of a natural resource (the lessor or landlord) for putting the natural resource at the disposal of another institutional unit (a lessee or tenant) for use of the natural resource in production. The regular payments made by the lessees of natural resources such as subsoil assets are often described as royalties. Rent/royalties for non-produced assets will be recorded in item 26.

**13.1.10 Item 27: Interest received:** Interest receipts of the enterprise on loans irrespective of duration and nature of agency/ party to which loan was given will be recorded in item 27. The interest from fixed deposit will also be included here.

## **14. Block 8: Taxes and subsidies during the accounting period**

### **Source: Profit and Loss Accounts**

14.1 In this Block, taxes and subsidies relating to the accounting period will be recorded.

**14.1.1 Item 1: Taxes on products where receipts in Block 7 include these taxes (such as VAT, service tax, excise duty, etc.):** A tax on a product is defined as a tax that is payable per unit of some good or service. Tax on product may be a specific amount of money per unit of quantity of a good or service, the quantity being measured either in terms of discrete units or continuous physical variables such as volume, weight, distance, time, etc. or it may be calculated *ad valorem* as a specified percentage of the price per unit or value of the goods and services transacted. Some examples of taxes on products are VAT, excise duties, general sales tax, service tax, export duties, turnover tax, octroi, taxes on financial and capital transactions (mainly inheritances and gifts), etc.

In item 1, total taxes on products which is to be paid/payable to the Government in respects of receipts for goods and services recorded in Block 7 during the accounting period will be recorded.

**14.1.2 Item 2: Amount paid as taxes on production:** *Taxes on production consist of all taxes that the enterprise incurs as a result of engaging in production.* It is payable irrespective of the profitability of the enterprise and consists of all taxes except those included under 'Taxes on Products'. Some examples of taxes on production are recurrent taxes on land, buildings or other structures, business or professional licence fees, charges for permits, road tax and registration fee of vehicles, taxes on pollution, taxes on international transactions such as travel abroad, foreign remittances, etc. Stamp taxes on sale of specified products, which relate to per unit of product sold (e.g., per unit of alcoholic beverages) will be considered as taxes on products, but other stamp taxes (e.g., stamps on legal documents or cheques) will be considered as taxes on production.

Total amount of taxes on production which is to be paid/payable to the Government during the accounting period will be recorded in Item 2.

**14.1.3 Item 3: Amount received as subsidies on product:** A subsidy on a product is a subsidy payable by Government per unit of a good or service. The subsidy may be a specific amount of money per unit of quantity of a good or service, or it may be calculated *ad valorem* as a specified percentage of the price per unit. A subsidy may also be calculated as the difference between a specified target price and the market price actually paid by a buyer. A subsidy on a product usually becomes payable by Government when the good or service is produced, sold or imported, but it may also be payable in other circumstances such as when a good is transferred, leased, delivered or used for own consumption or own capital formation.

In item 3, amount received/receivable as subsidies on product in respects of receipts for goods and services recorded in Block 7 by the enterprise during the accounting period will be recorded.

**14.1.4 Item 4: Amount received as subsidies on production:** Subsidies on production consist of subsidies except subsidies on products that enterprises may receive as a

consequence of engaging in production. The amount of subsidy that relates only to the accounting period is to be apportioned and recorded. If the subsidy has been claimed for the accounting period but not yet received, then the expected value of the subsidy to be received for the accounting period should be recorded. Examples of such subsidies are as follows:

- *Subsidies on payroll or workforce:* these consist of subsidies payable on the total wage or salary bill, or total work force, or on the employment of particular types of persons such as physically handicapped persons or persons who have been unemployed for long periods. The subsidies may also be intended to cover some or all of the costs of training schemes organized or financed by enterprises.
- *Subsidies to reduce pollution:* these consist of subsidies intended to cover some or all of the costs of additional processing undertaken to reduce or eliminate the discharge of pollutants into the environment.
- *training of workers:* This includes subsidies received for training of workers.

In item 4, amount received/receivable as subsidies on production by the enterprise during the accounting period will be recorded.

#### 14.1.5 The following points may be noted for recording subsidies and taxes:

- Subsidy: The amount of subsidy that relates only to the accounting period is to be apportioned and recorded. If the subsidy has been claimed for the accounting period but not yet received, then the expected value of the subsidy to be received for the current accounting period should be recorded.
- Tax: The amount of tax that relates only to the accounting period is to be apportioned and recorded.

### 15. Block 9: Calculation of gross value added during the accounting period

15.1 Gross Value added for the accounting period will not be calculated in this Block for (i) **NPISH** and (ii) **enterprises other than NPISH engaged only in non-market production** and (iii) **others engaged mainly in non-market production**. For these enterprises Gross Value Added will be calculated at the Tabulation Stage. Thus, this Block will not be filled in for enterprises with codes 1, 2 or 3 in item 11 of Block 2 and this block will be filled in only for enterprises with code 4 in item 11 of Block 2.

15.2 **Item 1: Total input:** Value of total input during the accounting period will be recorded in item 1. This will be derived as the difference between total values of input (as recorded in column 4 of item 24 of Block 6) and total value of traded goods (as recorded in column 4 of item 8 of Block 6).

**Total input=**

entry in column 4, item 24 of Block 6 [value of input items in item 24 of block 6]

*minus*

entry in column 4, item 8 of Block 6 [value of goods traded in item 8 of block 6]

**15.3 Item 2: Total output in basic price:** Value of total output in basic price during the accounting period will be recorded in item 2.

**Total output=**

sl. no. 25, col.4 of Block 7 [value of total output items recorded in item 25 of block 7]

*minus*

sl. no. 1, col.3 of Block 8 [value of taxes on products recorded in item 1 of block 8]

*plus*

sl. no. 3, col.3 of Block 8 [value of subsidies on products recorded in item 3 of block 8]

*minus*

sl. no. 8, col.4 of block 6) [value of goods traded in tem 8 of block 6]

**16. Blocks 10.1 to 10.3: Information relating to construction sector**

**16.1 In Blocks 10.1 to 10.3, information relating to construction sector only will be recorded. Thus, for the enterprises with code 41, 42 or 43 in item 7 of Block 2, these Blocks will be filled in corresponding to the principal activity.**

**16.2 Block 10.1: Expenses during the accounting period in respect of construction sector**

In this Block expenses during the accounting period will be recorded. Expenses will be recorded corresponding to the items consumed. It may be noted that item descriptions and corresponding 4-digit product codes for some of the items of principal operating expenses are already printed in sl. no. 1 to 9 of this Block. Besides, some specific items are printed in sl. no. 12 to 15 as 'Other operating expenses'. Expenses on residual items will be recorded against item 10. The method of recording information in this block is same as that of Block 6.

**16.3 Block 10.2: Employment and labour cost during the accounting period in respect of construction sector**

In this Block employment and labour cost for the construction sector will be recorded.

For the category of staff given in serial number 1 to 3 in column 1, average number of persons worked will be recorded in column 3 and total wages/salaries and allowances (in Rs.) during the accounting period will be recorded in column 4. It may be noted that the method of determination of average number of persons worked, total wages/salaries and other items will be similar to those used in Block 5 (employment and labour cost during the

accounting period) of this Schedule.

**Item 9 (profit) in this Block will be calculated after filling up Block 10.3.**

#### **16.4 Block 10.3: Receipts during the accounting period in respect of construction sector**

The method of recording information in this block is same for the corresponding items of Block 7 (receipts during the accounting period).

#### **17. Block 11: Particulars of use of Information and Communication technology (ICT) by the enterprise**

17.1 In this block particulars of use of information and communication technology (ICT) by the enterprise will be recorded.

17.2 **Item 1: does the enterprise have a web presence as on the date of survey?:** A web presence includes a website, home page or presence on another entity's website. It excludes inclusion in an on-line directory of any other web pages where the business does not have control over the content of the page.

17.3 **Item 2: does the enterprise have an intranet as on the date of survey?:** An intranet refers to an internal communication network using Internet protocols and allowing communication within an organization (and with other authorized persons). It is typically set up behind a firewall to control accessibility.

17.4 **Item 3: did the enterprise receive orders for goods or services (that is, make sales) via the Internet during the accounting period?:** Orders received include orders received via the Internet whether or not payment was made online. They include orders received via websites, specialized Internet marketplaces, extranets, EDI over the Internet, Internet-enabled mobile phones and email. They also include orders received on behalf of other organizations – and orders received by other organizations on behalf of the enterprise. They exclude orders those were cancelled or not completed.

17.5 **Item 4: did the enterprise place orders for goods or services (that is, make purchases) via the Internet during the accounting period:** Orders placed include orders placed via the Internet whether or not payment was made online. They include orders placed via websites, specialized Internet marketplaces, extranets, EDI over the Internet, Internet-enabled mobile phones and email. They exclude orders those were cancelled or not completed.

17.6 **In items 5 to 12 entry will be made as 1 if the enterprise used internet for the specific activities, else entry will be 2.**

17.6.1 **Item 5: did the enterprise use the Internet for sending and receiving e-mail?** Entry will be 1, if the emails are sent/ received related to the activities of the enterprise.

**17.6.2 Item 6: did the enterprise use the Internet for telephoning over the Internet/VoIP, including video conferencing?:** VoIP refers to Voice over Internet Protocol.

**17.6.3 Item 7: did the enterprise use the Internet for getting information about goods and services?** Self-explanatory.

**17.6.4 Item 8: did the enterprise use the Internet for internet banking?:** This includes electronic transactions with a bank for payment, transfers, etc., or for looking up account information.

**17.6.5 Item 9: did the enterprise use the Internet for accessing other financial services?:** This includes electronic transactions via the Internet for other types of financial services such as purchasing shares (stocks), financial services and insurance.

**17.6.6 Item 10: did the enterprise use the Internet for providing customer services? :** This includes providing online or emailed product catalogues or price lists, product specification or configuration online, after-sales support, and order tracking online.

**17.6.7 Item 11: did the enterprise use the Internet for internal or external recruitment?:** This includes providing information about vacancies on an intranet or website, and allowing online applications.

**17.6.8 Item 12: did the enterprise use the Internet for staff training?:** This includes e-learning applications available on an intranet or from the World Wide Web.

## **18. Import and export of services by the enterprise during the accounting period**

18.1 Details of import and export of services will be recorded in the following blocks:

- **Block 12.1: Particulars of import and export of services by the enterprise during the accounting period:** This Block will be filled in for all the service sector enterprise under the coverage of this survey.

**If for an enterprise either the total value of import of services during the accounting period or the total value of export of services during the accounting period exceeded Rs. 7,00, 000/-, all the following blocks will be filled in:**

- **Block 12.2. Export & import of services during the accounting period**
- **Block 12.3: break-up of value of exports of top 5 services by top 5 partner countries during the accounting period**
- **Block 12.4: break-up of value of imports of top 5 services by top 5 partner countries during the accounting period**

**Source of data: The required information for these blocks is to be compiled from different registers/documents maintained by the enterprise.**

18.2 For filling up information in Blocks 12.1 to 12.4 the following guidelines may be noted:

18.2.1 In Blocks 12.1 to 12.4 all transactions with non-residents are to be reported.

**Non-residents** are defined as:

- (a) Persons whose main centre of interest is *not* in the geographical territory of India or whose residency period in India does not exceed one year;
- (b) Companies and other bodies whose permanent or registered address is *outside* India, including overseas branches or subsidiaries of companies or institutions registered in India.

For example, if a foreign bank, say ABC registered in India avails IT services/housekeeping services from Indian companies/persons, such transactions are to be treated as India's export and is to be recorded against export earnings. Similarly, the payment made by Indian companies for using software prepared by a foreign company is to be regarded as India's import.

18.2.2 Transactions with non-resident companies, even if made through the intra-corporate accounting system are to be reported.

**18.2.3 Transactions not to be reported**

- a. In general, no transaction with **residents** is to be reported. For example, payments to Telecom service providers for international calls need not be reported.
- b. Import or exports of all sorts of goods (**merchandise trade**).
- c. Remitted profits, interest, dividends, capital gains, loans, deposits, investments or any other capital flows are **not required to be reported**.

**18.2.4 Residency of Transacting Parties**

- a. The services transactions should be identified on the basis of the party/individual/firm to whom the service is rendered or from whom the services are received, and not on the basis of the party from whom reimbursements are received or to whom payments are made. For example, if a company provides medical transcription services to a firm located in country A but was paid through a local business associate of the firm availing the service, such payment should be reported as receipts from country A.

- b. Transactions with non-residents through the overseas agents should be treated as own transactions with non-residents. Services rendered by overseas agents of a firm should be reported as import of services from the firm.

### 18.2.5 Accrual Basis

- a. Amount earned and expenses incurred during the period are to be reported irrespective of whether the amount had been received or not. Thus, information related to all the invoices raised during the accounting period should be accounted for.

### 18.2.6 Gross Reporting

- a. Transactions are to be reported on a gross basis. Expenses incurred in the course of rendering the service, e.g. commissions, other services, etc., are to be included.

### 18.2.7 Currency

- a. Payments and receipts are to be reported in *Indian Rupee*. The amount of payments and receipts if available in foreign currency should be converted to Indian Rupee using the Annual Average Exchange Rates for 2015-16 as given below:

Annual Average Exchange Rates for 2015-16					
Country	Currency	Rupee per foreign currency unit	Country	Currency	Rupee per foreign currency unit
Argentina	Argentine Pesos	6.3300	Nigeria	Nigerian Naira	0.3292
Australia	Australian Dollars	48.1700	Pakistan	Pakistani Rupees	0.6323
Bangladesh	Bangla Desh Takas	0.8400	Philippines	Philippine Pesos	1.4200
Brazil	Brazilian Real	18.3800	Qatar	Qatari Rials	17.9800
Canada	Canadian Dollars	49.9500	Russia	Rouble	1.0300
China	Yuan Renminbis (China)	10.2900	Saudi Arabia	Saudi Riyal	17.4600
Egypt	Egyptian Pounds	8.3600	Singapore	Singapore Dollars	47.2000
Euro	Euro (New currency of European Union)	72.2900	South Africa	Rands	4.7900
Hong Kong	Hong Kong Dollars	8.4400	Sri Lanka	Sri Lanka Rupees	0.4718
Indonesia	Indonesian Rupiahs	0.0048	Sweden	Swedish Krona	7.7400
Iran	Iranian Rials	0.0022	Switzerland	Swiss Francs	67.3000
Israel	Israeli Shekels	16.9000	Taiwan	New Taiwan Dollars	2.0400
Japan	Japanese Yen	0.5459	Thailand	Thai Bants	1.8700
Kenya	Kenyan Shillings	0.6502	Turkey	Turkish Lira	23.0600
Korea	South Korean Wons	0.0566	UAE	UAE Dirhams	17.8300
Kuwait	Kuwaiti Dinars	216.8500	UK	Pound Sterling	98.7300
Malaysia	Malaysian Ringgits	16.2400	USA	United States Dollars	65.4700
Mexico	Mexican Pesos	3.9400	Vietnam	Vietnam Dongs	0.0029

### 18.2.8 Trading Partner & Code

- a. A list of selected trading partners (i.e. countries) along with the respective codes has been included in the Annexure III. The appropriate code for a partner country is required to be identified and reported against 'country code' for filling up Blocks 12.3 and 12.4. If the name of a particular country does not appear in the list of countries provided, the data will be recorded against 'other countries' (code 999).

### 19. Block 12.1: Particulars of import and export of services by the enterprise during the accounting period

In this Block particulars of import and export of services by the enterprise during the accounting period will be recorded. The item-wise description is given below:

**19.1 Item 1: whether the enterprise imported services during the accounting period (yes-1, no-2):** If the enterprise imported services during the accounting period, code 1 will be recorded in this item, else entry will be 2.

**19.2 Item 2: if 1 in item 1, total value of import of services during the accounting period (Rs.):** If the enterprise imported services during the accounting period, i.e., if entry is 1 in item 1, total value of import of services during the accounting period will be recorded in item 2 in whole number in rupees.

**19.3 Item 3: whether the enterprise exported services during the accounting period (yes-1, no-2):** If the enterprise exported services during the accounting period, code 1 will be recorded in this item, else entry will be 2.

**19.4 Item 4: if 1 in item 3, total value of export of services during the accounting period (Rs.):** If the enterprise exported services during the accounting period, i.e., if entry is 1 in item 3, total value of export of services during the accounting period will be recorded in item 4 in whole number in rupees.

### 20. Blocks 12.2, 12.3 and 12.4 will be filled in if either the value of export or import of services by the enterprise during the accounting period exceeded Rs. 7,00,000/-.

#### 20.1 Block 12.2: Export & import of services during the accounting period

In this block, details of all the export and import of services during the accounting period by the enterprise will be recorded.

**20.1.1 Column 1: Service code:** In this column, service code of the services exported or imported will be recorded. In Annexure II, list of service codes and their corresponding descriptions are given.

20.1.2 **Column 2: Service description:** In this column, service description of the services exported or imported will be recorded. In Annexure II, list of service codes and their corresponding descriptions are given.

20.1.3 **Value of export (column 3) and value of import (column 4) of services:** In column 3, value of export of services recorded in column 1 will be entered in whole number in rupees and in column 4, value of import of services recorded in column 1 will be entered. If a service (as recorded in column 1 as service code) has only been exported but it was not imported during the accounting period, then entry of the total value of export will only be made in column 3 and 0 will be recorded in column 4. Similarly, if a service has been imported but it was not exported during the accounting period, then 0 will be recorded in column 3 and entry will be made in whole number of rupees in column 4 of the value of import of the service during the accounting period.

## **20.2 Block 12.3: break-up of value of exports of top 5 services by top 5 partner countries**

20.2.1 In this Block, break-up of value of exports of top 5 services by top 5 partner countries will be recorded. The following points may be noted for recording entries in this block:

- In case a particular enterprise exported more than 5 services, then only top 5 services in terms of value in Indian Rupee will be identified and recorded in descending order of value of exports in the five rows in this block. Other services (if more than 5 services are exported) will not be recorded in this block.
- For each of the services exported, two rows have been provided: the first row will be used to record the country code and the second line will be used to record the value of export of service in whole number in Indian Rupee.
- For each of the service exported, details of export will be recorded in six columns (column 3 to column 8). If a service has been exported by the enterprise to 5 or less number of countries, then the country code and the value of service exported will be recorded starting from column 3. The value of services will be arranged in descending order of the value of export and will be recorded starting from column 3.
- If a service has been exported by the enterprise to more than 5 countries, then the services exported will be arranged in descending order of the value of export and the top five countries will be identified on the basis of the value of service exported. The country code and the value of export to these top five countries will be recorded in descending order of values of the service exported starting from column 3. The value of exports of the service to the remaining countries will be clubbed together and recorded in column 8 (other countries).

Different columns of this block are described below:

20.2.2 **Column 1: Service code:** In this column service code of the services exported will be recorded. In Annexure II, list of service codes and their corresponding descriptions are given.

20.2.3 **Column 2: Service name:** In this column service name corresponding to the service exported will be recorded. In Annexure II, list of service codes and their corresponding descriptions are given.

20.2.4 **Country code (first row) and value of export (second row) for each service code:** For each of the service code recorded in column 1, country code and the value of export of services to the top 5 countries determined in terms of value of export will be recorded in columns 3 to 7. If a particular service is exported to more than 5 countries, values of service exported to the remaining countries will be clubbed together and will be recorded in column 8. It may be noted that against column 8, country code is recorded as 999. In Annexure III, codes and names of countries are given.

20.2.5 **Column 9: Total export:** For each of the service code recorded in column 1, total value of export will be recorded in column 9.

### **20.3 Block 12.4: break-up of value of imports of top 5 services by top 5 partner countries**

The guidelines for filling up this block is same as those given for block 12.3. The only difference is that in block 12.3 details will be recorded for export of services and in block 12.4 details will be recorded for import of services.

20.4 Descriptions of some of the services are given in Annexure IV.

## **21. Block 13: Particulars of field operation**

21.1 Items in this block are self-explanatory. Dates of survey/inspection, etc. should be made as dd/mm/yy since these will be required in data processing.

## **22. Blocks 14 and 15: Remarks by Field investigator/ Junior Statistical Officer and comments by Supervisory Officers**

22.1 Blocks 14 & 15 are meant for noting down investigator's remarks/supervisor's comments/suggestions regarding the entries made in Schedule 2.35. Remarks/comments/suggestions that are felt useful for meaningful interpretation of the data or designing of schedules in future round may be given. For any unusual feature of the enterprise, remarks may be added.

## **23. Blocks 16: Details of Remarks in the Schedule**

23.1 In this block, information on ‘whether schedule contains remarks’ will be recorded in items (i) to (iv) as follows:

Item (i): If the Schedule contains remark in Block 14 by the Field Investigator (FI) / Junior Statistical Officer (JSO), entry will be 1, else 2 will be recorded.

Item (ii): If the Schedule contains remark in Block 15 by the supervisory officer(s), entry will be 1, else 2 will be recorded.

Item (iii): If anywhere in the Schedule remark is recorded by the Field Investigator (FI) / Junior Statistical Officer (JSO), entry will be 1, else 2 will be recorded.

Item (iv): If anywhere in the Schedule remark is recorded by the supervisory officer(s), entry will be 1, else 2 will be recorded.

## **24. An illustrative list of items under the coverage of different Blocks of Schedule 2.35**

24.1 An illustrative list of items under the coverage of different blocks has been prepared as guideline to decide the items to be included and the items not to be included in different Blocks. The list is given in Annexure V.

## Frequently Asked Questions

Sl. no.	Item/col.	Query	Reply
(i)	(2)	(3)	(4)
<b>General</b>			
1	-	In the headings of different blocks, source of data is mentioned like, Balance Sheet, P & L Accounts, etc. If an eligible enterprise does not have such records but information is available from other records, whether such information will be recorded.	The sources as mentioned in the headings of the different Blocks are guidelines to help in consulting the concerned records since this is the first survey of Services Sector by NSS and different records need to be consulted, especially for big enterprises, for collection of information. However, if information from the eligible enterprises is also available from other records those will also be considered.
2	-	If an enterprise has shifted location what status code will be given?	No separate status code will be applicable for such enterprises. If the enterprise is not under the jurisdiction of the Field Office to which it is allocated, the details may be sent to the relevant Field Office under whose jurisdiction the Head Quarter of the enterprise falls now to conduct the survey. If location of the enterprise is not known, due to change of location, code 9 will be given in item 12 of block 1.  In all such cases, both SDRD and DPD will be informed.
3	-	Certain units are found under the coverage of ASI. Whether these units should be excluded to avoid duplication?	If a unit which is under the coverage of the 74 <sup>th</sup> round survey of Services Sector is also covered in ASI 2015-16, code 1 will be recorded in item 13 of block 1, otherwise entry will be 2.  For the enterprises which are under the coverage of 74 <sup>th</sup> round survey of services sector, information will be collected in Schedule 2.35 of 74 <sup>th</sup> round of NSS, irrespective of whether the enterprise is covered in ASI 2015-16 or not.  However, to reduce informant's inconvenience, effort should be made to collect data for both ASI and in Schedule 2.35 of NSS 74 <sup>th</sup> round by making minimum number of visits to the enterprise.
4	-	For the enterprises having branches outside the country, how data will be recorded in different blocks of this Schedule?	For the enterprises having branches outside the country, data relating to Indian Operation only will be recorded in all blocks of the schedule.

Sl. no.	Item/col.	Query	Reply
(i)	(2)	(3)	(4)
5	-	When owner is not traceable, how to obtain signature in the first page of the Schedule (below Block 0).	In such cases, signature need not be obtained and appropriate remarks may be given in Remarks block.
<b>Block 2: Particulars of the enterprise</b>			
6	Item 3	Whether the enterprises registered under Employees Provident Fund Act and Employee's State Insurance Act will be considered as registered under 'Labour Act'.	Yes.
7	Item 3	If an enterprise is registered in more than 3 Acts/Authority, how to record information in such cases?	In such cases, first three codes as appear in the code list will be entered in items 3(i) to 3 (iii).
8	Item 3	If an enterprise is registered under the Income Tax Act, whether code 19 is to be recorded in item 3.	Yes.
9	Item 10	What would be the number of units if the Administrative/Corporate office (i.e., the place reported in the MCA List) and the actual place of activity are different?	Number of units will refer to the number of establishments (including the Administrative Office) belonging to the enterprise. As such total number of establishments of the enterprise will be recorded in item 10.
<b>Block 3: Land and fixed assets owned and hired (long-term lease) as on the last date of accounting period</b>			
10	-	If depreciation is not shown by the enterprise, whether to charge depreciation or not?	In case the unit is following a system of calculating the depreciation, but for certain reasons the provision has not been made for a period of time, the estimated value of depreciation for the accounting period is to be made as per the method followed by the unit. If there is no system of calculating the depreciation by the unit and the depreciation has not been allowed for items of fixed assets, the same may be estimated on the basis of (a) <i>total cost including the price of purchase or construction of the asset in question and the cost of installation</i> and (b) <i>an estimate of its working life in years. Then (a)/(b) will give the annual rate of depreciation in such a case.</i>

Sl. no.	Item/col.	Query	Reply
(i)	(2)	(3)	(4)
11	-	For estimating the total fixed assets, the ownership-approach (including the owner-like possession like long-term lease) is followed. What should be the treatment for recording leased-in fixed assets?	<p>In the case of an operating lease, the ownership lies with the lessor and hence such leased-in fixed assets are not to be considered in Block 3. However, in the case of a financial lease, the ownership lies with lessee and in such case, these are to be recorded in Block 3.</p> <p><b>Operating lease:</b> An operating lease is one where the legal owner is also the economic owner and accepts the operating risks and receives the economic benefits from the asset by using it in a productive activity. One indicator of an operating lease is that it is the responsibility of the legal owner to provide any necessary repair and maintenance of the asset. Under an operating lease the asset remains on the balance sheet of the lessor.</p> <p><b>Financial lease:</b> A financial lease is one where the lessor as legal owner of an asset passes the economic ownership to the lessee who then accepts the operating risks and receives the economic benefits from using the asset in a productive activity. Under a financial lease, the legal owner is shown as issuing a loan to the lessee with which the lessee acquires the asset. Thereafter the asset is shown on the balance sheet of the lessee and not the lessor; the corresponding loan is shown as an asset of the lessor and a liability of the lessee.</p>
12	col. 3/ col. 8	For proprietary and partnership enterprises, gross value (col.3) and depreciation from beginning (col.8) are not given in the balance sheet. What is to be done in such cases?	In such cases entry may be made in net value (opening in column 12 and closing in column 13) and depreciation for the year (col.9).
<b>Block 4: Working capital and loans</b>			
13	-	Whether Income Tax Refundable of the previous years is considered as current assets?	No.

Sl. no.	Item/col.	Query	Reply
(i)	(2)	(3)	(4)
14	-	What should be the treatment given to the current asset if the same is clubbed with previous year.	In the cases where current asset is clubbed with previous year, the same needs to be segregated after thorough probing, and the actual current asset obtained only for the accounting period is to be recorded.
15	-	If the short-term and long-term loans are clubbed together. What treatment should be given in such cases?	While the short-term (with tenure of less than a year) loan is within the purview of working capital as current liability, long-term loan is, kept outside the purview of working capital in Block 4. Therefore, utmost care should be taken to split the short-term and long-term loans. An item (item 16: outstanding loans) has been kept in Block 4 to record all long-term loans separately.
<b>Block 5: Employment and labour cost during the accounting period</b>			
16	-	Whether Directors/Partners receiving salary are to be included in 'persons worked'?	Yes.
17	-	Whether freelancers are to be included in 'persons worked' or the amount paid to them should be considered under Block 6.	Freelances are not to be included in 'persons worked'. Amount paid to freelances for availing their services will be recorded in Block 6.
18	-	In a hospital, some doctors are not on their pay-roll and are being paid for their visit to hospital. Whether such doctors will be considered as employees of that hospital?	Such doctors will not be considered as workers. Amount paid to them for availing their services will be recorded in Block 6.
19	col. 3	If information on 'mandays' is not available for certain category of staff, what should be done in such cases?	If the information is not directly available, probing should be made and the records/registers may be consulted for obtaining the figures. In case no record is available, working days and number of shifts may be considered for assessing the 'mandays' worked.
<b>Block 6: Expenses during the accounting period</b>			
20	-	Whether expenses towards 'corporate social responsibility' and 'donations/charities' are to be recorded in Block 6?	This will not be recorded as expenses in Block 6.

Sl. no.	Item/col.	Query	Reply
(i)	(2)	(3)	(4)
21	-	If product codes are not available for some of the goods/services, what should be done?	If these items relate to 'goods purchased for trading (value of stock-in-trade)', they will be clubbed together and recorded in item 7 (other trading items) and if such items relate to 'other main items (both goods and services) of input', these will be recorded in item 18 (others).
<b>Block 7: Receipts during the accounting period</b>			
22	-	If product codes are not available for some of the goods/services, what should be done?	If these items relate to 'receipts from sale of traded goods', they will be clubbed together and recorded in item 7 (other trading items) and if such items relate to 'receipts from other main items (both goods and services) of output', these will be recorded in item 18 (others).
23	-	For NPISH or other units engaged only in non-market production, whether Block 7 will be filled in?	For those units which are engaged only in non-market production, receipts, if any, should be recorded in Block 7.
24	-	One enterprise reported receipt from sale of its fixed assets. Whether such receipts will be shown in Block 7.	No.
<b>Block 8: taxes and subsidies during the accounting period</b>			
25	Item 2	In item 2, amount paid as taxes on production are to be recorded. Since these are already recorded in Block 6 under operating expenses, whether these are to be recorded again in Block 8?	Yes. Amount amount paid/payable as taxes on production are to be recorded in both Block 6 and Block 8
<b>Block 10.1: Expenses during the accounting period in respect of construction sector</b>			
26	general	For the construction sector, should we collect all information from the P & L Accounts only? If break-up are not available in spite of best efforts, whether the entire raw materials consumed be given in item 10, i.e., other items consumed.	The details of break-up may also be obtained from registers/ledgers, etc. In case such information is not available separately, entry may be made in item 10.
<b>Block 12.1: Particulars of import and export of services by the enterprise during the accounting period</b>			

<b>Sl. no.</b>	<b>Item/col.</b>	<b>Query</b>	<b>Reply</b>
(i)	(2)	(3)	(4)
27	general	One enterprise conducts tours. They make payments for the tourists from India to foreign countries for availing the services of hotels, transport etc. Whether such payments are imports for recording in Block 12.1?	Yes.
<b>Block 12.2: Export &amp; import of services during the accounting period</b>			
28	general	In col. 3 and 4 of block 12.2, the value needs to be reported. What does this 'value' mean?	In column 3 value of export of services will be recorded and in column 4 value of import of services will be recorded.

## Annexure I

### Four-digit product codes for goods of inputs/ outputs of schedule 2.35 NSS 74<sup>th</sup> round

Structured code	Description
	<b>Agriculture, forestry and fishery products</b>
	<b>Cereals, pulses and oilseeds</b>
1011	Paddy (for Rice, use code 1231)
1012	Wheat (for flour, use code 1232)
1013	Coarse cereals
1014	Gram (for milled pulses, use code 1233)
1015	Arhar
1016	Other pulses
1017	Groundnut
1018	Rapeseed and mustard
1019	Other oil seeds
	<b>Other crops (including plantation crops) used as food or beverages</b>
1021	Sugarcane
1022	Coconut
1023	Tobacco (for processed tobacco use codes 1263/1264)
1024	Tea (for processed tea use code 1261)
1025	Coffee (for processed Coffee use code 1262)
1026	Fruits
1027	Potato and onion
1028	Vegetables excluding potato and onion
1029	Other food crops (e.g., unprocessed nuts, cashew, spices, etc.)
	<b>Non-food crops, including non-food plantation crops</b>
1031	Kapas
1032	Jute, hemp and mesta
1033	Rubber
1034	Flower, garland
1039	Other non-food crops
	<b>Livestock products</b>
1041	Milk (for pasteurised milk use code 1222)
1042	Wool
1043	Egg and poultry
1044	Animal hide, skin (for processed leather, use code 1402)
1049	Other livestock products
	<b>Forestry products</b>
1051	Industry Wood
1052	Firewood
1053	Leaves (banana leaves, tendu leaves, etc.)

Structured code	Description
1059	Other forestry products
	<b>Fishery products</b>
1061	Inland Fish
1062	Marine Fish
1063	Marine animals (snail, squid, etc.)
1064	Marine plants, weeds
1065	Exotic inland/ marine fish used in aquarium, etc.
	<b>Ores and minerals</b>
	<b>Coal and lignite</b>
1110	Coal and Lignite
	<b>Crude petroleum and natural gas</b>
1121	Natural Gas
1122	Crude petroleum
	<b>Metallic minerals</b>
1131	Iron ore
1132	Manganese ore
1133	Bauxite
1134	Copper ore
1139	Other Metallic minerals
	<b>Non-metallic minerals</b>
1141	Limestone
1142	Mica
1149	Other non metallic minerals
	<b>Food products, beverages and tobacco</b>
	<b>Processed poultry, meat, fish and products thereof</b>
1211	Processed poultry meat & poultry meat products
1212	Processed other meat & meat products
1213	Processed fish & fish products
	<b>Processed fruits, vegetables, dairy products, edible oils and fats</b>
1221	Processed fruits & Processed Vegetables
1222	Dairy products
1223	Edible Oils and Fats
	<b>Grain Mill products, starch and starch products</b>
1231	Rice
1232	Wheat flour etc.
1233	Pulses milled
1234	Rice powder, Gram flour, Bajra flour, Barley milled, Tapioca powder
1235	Dextrose , Glucose, Lactose, caramel, Artificial Honey, sugar syrup
1239	Other grain mill products n.e.c.
	<b>Other food products</b>
1241	Sugar, gur, khandsari and similar products
1242	Bread and bakery products
1243	Miscellaneous food products

Structured code	Description
	<b>Alcoholic and non-alcoholic beverages</b>
1251	Alcoholic beverages
1252	Non-alcoholic beverages
	<b>Processed plantation crop products (Tea, Coffee and tobacco products)</b>
1261	Tea, processed
1262	Coffee, processed
1263	Cigarette, Bidi, Snuff, Cigar
1264	Zarda, gutka, panmasala
	<b>Textiles, cotton, silk and woollen products, apparel</b>
	<b>Textiles, cotton, silk and woollen products (excluding ready made garments)</b>
1311	Cotton Yarn and Cotton Textiles
1312	Synthetic yarn and synthetic textiles
1313	Wool yarn and woollen textiles
1314	Silk yarn and silk textiles
1315	Carpet weaving
	<b>Readymade garments</b>
1321	Readymade garments - cotton
1322	Readymade garments - synthetic
1323	Readymade garments - wool
1324	Readymade garments - silk
	<b>Misc. textile products</b>
1391	Coir and coir products
1399	Misc. textile products
	<b>Leather and leather products</b>
	<b>Leather and leather products</b>
1401	Leather footwear
1402	Processed leather ((for unprocessed animal hide/skin, use code 1044)
1403	Leather products except footwear
	<b>Wood, rubber, plastic, petroleum and coal tar products</b>
	<b>Wood and wood products</b>
1511	Wood and wood products except furniture
1512	Stationery articles of wood and wood products (e.g., paper stationery, wooden scale, etc.)
1513	Paper & Paper products(excluding stationery articles) and newsprint
1514	Publishing, printing and allied products
1515	Wooden furniture & fixtures
1519	Other wooden products
	<b>Rubber products</b>
1521	Rubber footwear
1522	Tyres and tubes

Structured code	Description
1523	Rubber stationery articles
1529	Other rubber products
	<b>Plastic products</b>
1531	Plastic footwear
1532	Plastic stationery articles
1533	Plastic furniture
1539	Other plastic products
	<b>Petroleum products including L.P.G</b>
1541	Petrol, diesel and lubricants
1542	Kerosene
1543	L. P. G., C.N.G
1544	Synthetic footwear
1545	Synthetic stationery articles
1546	Synthetic furniture
1549	Other petroleum products
	<b>Coal tar products</b>
1551	Bitumen
1559	Other Coal tar products
	<b>Chemical and chemical products</b>
	<b>Fertilisers and pesticides</b>
1611	Fertilizers
1612	Pesticides
	<b>Chemical and chemical products excluding fertilisers and pesticides</b>
1621	Paints, varnishes and lacquers
1622	Drugs and medicines (Allopathic)
1623	Drugs and medicines (AYUSH)
1624	Soaps, detergents and glycerine
1625	Cosmetics and toiletries
1626	Synthetic fibres, resin
1627	Inorganic chemicals n.e.c.
1628	Organic chemicals n.e.c.
1629	Other chemicals and chemical products n.e.c.
	<b>Mineral products</b>
	<b>Cement and cement products</b>
1710	Cement and cement products
	<b>Non metallic mineral products excluding cement</b>
1721	Earthenware
1722	Chinaware
1723	Glass and glass products
1724	Marble/ kota stone/tiles
1729	Other non metallic mineral products excluding cement

Structured code	Description
	<b>Metallic mineral products</b>
1731	Metal utensils
1732	Metal furniture
1733	Iron and steel Ferro alloys
1734	Iron and steel casting and forging (includes steel bars, angles, frames)
1735	Iron and steel foundries
1736	Non ferrous basic metals (including alloys)
1737	Hand tools, hardware
1739	Miscellaneous metal products
	<b>Machinery and equipments (excluding transport vehicles)</b>
	<b>Non electrical machinery and equipments (excluding transport vehicles)</b>
1811	Agricultural implements excluding tractor
1812	Industrial machinery for food and textile industry
1813	Industrial machinery (except food and textile)
1814	Machine tools
1815	Photographic and Ophthalmic equipments
1816	Musical instruments
1817	Other non-electrical household machinery
1818	Other non-electrical office machinery
	<b>Electrical machinery and equipments (excluding transport vehicles)</b>
1821	Electrical industrial machinery
1822	Electrical cables, wires
1823	Batteries
1824	Refrigerators
1825	Air conditioners
1826	Other electrical appliances
1827	Communication equipment including telephone and mobile handsets and accessories
1828	Other electrical machinery
	<b>Electronic machinery/ equipment and medical, precision and optical instruments</b>
1831	T.V. and radio
1832	Medical, precision and optical instruments
1833	Watches and clocks
1834	Spares and accessories of electronic equipments
1835	Computer, laptop, tablet PC, etc.
1839	Other electronic equipments
	<b>Miscellaneous manufacturing</b>
1841	Gems & jewellery

Structured code	Description
1842	Sports and athletic goods
1849	Miscellaneous manufacturing
	<b>Transport vehicles, spares and accessories</b>
	<b>Air and water transport vehicles, spares and accessories</b>
1911	Aircrafts & Spacecrafts and its spares and accessories
1912	Ships
1913	Boats
1914	spares and accessories of ships and boats
	<b>Road transport vehicles used primarily for enterprise, public transport and goods transport</b>
1921	Rail equipment and its spares and accessories
1922	Motor vehicles including bus, truck, electric and hybrid motor vehicles (excluding tractor)
1923	Tractors
1924	Auto rickshaw, mini vans and motorised carts (jugaad)
1924	Battery operated rickshaw/ van
1925	Cycle-rickshaw, Cycle van, hand cart, animal driven cart
	<b>Road transport vehicles used primarily for personal transport</b>
1931	Motor vehicles including electric and hybrid motor vehicles (excluding tractor)
1932	Motor cycles and scooters
1933	Bicycles
	<b>Spares and accessories of road transport vehicles</b>
1941	Spares, stores and accessories of tractors and other agricultural implements
1942	Spares, stores and accessories of motor vehicles and motorcycles (excluding tractor)
1943	Spares, stores and accessories of non-motorised vehicles like cycles, hand-carts, rickshaws, animal-driven carts, etc.
	<b>Other transport equipment</b>
1950	Other transport equipment

**Four digit product codes for service (for inputs/ outputs/import and export of services)**

**A. Arranged by ascending order of the service code**

<b>Services code</b>	<b>Service description</b>
2401	Electricity /energy charges
2402	Water charges
2412	Annual maintenance contract
2531	Construction of motorways, railways, airfield runways, bridges, tunnels, telecommunication/transmission lines, industrial facilities, sporting facilities, dams, etc. and construction activity & related services (include framing, concrete pouring, masonry, roofing, drywall, painting and related activities)
2631	Accommodation services for visitors (room rent/lodging for hotels/campsites/dharmashala)
2632	Other accommodation services for visitors and others (room rent for hostels)
2633	Food serving services (catering)
2634	Beverage serving services
2641	Railway transport services of passengers
2642	Road transport services of passengers (passenger charges, transport fees of school transport)
2643	Water transport services of passengers
2644	Air transport services of passengers
2651	Railway transport services of freight
2652	Road transport services of freight
2653	Water transport services of freight
2654	Air transport services of freight
2660	Rental services of transport vehicles with operators
2671	Cargo handling services (example coolie charges, )
2672	Storage and warehousing services (charges/ commission)
2673	Supporting services for railway transport
2674	Supporting services for road transport
2675	Supporting services for water transport
2676	Supporting services for air or space transport
2679	Other supporting transport services (parking charges etc)
2680	Postal and courier services (postage & courier charges)
2692	Water distribution (on own account)
2711	Financial services, except investment banking,
2712	Investment banking services ( incl commission etc)
2713	Insurance and pension services (excluding reinsurance services), except compulsory social security services (insurance charges/premium/claims, commssion etc)
2714	Reinsurance services
2715	Services auxiliary to financial services other than to insurance and pensions
2716	Services auxiliary to insurance and pensions
2717	Services of holding financial assets
2721	Real estate services involving own or leased property
2722	Real estate services on a fee or contract
2731	rental of building, auditorium, sports grounds etc.
2732	Leasing or rental services concerning machinery and equipment without operator
2733	Licensing services for the right to use intellectual property and similar products

**A. Arranged by ascending order of the service code**

<b>Services code</b>	<b>Service description</b>
2734	Leasing or rental services concerning other goods
2810	Research and development services
2821	Legal Services (contract fee)
2822	Accounting, auditing and bookkeeping services (auditors fees)
2823	Tax consultancy and preparation services
2824	Insolvency and receivership services
2825	Management consulting and management services
2826	Business consulting services
2827	Information technology (IT) consulting and support services (installation, AMC)
2828	Information technology (IT) design and development services (software development, web page designing)
2829	Hosting and information technology (IT) infrastructure provisioning services
2830	IT infrastructure and network management services
2831	Other management services, except construction services
2832	Architectural services, urban and land planning and landscape architectural services (interior decoration)
2833	Engineering services
2834	Scientific and other technical services
2835	Veterinary services
2836	Advertising services and provision of advertising space or time
2837	Market research and public opinion polling services
2838	Photography services and photographic processing services (fashion designing/shows)
2839	Other professional, technical and business services (Directors fees, data entry, data processing, graphic designing)
2841	Telephony and other telecommunications services (telephone charges)
2842	Internet telecommunications services (cybercafe, internet , email charges)
2843	On-line content
2844	News agency services
2845	Library and archive services
2846	Broadcasting, programming and programme distribution services (radio, tv , cable)
2851	Employment services
2852	Investigation and security services
2853	Cleaning services
2854	Packaging services (movers & packers)
2855	Travel agent & arrangement, tour operator and related services
2859	Other support services (photocopy)
2861	Support and operation services to agriculture and fishing
2862	Support and operation services to mining
2863	Support and operation services to electricity, water distribution
2871	Maintenance and repair services of machinery and equipment
2872	Repair services of building & other construction
2873	Maintenance and Repair of transport equipment
2874	Repair of computers and personal and household goods
2875	Repair of other goods (tools & other fixed assets)
2876	Installation services (other than construction)
2881	Food, beverage and tobacco manufacturing services
2882	Textile, wearing apparel and leather manufacturing services
2883	Wood and paper manufacturing services

**A. Arranged by ascending order of the service code**

<b>Services code</b>	<b>Service description</b>
2884	Petroleum, chemical and pharmaceutical services
2885	Rubber, plastic and other non-metallic mineral product manufacturing services
2886	Basic metal manufacturing services
2887	Fabricated metal product, machinery and services
2888	Transport equipment manufacturing services
2889	Other manufacturing services
2891	Publishing, printing and reproduction services (publishing of books, maps, charts, software etc))
2892	Moulding, pressing, stamping, extruding and manufacturing services
2893	Casting, forging, stamping and similar metal
2894	Materials recovery (recycling) services, on a fee basis
2913	PF administration charges
2921	Education services also includes all tutoring , training, coaching services (tuition fees, coaching fees, , exam fees, lab fees, development fees etc relating to education)
2931	Human health services and care services (doctors fees, diagnostic fees, nursing fees physiotherapy, OT charges etc. relating to health)
2932	ward charges, room charges etc
2941	Sewerage, sewage treatment and septic tank cleaning services
2942	Waste collection services
2943	Waste treatment and disposal services
2944	Remediation services
2945	Sanitation and similar services
2949	Other environmental protection services n.e.c.
2951	Services furnished by business, employers and professional organizations
2952	Services furnished by trade unions
2953	Retail Trade services on a fee or contract basis
2954	Wholesale trade services on a fee or contract basis
2959	Services furnished by other membership organizations
2961	Audiovisual and related services (motion picture, TV programmes, videos)
2962	Performing arts and other live entertainment and promotion services
2963	Services of performing and other artists
2964	Museum and preservation services
2965	Sports and recreational sports services ( Gyms, swimming pools)
2966	Services of athletes and related support services
2969	Other amusement and recreational services
2971	Washing, cleaning, laundry and dyeing services
2972	Beauty and physical well-being services (spas, hair dressing)
2973	Funeral, cremation and undertaking services
2979	Other miscellaneous services
2980	Domestic services
2990	Services provided by/to international / extraterritorial bodies

<b>B. Arranged by alphabetical order of the service description</b>	
<b>Services code</b>	<b>Service description</b>
2631	Accommodation services for visitors (room rent/lodging for hotels/campsites/dharmashala)
2822	Accounting, auditing and bookkeeping services (auditors fees)
2836	Advertising services and provision of advertising space or time
2654	Air transport services of freight
2644	Air transport services of passengers
2412	Annual maintenance contract
2832	Architectural services, urban and land planning and landscape architectural services (interior decoration)
2961	Audiovisual and related services (motion picture, TV programmes, videos)
2886	Basic metal manufacturing services
2972	Beauty and physical well-being services (spas, hair dressing)
2634	Beverage serving services
2846	Broadcasting, programming and programme distribution services (radio, tv , cable)
2826	Business consulting services
2671	Cargo handling services (example coolie charges, )
2893	Casting, forging, stamping and similar metal
2853	Cleaning services
2531	Construction of motorways, railways, airfield runways, bridges, tunnels, telecommunication/transmission lines, industrial facilities, sporting facilities, dams, etc. and construction activity & related services (include framing, concrete pouring, masonry, roofing, drywall, painting and related activities)
2980	Domestic services
2921	Education services also includes all tutoring , training, coaching services (tuition fees, coaching fees, , exam fees, lab fees, development fees etc relating to education)
2401	Electricity /energy charges
2851	Employment services
2833	Engineering services
2887	Fabricated metal product, machinery and services
2711	Financial services, except investment banking,
2633	Food serving services (catering)
2881	Food, beverage and tobacco manufacturing services
2973	Funeral, cremation and undertaking services
2829	Hosting and information technology (IT) infrastructure provisioning services
2931	Human health services and care services (doctors fees, diagnostic fees, nursing fees physiotherapy, OT charges etc. relating to health)
2827	Information technology (IT) consulting and support services (installation, AMC)
2828	Information technology (IT) design and development services (software development, web page designing)
2824	Insolvency and receivership services
2876	Installation services (other than construction)
2713	Insurance and pension services (excluding reinsurance services), except compulsory social security services (insurance charges/premium/claims, commission etc)
2842	Internet telecommunications services (cybercafe, internet , email charges)
2852	Investigation and security services
2712	Investment banking services ( incl commission etc)
2830	IT infrastructure and network management services

<b>B. Arranged by alphabetical order of the service description</b>	
<b>Services code</b>	<b>Service description</b>
2732	Leasing or rental services concerning machinery and equipment without operator
2734	Leasing or rental services concerning other goods
2821	Legal Services (contract fee)
2845	Library and archive services
2733	Licensing services for the right to use intellectual property and similar products
2873	Maintenance and Repair of transport equipment
2871	Maintenance and repair services of machinery and equipment
2825	Management consulting and management services
2837	Market research and public opinion polling services
2894	Materials recovery (recycling) services, on a fee basis
2892	Moulding, pressing, stamping, extruding and manufacturing services
2964	Museum and preservation services
2844	News agency services
2843	On-line content
2632	Other accommodation services for visitors and others (room rent for hostels)
2969	Other amusement and recreational services
2949	Other environmental protection services n.e.c.
2831	Other management services, except construction services
2889	Other manufacturing services
2979	Other miscellaneous services
2839	Other professional, technical and business services (Directors fees, data entry, data processing, graphic designing)
2859	Other support services (photocopy)
2679	Other supporting transport services (parking charges etc)
2854	Packaging services (movers & packers)
2962	Performing arts and other live entertainment and promotion services
2884	Petroleum, chemical and pharmaceutical services
2913	PF administration charges
2838	Photography services and photographic processing services (fashion designing/shows)
2680	Postal and courier services (postage & courier charges)
2891	Publishing, printing and reproduction services (publishing of books, maps, charts, software etc))
2651	Railway transport services of freight
2641	Railway transport services of passengers
2721	Real estate services involving own or leased property
2722	Real estate services on a fee or contract
2714	Reinsurance services
2944	Remediation services
2731	rental of building, auditorium, sports grounds etc.
2660	Rental services of transport vehicles with operators
2874	Repair of computers and personal and household goods
2875	Repair of other goods (tools & other fixed assets)
2872	Repair services of building & other construction
2810	Research and development services
2953	Retail Trade services on a fee or contract basis
2652	Road transport services of passengers
2642	Road transport services of passengers (passenger charges, transport fees of school transport)

<b>B. Arranged by alphabetical order of the service description</b>	
<b>Services code</b>	<b>Service description</b>
2885	Rubber, plastic and other non-metallic mineral product manufacturing services
2945	Sanitation and similar services
2834	Scientific and other technical services
2715	Services auxiliary to financial services other than to insurance and pensions
2716	Services auxiliary to insurance and pensions
2951	Services furnished by business, employers and professional organizations
2959	Services furnished by other membership organizations
2952	Services furnished by trade unions
2966	Services of athletes and related support services
2717	Services of holding financial assets
2963	Services of performing and other artists
2990	Services provided by/to international / extraterritorial bodies
2941	Sewerage, sewage treatment and septic tank cleaning services
2965	Sports and recreational sports services ( Gyms, swimming pools)
2672	Storage and warehousing services (charges/ commission)
2861	Support and operation services to agriculture and fishing
2863	Support and operation services to electricity, water distribution
2862	Support and operation services to mining
2676	Supporting services for air or space transport
2673	Supporting services for railway transport
2674	Supporting services for road transport
2675	Supporting services for water transport
2823	Tax consultancy and preparation services
2841	Telephony and other telecommunications services (telephone charges)
2882	Textile, wearing apparel and leather manufacturing services
2888	Transport equipment manufacturing services
2855	Travel agent & arrangement, tour operator and related services
2835	Veterinary services
2932	ward charges, room charges etc
2971	Washing, cleaning, laundry and dyeing services
2942	Waste collection services
2943	Waste treatment and disposal services
2402	Water charges
2692	Water distribution (on own account)
2653	Water transport services of freight
2643	Water transport services of passengers
2954	Wholesale trade services on a fee or contract basis
2883	Wood and paper manufacturing services

## List of countries along with codes

Name of Country	Code
Afghanistan TIS	10001
Angola	03011
Argentina	06015
Armenia	15016
Australia	10017
Austria	13019
Azerbaijan	15021
Baharain Is	11025
Bangladesh PR	10027
Belgium	13033
Benin	02035
Bhutan	10038
Botswana	03041
Brazil	06043
Bulgaria	15049
Cambodia	10056
Cameroon	02057
Canada	05059
China PR	10077
Colombia	06083
Congo P Rep.	02459
Cote d Ivoire	02199
Cyprus	16095
Czech rep	15098
Denmark	13101
Estonia	15114
Ethiopia	03115
Fiji Is	10127
Finland	13125
France	13129
Gabon	02141
Gambia	03143
Georgia	15145
Germany	13147
Ghana	03149
Hong Kong	10179
Hungary	15181

<b>Name of Country</b>	<b>Code</b>
Indonesia	10187
Iran	10189
Iraq	11191
Ireland	13193
Israel	12195
Italy	13197
Japan	10205
Jordan	11207
Kazakhstan	15212
Kenya	01213
Korea DP RP	12215
Korea RP	10217
Kuwait	11219
Kyrgyzstan	15216
Latvia	15224
Lebanon	11225
Liberia	03229
Lithuania	15234
Madagascar	02241
Malawi	03243
Malaysia	10245
Maldives	12247
Mali	03249
Malta	16251
Mauritius	02257
Mexico	09259
Mozambique	03267
Myanmar	10258
Namibia	03269
Nepal	10273
Netherland	13275
New Zealand	10285
Nigeria	03291
Oman	11301
Pakistan IR	10309
Philippines	10323
Poland	15325
Portugal	13327
Qatar	11335
Romania	15343

<b>Name of Country</b>	<b>Code</b>
Russia	15344
Rwanda	02345
Saudi Arab	11351
Senegal	02353
Seychelles	03355
Singapore	10359
Slovenia	15360
Somalia	03363
South Africa	04365
Spain	13367
Sri Lanka DSR	10369
Sweden	13387
Switzerland	14389
Syria	11391
Taiwan	12075
Tajikistan	15393
Tanzania Rep	01395
Thailand	10397
Togo	02399
Turkey	16409
Turkmenistan	15410
U Arab Emts	11419
U K	13421
U S A	05423
Uganda	01417
Ukraine	15422
Uzbekistan	15430
Vietnam Soc Rep	10437
Yemen Rep	11453
Zambia	03461
Zimbabwe	04463

## Annexure IV

### Descriptions of some of the Services

Name of service	Definition
Wholesale trade services on a fee or contract basis	<p>This includes wholesale trade services of commission agents, commodity brokers and auctioneers and all other types of traders who negotiate wholesale commercial transactions between foreign buyers and domestic sellers or vice-versa, of electronic wholesale agents and brokers and of wholesale auctioning houses on a fee or contract basis.</p> <p>The conventional wholesale trade services in which wholesalers that purchase goods in large quantities and sell them to other businesses, sometimes after breaking bulk and repacking the product into smaller packages are to be excluded from this category.</p>
Retail trade services on a fee or contract basis	<p>This includes retail trade services of commission agents who negotiate retail commercial transactions and of electronic retail auctions on a fee or contract basis.</p> <p>The conventional retail trade services in which retailers that purchase goods and sell them to consumers are to be excluded from this category.</p>
Accommodation services for visitors and others	<p>This includes room or unit accommodation services for visitors with/without daily housekeeping services, Room or unit accommodation services for visitors - in time-share properties, in rooms for multiple occupancy; Camp site services, Recreational and vacation camp services; Room or unit accommodation services for: students in student residences, for workers in workers hostels or camps, for semi-permanent residents in rooming or boarding houses and residential clubs; sleeping car services.</p>
Food and beverage serving services	<p>This includes meal serving services: with full restaurant services, with limited services; event catering services, contract food services for: transportation operators (e.g. airlines etc.) at institutional, governmental, commercial or industrial location/s specified by the customer on an ongoing basis; beverage-serving services - of alcoholic or non-alcoholic beverages, such as provided in bars, beer halls, nightclubs, discotheques and similar facilities, with or without entertainment.</p>
Passenger transport services	<p>This includes urban and suburban land transport services of passengers such as railways, scheduled road transport services, mixed mode (using more than one mode of transport) urban and suburban transportation services, local special-purpose scheduled road transport services of passengers such as shuttle services, taxi services, rental services of passenger cars; road transport services of passengers, local bus and coach charter services, and other land transportation services of passengers not mentioned elsewhere; inland water transport services of passengers by ferries, on cruises, by other vessels like water taxis etc.; sightseeing transportation services by road, water and air; interurban railway / road transport services, long-distance bus and coach charter services, long-distance water transport services, coastal and transoceanic water transport services of passengers; domestic and international air transport services ; space transport services.</p>
Freight transport	<p>This includes road freight transport services such as by refrigerator vehicles, tank</p>

Name of service	Definition
services	trucks or semi-trailers, man- or animal-drawn vehicles and of intermodal containers; movers and packers services for households, railway and road transport services of letters and parcels, dry bulk goods, live animals and other road transport services of freight n.e.c.; railway freight transport services by refrigerator cars, tanker cars, of intermodal containers and other railway freight transport services n.e.c.; transport services via pipeline of petroleum and natural gas and other goods; coastal and transoceanic water freight transport services by refrigerator vessels, tankers, of intermodal containers by container ships and others n.e.c.; inland water freight transport services by refrigerator vessels, tankers and others n.e.c.; air transport services of letters and parcels and other freights, space transport services of freight.
Rental services of transport vehicles with operators	This includes rental services of road vehicles (freight/ passenger) with operators, Rental services of coastal and transoceanic / inland water vessels (freight/ passenger) with operator, Rental services of aircraft (freight/ passenger) with operator.
Cargo handling services	This includes cargo handling services for containerized/non-containerized freight, services of container freight terminal facilities for all modes of transport, including stevedoring services (i.e. loading, unloading and discharging of vessels' containerized/non-containerized freight, at ports), baggage handling services at airports and at bus, rail or highway vehicle terminals, cargo handling services incidental to freight transport n.e.c.
Storage and warehousing services	This includes refrigerated storage services, bulk liquid or gas storage services and other storage and warehousing services.
Other supporting transport services	This includes ship-broker services, freight brokerage services, freight forwarding services (primarily transport organization or arrangement services on behalf of the shipper or consignee), aircraft space brokerage services, freight consolidation and break-bulk services, type rating services (aircraft-specific permits for flying a particular type of plane), liquefaction and re-gasification of natural gas for transportation and radio navigational aid locating services, such as GPS (global positioning system) provision.
Postal and courier services	This includes postal services related to letters, parcels; post office counter services, other postal services; domestic/ international courier services, local delivery services.
Financial services, except investment banking, insurance services and pension services	This includes central banking services, deposit services, deposit services to corporate and institutional depositors, deposit services to other depositors, credit-granting services, residential/ non-residential mortgage loan services, personal non-mortgage loan services for non-business purposes, credit card loan services, non-mortgage loan services for business purposes, other credit-granting services, financial leasing services and other financial services, n.e.c.
Investment	This includes securities underwriting services, guaranteeing the sale of an issue of securities at a stated price from the issuing corporation or government and reselling

Name of service	Definition
banking services	it to investors, engaging to sell as much of an issue of securities as possible without making a guarantee to purchase the entire offering from the issuer.
Insurance and pension services (excluding reinsurance services), except compulsory social security services	This includes life insurance services, individual/ group pension services, accidental death and dismemberment insurance services, health insurance services, motor vehicle insurance services, marine, aviation, and other transport insurance services, freight insurance services, other property insurance services, general liability insurance services, credit and surety insurance services, travel insurance services and other non-life insurance services.
Reinsurance services	This includes life reinsurance services, accident and health reinsurance services, other non-life reinsurance services, motor vehicle reinsurance services, marine, aviation and other transport reinsurance services, freight reinsurance services, other property reinsurance services, general liability reinsurance services, credit and surety reinsurance services and other non-life reinsurance services n.e.c.
Services auxiliary to financial services other than to insurance and pensions	This includes mergers and acquisition services, corporate finance and venture capital services and other services related to investment banking; securities brokerage services, commodity brokerage services, processing and clearing services of securities transactions, portfolio management services except pension funds, trust and custody services, financial market operational/ regulatory services, and other financial market administration services; financial consultancy services, foreign exchange services, financial transactions processing and clearing house services and other services auxiliary to financial services n.e.c.
Services auxiliary to insurance and pensions	This includes insurance brokerage and agency services, insurance claims adjustment services, actuarial services, pension fund management services and other services auxiliary to insurance and pensions n.e.c.
Services of holding financial assets	This includes services of holding equity of subsidiary companies; services of holding securities and other assets of trusts and funds and similar financial entities,
Real estate services involving own or leased property	This includes rental or leasing services involving own or leased residential / non-residential property; trade services of -residential / non-residential buildings, time-share properties, vacant and subdivided land.
Real estate services on a fee or contract basis	This includes residential / non-residential property management services including time-share property management services; residential/non-residential building sales including time-share ownership properties, land sales, real estate appraisal services.

Name of service	Definition
Leasing or rental services concerning machinery and equipment without operator	This includes leasing or rental services concerning : cars and light vans , goods transport motor vehicles, rail/road vehicles and other land transport equipment without operator; vessels without operator, aircraft without operator, containers, agricultural machinery and equipment without operator, construction machinery and equipment without operator, office machinery and equipment without operator, computers without operator, telecommunications equipment without operator and other machinery and equipment without operator n.e.c.
Leasing or rental services concerning other goods	This includes leasing or rental services concerning: televisions, radios, video cassette recorders and related equipment and accessories, videotapes and disks, furniture and other household appliances, pleasure and leisure equipment (e.g. bicycles, snow skis, ice skates, gliders, hang gliders, water sports equipment, canoes, sailboat, golf clubs, saddle-horses, camping equipment, etc.), household linen, textiles, clothing and footwear, do-it-yourself machinery and equipment, other goods n.e.c.
Licensing services for the right to use intellectual property and similar products	This includes licensing services for the right to use : computer software, databases, entertainment, literary or artistic originals, R&D products, trademarks and franchises, mineral exploration and evaluation and other intellectual property products n.e.c.
Research and development services	This includes 1) basic research services in : natural sciences and engineering, physical sciences, chemistry and biology, biotechnology, engineering and technology, medical sciences and pharmacy, agricultural sciences, other natural sciences; 2) applied research services in natural sciences and engineering, physical sciences, chemistry and biology, biotechnology, engineering and technology, medical sciences and pharmacy, agricultural sciences, other natural sciences; 3) experimental development services in natural sciences and engineering, physical sciences, chemistry and biology, biotechnology, medical sciences and pharmacy, agricultural sciences, other natural sciences; 4) basic research services in psychology, economics, law, languages and literature and other social sciences and humanities; 5) applied research services in psychology, economics, law, languages and literature and other social sciences and humanities; 6) experimental development services in psychology, economics, law, languages and literature and other social sciences and humanities; 7) Interdisciplinary basic research services, applied research services and experimental development services; 8) Research and development originals.
Legal services	This includes legal advisory and representation services concerning criminal law and other fields of law, legal documentation and certification services, arbitration and conciliation services and other legal services n.e.c.

Name of service	Definition
Accounting, auditing and bookkeeping services	This includes financial auditing services, accounting services, bookkeeping services, payroll services.
Tax consultancy and preparation services	This includes providing advice and guidance concerning taxes, as well as preparing and filing of tax returns of all kinds for corporate firms, individuals and unincorporated businesses.
Insolvency and receivership services	This includes providing advice and operational assistance to the management and/or creditors of insolvent businesses and/or acting as receiver or trustee in bankruptcy.
Management consulting and management services	This includes strategic management consulting services, financial management consulting services, human resources management consulting services, marketing management consulting services, operations management consulting services, supply chain and other management consulting services, business process management services and head office services.
Business consulting services	This includes public relations services and other business consulting services such as providing advice, guidance and operational assistance concerning regional, industrial or tourism development.
Information technology (IT) consulting and support services	This includes providing - advice or expert opinion on technical matters related to the use of information technology; technical expertise to solve problems for the client in using software, hardware, or an entire computer system and technical expertise to solve specialized problems for the client in using a computer system.
Information technology (IT) design and development services	This includes provision of technical expertise to design and/or develop an IT solution such as custom applications, networks, and computer systems.
Hosting and information technology (IT) infrastructure provisioning services	This includes provision of information technology (IT) infrastructure (hardware, software and networks) to process data, host applications and host processes for a client.
IT infrastructure and network management services	This includes managing and monitoring a client's IT infrastructure including hardware, software and networks.

Name of service	Definition
Other management services, except construction project management services	This includes coordination and supervision of resources in preparing, running and completing a project on behalf of the client; project management services which can involve budgeting, accounting and cost control, procurement, planning of time scales and other operating conditions, coordination of Subcontractors' work, inspection and quality control, etc.; project management services that include management and office management services, with or without the provision of their own staff.
Architectural services, urban and land planning and landscape architectural services	This includes architectural advisory services, architectural services for residential/non-residential building projects, historical restoration architectural services, urban planning services, rural land planning services, project site master planning services, landscape architectural advisory services and landscape architectural services.
Engineering services	This includes engineering advisory services, engineering services for building projects, industrial and manufacturing projects, transportation projects, power projects, telecommunications and broadcasting projects, waste management projects (hazardous and non-hazardous), water, sewerage and drainage projects and other projects; project management services for construction projects.
Scientific and other technical services	This includes geological and geophysical consulting services, geophysical services, mineral exploration and evaluation, surface surveying services, map-making services, weather forecasting and meteorological services, composition and purity testing and analysis services; testing and analysis services of physical properties, integrated mechanical and electrical systems; technical inspection services of road transport vehicles and other technical testing and analysis services.
Veterinary services	This includes veterinary services for pet animals, livestock and other veterinary services.
Advertising services and provision of advertising space or time	This includes full service advertising, direct marketing and direct mail services and other advertising services; Purchase or sale of advertising space or time. Sale of advertising space in print media, TV/radio advertising time, internet advertising space and other advertising space or time.
Market research and public opinion polling services	This includes market analysis, analysis of competition and the behaviour of consumers, use of research monographs, statistics, econometric models, surveys, etc.; investigation services designed to secure information on public opinions regarding social, economic, political and other issues.
Photography services and photographic processing services	This includes portrait photography services, advertising and related photography services, event photography and event videography services, speciality photography services, restoration and retouching services of photography and other photography services; photographic processing services.

Name of service	Definition
Other professional, technical and business services	This includes interior design services, industrial design services and other specialty design services; design originals, environmental consulting services and other scientific and technical consulting services n.e.c., original compilations of facts/information, translation and interpretation services, trademarks and franchises, other professional, technical and business services, n.e.c.
Telephony and other telecommunication services	This includes carrier services, fixed telephony services, mobile telecommunications/voice/text/data services, private network services, data transmission services and other telecommunications services n.e.c.
Internet telecommunication services	This includes carrying of electronic signals (traffic) over the Internet, providing access to the Internet (narrowband/broadband), providing telecommunications services on the Internet and similar distributed computer networks that rely on, but are not part of, the normal telecommunications network such as fax, telephony, audio conferencing and video conferencing over the Internet.
On-line content	This includes on-line: books, newspapers and periodicals, directories and mailing lists, musical audio downloads, streamed audio content, films and other video downloads, streamed video content, system software downloads, application software downloads, games, software, adult content, web search portal content and other on-line content n.e.c.
News agency services	This includes gathering, investigating and supply services of news (manuscripts, photos, images) to - printed media businesses such as newspapers, periodicals and books, radio or television stations and movie companies.
Library and archive services	This includes collection, cataloguing, conservation and retrieval services of books and the like and lending services of books and records. It also includes operation (collection, cataloguing, conservation and retrieval) services of public archives and historical archives, including digital archives.
Broadcasting, programming and programme distribution services	This includes radio/television broadcast originals, radio/television channel programmes, selection, scheduling and broadcasting of television and radio programmes except copyrighted content, combined programme production and broadcasting services; home programme distribution services - basic programming package, discretionary programming package, pay-per-view.
Employment services	This includes executive/retained search services, permanent placement services, other than executive search services, labour supply services, contract staffing services, temporary staffing services, long-term staffing (payrolling) services, temporary staffing-to-permanent placement services and co-employment staffing services.

Name of service	Definition
Investigation and security services	This includes investigation and detective services, security consulting services, security systems services, armoured car services, guard services, training of guard dogs, polygraph services, finger printing services.
Cleaning services	This includes disinfecting and exterminating services, window cleaning services, cleaning and maintaining dwellings or commercial, administrative and industrial buildings, cleaning of computer rooms and the like, specialized cleaning services for reservoirs and tanks, these being parts of either industrial sites or transport equipment; sterilization of objects or premises (operating rooms), furnace and chimney cleaning services, exterior cleaning of buildings of all types, cleaning of fireplaces, stoves, furnaces, incinerators, boilers, ventilation ducts and exhaust units, cleaning of transportation equipment.
Packaging services	This includes packaging of goods for others, such as food products, pharmaceuticals, household cleaners, toilet preparations and hardware, using a variety of automated or manual packaging techniques, including blister forming and packaging, shrink or skin wrapping, form filling and sealing, pouch filling, bottling and aerosol packaging. This service may also include the labeling or imprinting of the package; parcel packing and gift wrapping; coin and currency packing services.
Travel arrangement, tour operator and related services	This includes reservation services for - air / rail / bus transportation, for vehicle rental and other transportation arrangement and reservation services n.e.c.; reservation services for accommodation, time-share exchange services, reservation services for cruises, package tours, convention centres, congress centres and exhibition halls, event tickets; entertainment and recreational services and other reservation services, tour operator services, tourist guide services, tourism promotion services, visitor information services.
Other support services	This includes credit reporting services, collection agency services, telephone call centre services, other telephone-based support services, combined office administrative services, duplicating services, mailing list compilation services, mailing services, document preparation and other specialized office support services, convention assistance and organization services, trade show assistance and organization services, landscape care and maintenance services, other information services and other support services n.e.c.
Support and operation services to agriculture, hunting, forestry, fishing, mining and utilities	This includes post-harvest crop services, seed processing services, crop production services on inputs owned by others, other support services to crop production; farm animal husbandry services on inputs owned by others, support services to farm animal husbandry, other animal husbandry services; hunting services on resources owned by others, support services to hunting; forestry and logging services, fishing services, aquaculture services on inputs owned by others; support services to fishing, aquaculture, oil and gas extraction, other mining, oil and gas extraction services on resources owned by others, other mining services on resources owned by others; electricity transmission and distribution services (on a fee or contract basis), Gas /

Name of service	Definition
	Water distribution services through mains (on a fee or contract basis), Distribution services of steam, hot water and air-conditioning supply through mains (on a fee or contract basis), Water distribution services, except through mains (on a fee or contract basis).
Maintenance, repair and installation (except construction) services	This includes maintenance and repair services of - fabricated metal products except machinery and equipment, office and accounting machinery, computers and peripheral equipment, motor vehicles, other transport equipment (e.g. railway locomotives ,ship, aircraft etc.); maintenance and repair services of - electrical household appliances, electrical machinery and apparatus n.e.c., telecommunication equipment and apparatus, medical, precision and optical instruments, consumer electronics, commercial and industrial machinery, elevators and escalators, other equipment n.e.c.; repair services of - footwear and leather goods, watches, clocks , jewellery, garments and household textiles, furniture and other goods n.e.c.; installation services of - fabricated metal products except machinery and equipment, industrial, manufacturing and service industry machinery and equipment, mainframe computers, personal computers and peripheral equipment, office and accounting machinery, radio, television and communications equipment and apparatus, professional medical machinery and equipment and precision and optical instruments, electrical machinery and apparatus n.e.c. and other goods n.e.c.
Manufacturing services on physical inputs owned by others	<p>This includes services that are characterized as outsourced portions of a manufacturing process or a completely outsourced manufacturing process. Since this division covers manufacturing services, the output is not owned by the unit providing this service. Therefore, the value of the services in this division is based on the service fee paid, not the value of the goods manufactured e.g. food, beverage and tobacco manufacturing services; textile, wearing apparel and leather manufacturing services; wood and paper manufacturing services; petroleum, chemical and pharmaceutical product manufacturing services; rubber, plastic and other non-metallic mineral product manufacturing services; basic metal manufacturing services; fabricated metal product, machinery and equipment manufacturing services; transport equipment manufacturing services; furniture, jewellery, imitation jewellery, musical instrument, sports goods, medical and dental instrument and supply, game and toy manufacturing services and other manufacturing services n.e.c.</p> <p>For example, rough diamonds are sent by overseas agencies to India for cutting &amp; polishing. Similarly, gold is also sent for making jewelry. Here the ownership of the diamonds/gold is not changed and the agency engaged in the job returns the goods to its owner after the work is done and in return the agency is paid charges for the work done. Such type of export earnings is to be recorded against this category of services.</p> <p>In a similar manner, fabrics are sent to overseas agencies for making shirts, T-shirts etc. and the manufacturer returns the finished goods to its owner. In return making charges are only paid to the manufacturer. Such type of payment is to be regarded as</p>

Name of service	Definition
	import of services and recorded against this category.
Other manufacturing services; publishing, printing and reproduction services; materials recovery services	This includes publishing, on a fee or contract basis, printing services, services related to printing; reproduction services of recorded media, on a fee or contract basis; moulding, pressing, stamping, extruding and similar plastic manufacturing services, iron and steel casting services, non-ferrous metal casting services, metal forging, pressing, stamping, roll forming and powder metallurgy services, metal/ non-metal waste and scrap recovery (recycling) services, on a fee or contract basis.
Education services	<p>This includes pre-primary education services, primary education services, lower secondary education services-general, technical and vocational; upper secondary education services- general, technical and vocational; post-secondary non-tertiary education services in form of either short vocational programmes leading directly to labour market or programmes preparing for entry into tertiary level- general, technical and vocational; first stage tertiary education services offered in universities, colleges and similar institutions of higher education leading to a university degree or equivalent; second stage tertiary education services which lead directly to an advanced research qualification, such as a doctoral degree; cultural education services, sports and recreation education services, other education and training services, n.e.c. and educational support services.</p> <p>Payments received (or made) for providing (availing) services through distance education, E-learning/education software, academic/corporate training through ICT delivery, online tests and teaching, teaching through video conferencing, tele-education, local branch/satellite campuses, twinning partnerships, franchising partnerships etc. are to recorded against this category of services</p>
Human health and social care services	<p>This includes surgical, gynecological and obstetrical, psychiatric and other services for inpatients, general and specialized medical services, dental services, childbirth and related services, nursing services, physiotherapeutic services, ambulance services, medical laboratory services, diagnostic-imaging services, blood, sperm and organ bank services and other human health services n.e.c.; residential health-care services other than by hospitals, residential care services for the elderly and persons with disabilities, residential care services for children / adults suffering from mental retardation, mental health illnesses or substance abuse, other social services with accommodation for children/adults, vocational rehabilitation services; other social services without accommodation for the elderly and disabled children/adult, child day-care services, guidance and counseling services n.e.c. related to children, welfare services without accommodation and other social services without accommodation n.e.c.</p> <p>Payments received from foreigners or NRIs for providing medical and healthcare services is to be regarded as exports of services while payments made by Indian agencies for availing such services is to recorded as India's import. Similarly,</p>

Name of service	Definition
	payments received (made) for providing ( availing) services like telemedicine, clinical trials, contract research, distant health education etc. are also regarded as exports (imports) of this type of services.
Sewage and waste collection, treatment and disposal and other environmental protection services	This includes sewerage and sewage treatment services, septic tank emptying and cleaning services, collection services of medical, bio-hazardous, industrial and other hazardous waste, collection services of residential and other non-hazardous recyclable materials, general residential and other waste collection services, hazardous/non-hazardous waste and non-hazardous recyclable materials preparation, consolidation and storage services; ship-breaking and other dismantling of wrecks services, hazardous waste treatment and disposal services, sanitary and other landfill services, non-hazardous waste, incineration of non-hazardous waste, other non-hazardous waste treatment and disposal services; Site remediation and clean-up services, air/surface water/ soil and groundwater; Containment, control and monitoring services and other site remediation services n.e.c.; building remediation services, other remediation services n.e.c., sweeping and snow removal services, other sanitation services and other environmental protection services n.e.c.
Audiovisual and related services	This includes sound recording services, motion picture, videotape, television and radio programme production services, audiovisual editing services, transfers and duplication of masters services, colour correction and digital restoration services, visual effects services, animation services, captioning, titling and subtitling services, sound editing and design services and other post-production services; motion picture, videotape and television programme distribution services, motion picture projection services.
Performing arts and other live entertainment event presentation and promotion services	This includes performing arts event promotion and organization, production and presentation services, performing arts facility operation services and other performing arts and live entertainment services.
Services of performing and other artists	This includes services of actors, readers, singers, musicians, dancers, stunt people, television personality, hosts/presenters and other performing artists, independent models, anchors, composers, sculptors, stage designers, set designers, lighting designers, costume designers, restoration services for works of art and original works of authors, composers and other artists except performing artists, painters and sculptors.
Museum and preservation services	This includes museum and preservation services in general and of historical sites and buildings, botanical, zoological and nature reserve services including wildlife preservation services.

Name of service	Definition
Sports and recreational sports services	This includes sports and recreational sports event promotion services, services of sports clubs, sports and recreational sports facility operation services and other sports and recreational sports services n.e.c.
Services of athletes and related support services	This includes services provided by individual own-account sportsmen and athletes and services provided by sport judges and timekeepers, mountain guides, hunting guides, fishing guides, services related to the training of sporting and entertainment animals and other sporting and recreation services n.e.c.
Other amusement and recreational services	This includes amusement park and similar attraction services, on-line gambling services, other gambling and betting services, coin-operated amusement machine services and other recreation and amusement services n.e.c.
Washing, cleaning and dyeing services	This includes coin-operated laundry services, dry-cleaning services (including fur product cleaning services), other textile cleaning services, pressing services, dyeing and colouring services.
Beauty and physical well-being services	This includes hairdressing and barbers' services, cosmetic treatment, manicuring and pedicuring services, physical well-being services and other beauty treatment services n.e.c.
Other miscellaneous services	This includes escort services, services of marriage agencies, graphologic or genealogic research services, astrological, chiromancists' and spiritualists' services, public writers' services, tattooist services, body piercing services, red cap, shoe-shining and car parking services, public washroom services, services provided by coin-operated personal machines, such as machines for measuring blood pressure, weigh scales, lockers, shoe-shining machines, photographic booths, telescopes/binoculars etc. and other services n.e.c.
Services provided by extraterritorial organizations and bodies	This includes services provided by embassies and representations from other countries, international organizations such as the United Nations and its specialized agencies or regional bodies, etc., the Organization of American States, the European Union, the African Union, the League of Arab States, the Organization for Economic Co-operation and Development, the World Customs Organization, the Organization of Petroleum Exporting Countries and other international bodies or extraterritorial units.

**An illustrative list of items under the coverage of different Blocks of Schedule 2.35**

item description	covered (yes/no)
<b>Block 3: Fixed Asset</b>	
<b>Land</b>	
Land	yes
Plot	yes
Short-term lease hold land	no
<b>Land Improvement</b>	
land clearance	yes
land contouring	yes
Other Land development	yes
Creation of wells and watering holes that are integral to the land	yes
<b>Building (residential)</b>	
Residential building / quarters	yes
Garages in residential building / quarters	yes
<b>Building (non-residential)</b>	
Administrative building	yes
Bore well / Tube well (if it is an integral part of the building)	yes
Club house	yes
Fire precaution system	yes
Godown	yes
Generator room	yes
Hospital building	yes
Lifts	yes
Lifts Attached With Building	yes
Machinery room	yes
Office Premises	yes
Office building	yes
Partition (Not wooden)	yes
R&D building	yes
School Building	yes
Sewerage system / Water system (if it is an integral part of the factory building)	yes
Shops	yes
Showroom	yes
Stair case	yes
Store Room	yes
Temporary Partition (not Wooden)	yes
Workshop room	yes
<b>Building (other structures)</b>	
Drainage / Sewerage / Water system (if external to factory building)	yes
Fencing / Compound wall (if external to the factory building)	yes
Road and Culverts	yes
<b>Plant and Machinery</b>	
Air condition essential for production	yes
Electrical installation (if fitted to plant & machinery)	yes
Machinery	yes
Production computer attached with machine	yes
Transformers (for P & M)	yes
Washing machines and driers in laundry	yes

**An illustrative list of items under the coverage of different Blocks of Schedule 2.35**

<b>item description</b>	<b>covered (yes/no)</b>
machine for testing product	yes
<b>Transport Equipment</b>	
Car / Motor Car	yes
Cycle	yes
Hand cart	yes
Jeep	yes
Locomotives	yes
Moped	yes
Motor cycle	yes
Rickshaw	yes
Rope-way	yes
Scooter	yes
Tempo	yes
Trailers & trolleys	yes
Transport equipment	yes
Truck / Lorry	yes
Van	yes
Animal driven cart	yes
Auto-rickshaw	yes
Bike	yes
Others (Transport)	yes
<b>Furniture and Fixtures</b>	
Furniture	yes
Electrical fittings	yes
<b>Information, computer and telecommunications equipment</b>	
Computer	yes
Computer Accessories	yes
Printer	yes
Telephone	yes
mobile phones	yes
Audio visual & other allied publicity equipment	yes
<b>Software and database</b>	
Computer programs and programme descriptions	yes
Systems and applications software	yes
<b>Animal resources yielding repeat products</b>	
Dairy cattle	yes
Draft animals	yes
Sheep or other animals used for wool production	yes
Animals used for transportation, racing or entertainment	yes
Animals raised for slaughter, including poultry	no
<b>Tree, crop and plant resources yielding repeat products</b>	
Trees (including vines and shrubs) cultivated for fruits and nuts	yes
Trees cultivated for sap and resin and for bark and leaf products	yes
<b>R&amp;D and other intellectual property products</b>	
Literary and artistic originals	yes
Manuscripts	yes
Formulae, models, designs and prototypes	yes

**An illustrative list of items under the coverage of different Blocks of Schedule 2.35**

<b>item description</b>	<b>covered (yes/no)</b>
<b>Tools and other fixed assets</b>	
Access Control System	yes
Air Cooler	yes
Air Purifiers	yes
Air conditioner (if not classified in Plant and Machinery)	yes
Attendance Time recorder	yes
Barcode Labelling Machine	yes
Books & Periodicals	yes
Calculator	yes
Camera	yes
Canteen equipment	yes
Clock / Radio / Television	yes
Coolers	yes
Exhaust Fan	yes
Fridge	yes
Inverter	yes
Laboratory equipment / Apparatus	yes
Metal Detector	yes
Partition (Wooden)	yes
Photocopier	yes
Pump	yes
Punching machine	yes
Quality control equipments	yes
Office equipment	yes
Refrigerator	yes
Room cooler	yes
Safe	yes
Sanitary fittings	yes
Security Alarm	yes
Security equipments	yes
Stabilizer	yes
Steel Almirah	yes
Television	yes
Vaccum Cleaner	yes
Water tank	yes
<b>Block 4: Working Capital and loans</b>	
<b>Materials, Supplies and Stores/Stock In Trade</b>	
Packing Material	yes
Raw material and Components	yes
Raw Material in Transit (Payment Made)	yes
Fuels & Lubricants	yes
Dead stock	yes
Electrical stores	yes
Scrap other than production	yes
Spares, stores and others	yes
Stationery	yes
Store & Consumables	yes
Tools	yes

**An illustrative list of items under the coverage of different Blocks of Schedule 2.35**

<b>item description</b>	<b>covered (yes/no)</b>
Vehicle spares	yes
<b>Semi-finished Goods/ Work-in-Progress</b>	
Semi-Finished Goods	yes
Work-in-Progress	yes
<b>Finished Goods/ Stock-in-Trade</b>	
Finished goods	yes
Stock-in-Trade	yes
<b>Cash in Hand &amp; Bank</b>	
Bank balance	yes
Cash at Bank	yes
Cash in Current Account	yes
Cash in hand	yes
Cheque issued but not presented	yes
Draft in hand / travellers cheque	yes
Fixed Deposit of any tenure	yes
Foreign currency account	yes
Foreign Currency in Hand	yes
Franking Machine Balance	yes
Imprest Money	yes
Petty Cash	yes
Postage imprest / franking machine balance	yes
Postage Stamp	yes
Staff Imprest	yes
In call account	no
Letter of Credit/Margin Account	no
<b>Sundry Debtors</b>	
Advance payment for supply of raw material etc.	yes
Advance to Customer/Parties/Supplier	yes
Other Debtors	yes
Unsecured, considered doubtful	yes
Unsecured, considered good exceeding 6 months and not exceeding 6 months	yes
<b>Other Current Assets</b>	
Advance FBT (Fringe Benefit Tax)	yes
Advance for Job Work	yes
Advance Income Tax	yes
Advance Recoverable	yes
Advance Recovered in Cash & kind	yes
Advance tax	yes
Advance to Staff / Workers	yes
Bills receivable	yes
Call & short term deposit	yes
Cash in Transit	yes
Cheque deposited but not cleared	yes
Cheques in hand	yes
Debit balances of sundry creditor	yes
Drawback Receivable	yes
Duty draw back receivable	yes
Education Cess Recoverable	yes
Expenses Receivable	yes
Export incentive receivable	yes
Interest Receivable (for short term loan)	yes
Loan and Advances (less than 1 yr.)	yes

**An illustrative list of items under the coverage of different Blocks of Schedule 2.35**

<b>item description</b>	<b>covered (yes/no)</b>
Loan to staff/workers	yes
Margin Money (Less than 1 year)	yes
Other Advance	yes
Prepaid expenses	yes
Rent Receivable	yes
Sales Tax Receivable in Connection with Goods Sold	yes
Sales Tax Recoverable	yes
Service Tax Recoverable	yes
Short term tender money	yes
Staff advance	yes
TDS receivable / Advance Tax	yes
Unclaimed dividends	yes
VAT Receivable (for Current Year)	yes
Bad Debts written off	no
Deposits with Government Departments and others.	no
<b>Sundry Creditors</b>	
Advance from Customer	yes
Advance from party	yes
Advance received from suppliers	yes
Other sundry creditors	yes
<b>Over Drafts, Cash Credit, etc.</b>	
Bank Overdraft	yes
Bill Purchase	yes
Book debts	yes
Bridge loan	yes
Cash credit	yes
Demand loan	yes
Director's loan (short term)	yes
Loan against Hypothecation of Book Debt	yes
Loan against Hypothecation of Letter of Credit	yes
Loans against hypothecation of bills discounting	yes
Short term loans from bank	yes
Short term loans from other	yes
Short Term Loans on hypothecation of working capital	yes
<b>Other Current Liabilities</b>	
Advance against FDR	yes
Advance from others	yes
Audit Fee Payable	yes
Bill Discounted	yes
Bills payable (including bill discounting)	yes
Bonus payable	yes
Cheque issued but not cleared	yes
Credit Balances of Subsidiary Companies	yes
Credit Card (Liabilities)	yes
Creditors for expenses / Finances	yes
Director's Remuneration Payable	yes
Earnest money deposit (Liability side)	yes
Education Cess Due	yes
Electricity & Water Charges Payable	yes
Electricity Payable	yes
Employee expenses payable	yes
ESI payable	yes
Ex-Gratia Payable	yes

**An illustrative list of items under the coverage of different Blocks of Schedule 2.35**

<b>item description</b>	<b>covered (yes/no)</b>
Expenses Payable	yes
Fringe Benefit Tax (FBT) Payable	yes
Gratuity payable	yes
Income tax collected and used as working capital	yes
Interest Payable	yes
Liability for Expenses	yes
Other Current Liabilities	yes
Other Provision	yes
Outstanding expenses	yes
PF payable	yes
Property tax payable	yes
Provision for contingencies	yes
Provision for FBT (Fringe Benefit Tax)	yes
Provision for gratuity and others	yes
Provision for Income Tax	yes
Provision for proposed dividend	yes
Provision for Taxation	yes
Salary payable	yes
Sales tax payable	yes
Security Deposits (for less than one yr) (Liability side)	yes
Sundry Creditors for Other	yes
Liabilities / Finances	yes
Taxes & Duties Payable	yes
TDS payable	yes
Telephone Expenses / Bills payable	yes
Tender deposits	yes
Tender Deposits (Liability side)	yes
Unpaid Property Tax	yes
VAT Payable	yes
Wages payable	yes
Water Charges Payable	yes
<b>Outstanding Loans</b>	
Car Loan	yes
Director's Loan ( Long term)	yes
Foreign currency long term loan	yes
Loan against Fixed Assets	yes
Loan from FI's (excluding interest)	yes
Loan from Shareholders	yes
Loan on Debenture	yes
Loans / Advances from Directors (long term)	yes
Loans / Advances from head office	yes
Loans / Advances from subsidiaries	yes
Loans from partners / Proprietors	yes
Long Term Loan	yes
Non-convertible debentures	yes
Convertible debentures	yes
Partners Loan	yes
Redeemable Debentures (excluding interest)	yes
Secured Loan (Long term)	yes
Term Loan from Banks (excluding interest)	yes
Term loan from financial institutions	yes
Unsecured Loan (Long Term)	yes
Unsecured loans	yes
Vehicle Loan	yes

**An illustrative list of items under the coverage of different Blocks of Schedule 2.35**

item description	covered (yes/no)
<b>Coverage of some other items of Block 4 (Working Capital and Loans)</b>	
Additional Demand of Income Tax	no
Advance received for sale of fixed assets	no
Authorized Capital	no
Bad Debt	no
Bank Guarantee	no
Brokerage or Commission on Subscription	no
Called Up Capital	no
Capital Account	no
Chit Fund	no
Credit Balance of P/L Account	no
Debit Balance of P&L Accounts	no
Deferred Liability / Tax	no
Deferred Revenue Expenditure	no
Deferred Tax Assets	no
Deposit/Securities from dealer for more than one year in liabilities	no
Deposits with Government Department	no
Development expenditure	no
Development Rebate Reserve	no
Drawing by Partners	no
Earnest Money (More than 1 Year)	no
General Reserve	no
Goodwill	no
In Call Account	no
Income Tax Due / Recoverable	no
Interest Accrued on FDR	no
Intra Unit Account	no
Investment Allowance Reserve	no
Investment in partnership firm	no
Investment in Shares	no
Investment	no
Issued & Subscribed Capital	no
Letter of Credit / Margin Account	no
Letter of Credit for goods yet to be Received	no
Long Term Securities	no
Margin Money (More than 1 year)	no
Material in Transit (Raw Material & Payment not made)	no
Materials supplied by others to the factory for processing	no
Miscellaneous Expenditure	no
Written-Off	no
Net Loss	no
Paid up Capital	no
Partner's Capital	no
Perishable Goods	no
Post Office Securities	no
Preliminary Expenses	no
Preliminary Expenses Written Back	no
Proprietors Capital Account	no
Reserve & Surplus	no
Royalty	no
Security Deposits (More than 1 Year)	no
Share Capital	no

**An illustrative list of items under the coverage of different Blocks of Schedule 2.35**

<b>item description</b>	<b>covered (yes/no)</b>
Share Premium Account	no
Sinking Fund	no
Stock Reserve	no
Trade Mark	no
Underwriting of Shares	no
VAT receivable (Past years)	no
<b>Block 5: Employment and Labour Cost</b>	
<b>Wages &amp; Salary</b>	
Cash award	yes
Children Education Allowance	yes
Compensatory allowance	yes
Conveyance allowance	yes
Dearness Allowance	yes
Director's Remuneration	yes
Fringe Benefit Tax (FBT) paid by employer	yes
Good Attendance Bonus/ Incentives	yes
House Rent Allowance	yes
HRA Paid	yes
Incentives to Employees	yes
Income Tax Paid for Employees	yes
Leave Travel Allowance	yes
Lay off compensation	yes
Leave with wages	yes
Leave Encashment	yes
Medical Allowances	yes
Other Allowances	yes
Others (Salary & Wages)	yes
Over Time/ Extra Wages	yes
Paid Holidays	yes
Partner's Salary/Remuneration	yes
Production Incentive	yes
Retaining Allowance	yes
Salary Paid	yes
Special Pay	yes
Stipend	yes
Suspension Allowance	yes
Wages Paid	yes
<b>Bonus</b>	
Bonus Paid	yes
Ex Gratia Paid	yes
Festival Bonus	yes
Others Bonus	yes
Profit Sharing	yes
Target Achievement Scheme	yes
Year end bonus	yes
<b>Contribution To PF</b>	
Contribution to PF/EPF/ESIC	yes
Contribution to Superannuation	yes
Employee Group Insurance	yes
ESI Contribution Expenses/Paid	yes
Gratuity	yes
Labour Fund	yes
Labour Welfare Fund	yes

**An illustrative list of items under the coverage of different Blocks of Schedule 2.35**

<b>item description</b>	<b>covered (yes/no)</b>
Lay off fund	yes
LIC Group Gratuity	yes
Old age benefits	yes
Pension Fund	yes
PF & ESIC Expenses	yes
PF Linked Insurance	yes
Provident Fund	yes
Provident Fund Linked Insurance	yes
Retrenchment Compensation	yes
VRS	yes
Welfare Fund Contribution	yes
<b>Welfare Measures</b>	
Beverages to staff	yes
Bus hired to and fro duty	yes
Canteen Cost	yes
Clothing and all other group benefits / uniform	yes
Clothing/Group Benefits/Uniform	yes
Community Development (for workers)	yes
Co-operative Store	yes
Creches	yes
Cultural & Education Benefits	yes
Cultural and recreational benefits	yes
Diwali / Festival Expenses ( As Welfare to Staff)	yes
Drinking Water	yes
Festival expenses	yes
Food and beverages and tobacco	yes
Food to Staff	yes
Gifts ( Employees)	yes
Hostel Expenses	yes
LTC	yes
Maternity and creches	yes
Medical Expenses for Workers/Cost of Medicine	yes
Picnic	yes
Recreation	yes
Refreshment to Staff	yes
Social Welfare	yes
Sport/Recreation Expenses	yes
Staff Hospitality/Welfare	yes
Staff Welfare	yes
Tea/Food to Staff	yes
Transport Subsidy / Cost of Transport	yes
Washing Allowance	yes
Water Purchased for Drinking of the Staff	yes
<b>Block 6: Expenses</b>	
<b>Other main items of input</b>	
Service charges paid to others for work done by other concerns	yes
Administrative Charges on PF	yes
Association & Membership	yes
Carriage Inward	yes
Electrical Inspection Fees	yes
Licence Fees	yes
Fee and taxation	yes
Fees, Rates & Taxes	yes

**An illustrative list of items under the coverage of different Blocks of Schedule 2.35**

<b>item description</b>	<b>covered (yes/no)</b>
Freight & Forwarding ( Inward)	yes
Inspection Charges	yes
ISI Registration Charges	yes
ISO Registration Charges	yes
Inward freight / Inward transport charges	yes
Local Rates / Taxes	yes
Membership fees	yes
Octroi / Entry tax	yes
Professional tax (firm)	yes
Property tax	yes
Purchase tax on raw materials	yes
Road tax for vehicles	yes
Sales tax renewal fees	yes
Subscription to Business Association (Mandatory)	yes
Tender Fee Paid to Government	yes
Transport Inward	yes
Uniform	yes
AMC	yes
Accounting service charges	yes
Advertisement & publicity	yes
Annual general meeting expenses	yes
Audit Fees	yes
Auditors Remuneration	yes
Bank charges	yes
Bank guarantee / Commission	yes
Board meeting expenses	yes
Business promotion	yes
Car parking expenses	yes
Certification charges	yes
Cleaning Charges	yes
Commission Paid to Director	yes
Communication Charges	yes
Company Meeting Expenses	yes
Conference	yes
Conveyance charges / Expenses	yes
Courier Charges	yes
Custom Clearing Charges	yes
Data Processing Charges	yes
Design & Development Charges	yes
Directors sitting fees	yes
Documentation Charges	yes
Entertainment expenses	yes
Exchange Rate Fluctuation (Expenses/Loss)	yes
Exhibition Expenses	yes
Financial Charges	yes
Fire Fighting Expenses	yes
Foreign tour expenses	yes
Free samples	yes
Gardening expenses	yes
General expenses	yes
Guest house expenses	yes
House keeping expenses	yes
Internet Expenses	yes
Journals	yes

**An illustrative list of items under the coverage of different Blocks of Schedule 2.35**

<b>item description</b>	<b>covered (yes/no)</b>
Legal & Professional Charges	yes
Legal charges / expenses	yes
Liaison office expenses	yes
Lodging and boarding expenses	yes
Newspaper, Magazines & periodicals	yes
Medical examination fees for recruitment of staff	yes
Miscellaneous Expenses	yes
Parking Charges	yes
Payment to Contractor	yes
Placement Charges	yes
Planning expenses	yes
Postage /Courier Charges	yes
Printing and Stationary	yes
Professional Charges /Fees	yes
Purchase Agency Services	yes
Recruitment Expenses	yes
Revenue Stamps (Expenditure)	yes
Security charges / Expenses	yes
Seminar	yes
Service Charges	yes
Service Tax	yes
Software Upgradation	yes
Stationery Expenses	yes
Subscription to Business Association (optional)	yes
Sundry Expenses	yes
Tax Audit	yes
Taxation Matter	yes
Taxi Hire Charges	yes
Technical knowhow and consultancy charges	yes
Telephone Expenses	yes
Telex charges	yes
Tender Fee Paid to other than Govt	yes
Testing charges	yes
Tour expenses	yes
Training & development	yes
Travelling & Conveyance	yes
Travelling expenses	yes
Uniform	yes
Warehousing charges	yes
Watch & Ward	yes
Website Expenses	yes
Weigh bridge charges	yes
<b>Repair &amp; maintenance of building and other construction</b>	
Building Repair/Maintenance	yes
Building maintenance	yes
Repair & Maintenance of Building	yes
White Washing	yes
<b>Repair &amp; maintenance of other fixed assets</b>	
Car Expenses(Repairs)	yes
Car Repair	yes
Computer Expenses (Repair & maintenance)	yes
Electricity Repair	yes
Machinery Repair	yes

**An illustrative list of items under the coverage of different Blocks of Schedule 2.35**

<b>item description</b>	<b>covered (yes/no)</b>
Repair & Maintenance of Other Fixed Assets	yes
Repair and maintenance of plant and machinery	yes
Repair of Vehicles	yes
<b>Rental paid for fixed assets including building (other than land)</b>	
Rental paid for building	yes
Other fixed assets	yes
<b>Block 7: receipts during the accounting period</b>	
<b>Receipts from other main items of output</b>	
Receipts from sale of goods/services	yes
Commission Received	yes
Consultancy Charges Received	yes
Exchange Rate Fluctuation (Income/Gain)	yes
Job Work Income / Received	yes
Processing Charges Received	yes
Rebate & Discount Income	yes
Technical consultancy charges received	yes
<b>Coverage of the following Receipt/Expenses in respect of main items of input/output:</b>	
Additional Demand of Sales Tax/Income Tax	no
Adjustment relating to earlier years	no
Amalgamation Expense Written Off	no
Amount Written back (Income Side)	no
Appropriation of Profit/Loss	no
Award	no
Bad Debt written off	no
Balance Written off	no
Charity	no
Claim on Export	no
Customer Claim Settled	no
Customs Draw Back	no
Customs Duty Draw back	no
Damages, loss by fire etc.	no
Debit balance of P&L Account	no
Deepawali Expenses	no
Deferred revenue expenditure (share issue expenses, marketing expenses, technical know-how)	no
Deferred Tax Asset to be Created	no
Demurrage Charges	no
Depreciation	no
Depreciation Written Off	no
Development Expenditure	no
Discard of obsolete machinery expenses	no
Duty Draw Back Income	no
ESI Demand (For Previous years)	no
ESIC Demand (Earlier years)	no
Excess Provision for Gratuity Written Off	no
Expenditure relating to earlier years	no
Expenses written off	no

**An illustrative list of items under the coverage of different Blocks of Schedule 2.35**

<b>item description</b>	<b>covered (yes/no)</b>
Festival Expenses	no
Fines	no
Gardening / Agriculture Income	no
Gifts ( Partners )	no
Holi Expenses	no
Income tax consultancy charges	no
Income tax paid	no
Income Tax Written Back	no
Insurance Claim	no
Insurance claim received for earlier period	no
Interest Paid to Partners	no
Investment allowance	no
Irrecoverable Balance Written Off	no
Liability Written Back	no
Loss in Transit	no
Loss of stock due to fire	no
Loss on sale of fixed asset	no
Net Profit	no
Penalty paid	no
Pooja Expenses	no
Preliminary expenses / Preliminary Expenses written off	no
Preliminary Expenses Written Back (Expenditure)	no
Preliminary Expenses Written Back (Income)	no
Profit on sale of fixed asset	no
Provision for bad debt	no
Provision for Fringe Benefit Tax	no
Provisions written back / withdrawn	no
Refund of income tax/ Sales Tax	no
Returns from investment	no
Sale of Assets	no
Sales Tax Paid (For Earlier Years)	no
Sales tax refund received not belonging to reference year	no
Share issue expenses	no
Short & Excess	no
Shortage	no
Sundry Balance Written-Off	no
Sundry Debtors Reserve	no
TDS Expenses	no
Unspent liability written back	no
Written- Off (Expenditure Side)	no
Written-Off (Income Side)	no

**Extract of the ‘Teaching Material’ for Annual Survey of Industries prepared by  
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**Chapter 11**

**Book keeping, method of keeping the record of transactions by private, corporate, public and Government sectors. Type of accounts, single and double entry system, posting of entries in books of account, Debit and Credit entries – problems thereof. Limitations / problems of book keeping**

**11.0 Introduction**

11.0.1 “Book keeping is the art of recording business dealings in a set of books” (Batliboi J.R.). The object of Book keeping is to enable a person to ascertain accurately and with as little trouble as possible :-

1. The amount he has gained or lost in the business during a given period and
2. The amount of his assets, liabilities and capital in the business on any particular date.

In addition to the above information, however, a dealer would naturally like that his books should also show the following particulars:-

1. How the amount he has gained or lost is made up.
2. What amount is owed to him by each of his customers or debtors and
3. What amount is owed by him to each of his creditors.

This information can only be derived if an accurate and complete record is kept of all business transaction.

Records of transaction made by a business concern day to day are not directly recorded to the statement of final accounts but are processed for final accounts through an in built system known as Book-keeping or Account keeping. The system records transactions in appropriate accounts which are consolidated, reduced and transferred to final accounts.

Before going into details of preparation and maintenance of accounts by different enterprises it will be useful to know fundamentals of double entry system in vogue.

Account keeping as defined above is a science as well as the art of recording business transactions under appropriate accounts.

**11.0.2 The object of account keeping**

- (a) To record the financial effect of each business transaction, and
- (b) To record the combined effect of all such transactions of a given period so that the net result of trading as well as the accurate financial position of the trader may be promptly ascertained.

The essential of a proper record are:

1. The record must be of facts only and accurate in every details.
2. Entries must be so clear that the exact nature of each transaction may be readily perceived at any future date.
3. The books should be so arranged that the total result of the transaction or services of the transaction or a series of transactions within a given period may be easily determined.

4. The system of account keeping must be such that the amount of labour involved may not be out of proportion to the results obtained.

#### 11.0.3 Business transaction

As everybody is aware that each financial transaction involves a transfer of money or its equivalent from one person to another, thus it is clear that for each business transaction two persons or parties are involved necessarily. This may mean either the receipt of benefit in shape of cash, goods and services; or imparting of such benefits. In order to clearly indicate whether any transaction has resulted in receipt of a benefit or the giving of a benefit it is necessary to divide each account in two sections. The common procedure accepted in this regard is that the left hand side of each account is utilised for recording transaction in respect of which benefit has been received by that amount and the right hand section in respect of which benefit has been imparted by that account. With this arrangement of presentation of accounts, anybody can readily perceive by looking at both the sides the accounts whether benefits received are in excess of the benefits it has imparted or vice-versa. This may be ascertained by adding up each side and striking a balance.

11.0.4 Now the question is what are the different types of accounts a business organisation must maintain to enable it to have effective accounting system. The answer comes as a corollary to essential features of a business transaction which are as follows:

1. Every trader has to ensure into business dealing with a number of persons or firms.
2. The trader must necessarily have some goods, cash, furniture and other assets for carrying on the business.
3. The trader must be bearing the expenses such as office rent, salaries to staff, advertising, printing and stationery etc. and must be having certain sources from which the income of the business is derived.

Naturally a business concerns, considering the above mentioned features of business transaction would like to maintain the following types of accounts.

- I. An account of each person or firm with whom the trader deals.
- II. An account of each property or possession dealt in by the trader in his business.
- III. An account of each head of expenses or source of income.

11.0.5 Type of accounts, single and double entry system, posting of entries in books of account, debit and credit entries – problems there of:

#### Systems of Book Keeping

There are two systems of book keeping:

1. Single Entry System of book keeping.
2. Double Entry System of book keeping.

#### 11.0.6 Single Entry System of book keeping

Under single entry system some subsidiary books and some ledger accounts are being kept which otherwise are not required. It is based on the convenience of the proprietor. Under this system records, of cash and personal account are maintained. It is always in-complete, comparatively to double entry system.

#### 11.0.7 Feature of Single Entry System

1. This system is being kept specially in sole traders or partnership firm. A company cannot keep their records under this system.

2. Only personal accounts are being kept under this system. Generally Real & Nominal Accounts are being avoided.
3. One cash book is being kept which is inclusive of business as well as private transactions.
4. Under this system original vouchers are being kept (without entering in any books of account) as an original record and at the end of the year total of the invoice gives the idea of total credit sale of the business.

#### 11.0.8 Defects of single entry system

1. Under this system the aspect of the transaction does not record both the sides, hence arithmetical accuracy of the books of accounts cannot be checked.
2. Rate of Gross profit on sale cannot be calculated in absence of trading account, which hampers planning, comparison and sound decision.
3. Net profit on sale cannot be known, in absence of the profit & loss account with the result that the owner cannot know the progressive rate of development of the business.
4. Exact position of the assets in the concern cannot be known by the owner, as the balance sheet is not being prepared under this system in absence of the real account.

#### 11.0.9 Double entry system of book keeping

Under this system each transaction has got two aspects. One is personal and the other is impersonal. Every transaction of the business is being recorded at two places one is at debit side and the other is at the credit side. Debit relates to the receipt, whereas the credit relates to payment. Under this system we generally prepare the records according to this formula under different accounts (debit what comes in and credit what goes out).

#### 11.0.10 Debit and Credit entries

In a double entry system each transaction affect, by debit and credit entries, two accounts out of the three types of accounts viz. (i) personal, (ii) real and (iii) nominal.

The accounts coming under group (I) are classed as personal accounts; group (II) are called Real account or Property account, and group (III) are Nominal Accounts or Fictitious Accounts.

#### 11.0.11 Personal Accounts(I)

In case of personal accounts trader deal with person or firm for which a separate account is opened and wherein the particulars of all transactions in cash, goods etc. between the dealer and the person can readily ascertain at any point of time the amount owing to or by that person to him.

On the debit side of each personal account the transactions are recorded in respect of which the person becomes the debtor, and on the credit side the entries are in respect of which the person becomes the creditor. In other words, the accounts of each person or firm is debited with any benefit such person or firm receives and is credited with any benefit such person or firm imparts.

A debit balance on a personal account would indicate that the person in question has received more benefit than he has imparted to the trader and that he owes the trader the amount of the balance.

A credit balance on personal account would indicate the reverse position viz. the person has imparted more benefit than the benefit he has received from the trader, and as a result, the later owes him the amount of the balance.

The common form of personal account is as follows:

Name of person or firm					
Debit			Credit		
Date	Particulars of benefits received by the person or firm	Amount Rs.	Date	Particulars of benefits received by the person or firm	Amount Rs.

Example: Suppose a firm sold goods of Rs.5000 to Sovan on credit. Here Rs 5000 will be debited to Sovan's A/C(personal A/C) as Sovan receives the benefit and the same will be credited to Sales A/c (real A/C) as the goods are going out. Thus the entries will be made under the Double entry system as follows:

Sovan's A/c					
Debit			Credit		
Date	Particulars of benefits received by the person or firm	Amount Rs.	Date	Particulars of benefits received by the person or firm	Amount Rs.
	To sales A/C	5000			

Sales A/C					
Debit			Credit		
Date	Particulars of incoming asset	Amount Rs.	Date	Particulars of outgoing asset	Amount Rs. Ps.
				By Sovan' A/C	5000

#### 11.0.12 Property or Real Accounts(II)

Property or real accounts record dealing in or with property; assets or possessions. A separate account is kept for each class of property, such as building, cash, stock, plant & machinery, furniture, etc., so that by recording their particulars of each such asset received or given away, the trader can ascertain the value of each asset in hand on any particular date.

When any asset is received, the amount is entered on the debit side (left hand side) of the asset account, and on the asset being given away, that asset account is credited.

A debit balance on asset or real account on any date would mean the value of the particular asset in hand on that date.

In practice, there cannot be a credit balance at a real account, except when the asset in question has been finally disposed off at a profit.

The common form of Real account or property account is as follows:

Name of Asset					
Debit			Credit		
Date	Particulars of incoming asset	Amount Rs.	Date	Particulars of outgoing asset	Amount Rs.

Example: Suppose Mr B started a business with Rs. 50,000. Here cash A/C will be debited and Mr B's capital A/C will be credited. Thus the entries will be made under the Double entry system as follows:

Cash A/C					
Debit			Credit		
Date	Particulars of incoming asset	Amount Rs.	Date	Particulars of outgoing asset	Amount Rs.
	TO Mr B's capital A/C	50,000			

  

Mr B's capital A/c					
Debit			Credit		
Date	Particulars of benefits received by the person or firm	Amount Rs.	Date	Particulars of benefits received by the person or firm	Amount Rs.
				By cash A/C	50,000

### 11.0.13 Nominal or Fictitious Account(III)

Nominal or fictitious Accounts records a traders expenses or gains. A separate account is opened for each head of expenditure or income, such as rent, salaries, wages, printing, stationery, cartage, interest, discount, commission etc. so that the trader can see the amount expended, lost or gained under each head. Each such account is debited when expenses or a loss is incurred and credited when there is gain.

A Debit balance on a Nominal Account would mean that the expenses or loss under that particular head has exceeded the income or gain from that head and would then represent a loss.

A credit balance, on the other hand, would mean that income or gain from a particular head had exceeded the expenses or loss under that head and would represent a gain.

The common form of Nominal or Fictitious Account is as follows:

Name of expense or Income					
Debit			Credit		
Date	Particulars of amount expended or lost	Amount Rs.	Date	Particulars of amount gained	Amount Rs.

Example: Suppose a firm paid rent of Rs.2000 in cash. Here rent paid A/C will be debited and cash A/C will be credited. Thus the entries will be made under the Double entry system as follows:

Rent paid A/C(nominal A/C)					
Debit			Credit		
Date	Particulars of amount expended or lost	Amount Rs.	Date	Particulars of amount gained	Amount Rs.
	TO cash A/C	2000			

Cash A/C					
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Debit			Credit		
Date	Particulars of incoming asset	Amount Rs.	Date	Particulars of outgoing asset	Amount Rs.
				By rent paid A/C	2000

Table showing comparative study of the Nominal and Personal Account.

S.No.	Nominal Accounts	Personal Accounts
1.	Interest account	Interest prepaid account Interest outstanding account Interest received in advance account
2.	Salary Account	Salary paid in advance account Salary prepaid account Salary received in advance account Salary outstanding account Outstanding salary account
3.	Commission Account	Commission Outstanding Account Commission unexpired account Commission prepaid account Commission received in advance account
4.	Rent account	Rent outstanding account Rent received in advance account Rent paid in advance on prepaid rent account
5.	Discount account	Discount unexpired account Discount received in advance account Rebate on bills discounted account (in banking companies case)
6.	Insurance account	Insurance unexpired account Insurance paid in advance account Insurance outstanding account
7.	Personal account (in case of insurance companies)	Premium outstanding account Premium received in advance account
8.	Subscription account (in case of clubs)	Subscription outstanding account Subscription received in advance account
9.	Claims account (in case of insurance companies)	Claims outstanding account

### Examples

Accounts	Name of A/c	Debited/Credited
Rent paid account	Nominal	Debited
Rent received account	Nominal	Credited
Interest received account	Nominal	Credited
Building account	Real	Debited
Machinery account	Real	Credited
Goods account (purchases account)	Real	Debited
Discount allowed account	Nominal	Debited
Capital account	Personal	Credited
Goods account (sales account)	Real	Credited

### 11.0.14 Limitations / problems of book keeping

Book-keeping is the art of recording and classifying business transactions and events primarily of a financial character in a set of books in a most systematic manner.

#### 11.0.15 Advantage of book-keeping

1. A permanent record of all transactions can be made, replacing the memory which fails to remember everything.
2. The net result (profit or loss) of business can be correctly ascertained.
3. True and correct financial position (assets and liabilities) can be known at any time. This helps in the sale or purchase of the business and also it is useful in the insolvency position of a firm.
4. Planning, reviewing, revising, controlling and decision making functions of the management are well aided by the book-keeping records and reports.
5. Claims against and for the firm in relation to outsiders can be confirmed and established by producing the records as evidence in the court.
6. Tax liability can be calculated with help of records.
7. Control over the use of business property by its employees can be very effectively exercised through records.

11.0.16 A few limitations of book-keeping can also be listed even though they are insignificant compared to its overwhelming advantages.

#### Limitations of book-keeping

1. Only those transactions, which can be measured in terms of money can be recorded in the ‘books of accounts’. Even though, there are many events, which are very important to the business, do not find place in the accounts, if they cannot be measured in terms of money. eg. worker’s assistance, utility of favourable factors like location, honesty and ability of work.
2. The assets are recorded in the books of accounts at the cost at which they are acquired, as per ‘cost concept’. As such, the accounts ignore the changes in the value of assets brought about by changing value of money and market factors. So, an outsider cannot evaluate the assets or business if he depends on the information given in account. It is misleading also.
3. The accounting treatments for many items of expenditure or valuation of many assets like stock, investments etc. are done at the personal judgement of accountant or on the basis of accounting concepts or conventions, which are not correct in the true sense. For example, closing stock can be valued in any of the methods like LIFO (last in first out), FIFO first in first out), AVERAGE METHOD etc. in which case the value of closing stock as well as the profit or loss of the firm differs in each case. Thus, one cannot ascertain the correct working results of the business nor compare the results with that of other firms.
4. There is always a conflict between one accounting principle, concept or convention and another. For the same asset, the value shown in different years may be different. For example, the stock is to be valued either at cost or market value, whichever is lower. So in the first year, the cost may be lower and in the second year, the market price may be lower. This principle contravenes the accounting principle of consistency.
5. Some policy decisions like provision for depreciation, or doubtful debts etc. may differ from year to year or firm to firm, as a result of which, the true profit or loss cannot be ascertained and cannot be compared with that of other periods and other firms.

## Chapter 12

### Book of accounts – journal, ledger, cash book, purchase and sales book, stock registers etc.

#### 12.0 Introduction

The books of accounts maintained by a business concern may be divided into two classes:

- (a) Principal books, namely ledgers & cash book. These are the main books in which the double entry system of accounts are kept.
- (b) Subsidiary books or books of original entry called journals such as Purchase day book, Sales day book, Bills receivable book, Bills payable book, Return inward book, Return outward book etc. Many details are recorded in these books before entered in the ledger account.

Business transactions are not entered straight way to their respective accounts of expenditure or receipts, but a system is followed where the entries relating to business transactions are at first passed through some subsidiary records and then transferred to their appropriate accounts in a book called the ledger. Experience has shown that the procedure of maintaining transaction-details of similar nature first in subsidiary books, have the advantage of saving of clerical labour, division of labour, different persons may be employed in such system of accounts.

#### 12.1 Journal

Entries of business transactions were used to be recorded first in journal and then transferred to the appropriate books of accounts. In modern book-keeping, the use of journal is restricted to miscellaneous transactions and for making adjustment entries as well as for entries relating to transactions for which no other books of prime entry is available. Now the use of journal is restricted to record the following transactions.

- (a) Opening entries.
- (b) Transfer from one account to another.
- (c) Rectification of errors: entries required to rectify different types of errors; such as errors of omission, commission and principles.
- (d) Adjustment entries : These type of entries are passed at the time of finalization of accounts. The entries are recorded to bring into books outstanding expenses, accounting income, depreciation, provision of bad debts and provision of discount etc.
- (e) Closing entries : Transfer from nominal accounts to profit and loss account.

General format of a journal which keeps records any type of transaction is as follows:

Date	particulars	LF(ledger folio)	Debit (Rs.)	Credit (Rs.)
(1)	(2)	(3)	(4)	(5)

Example: Suppose a firm received Rs.1000 in cash from Mr. Khanna on 15.06.2007. The entries for this transaction will be recorded in the journal as follows:

Date	particulars	LF(ledger folio)	Debit (Rs.)	Credit (Rs.)
(1)	(2)	(3)	(4)	(5)
15.06.2007	Cash A/C Dr		1000	
	To Mr. Khanna A/C (being cash received from Mr. Khanna)			1000

Here two accounts are affected namely cash A/C ( i.e real A/C) and Khanna's A/C(i.e personal A/C). Thus according to rule, cash A/C is debited as cash comes in business and Khanna's A/C is credited as benefit is given by Mr.Khanna. The above entries when posted to ledger will be made as follows:

Khanna's A/c						
Debit			Credit			
Date	Particulars	Amount Rs.	Date	Particulars	JF	Amount Rs.
			15.06.2007	By cash A/C		1000

Cash A/c							
Debit				Credit			
Date	Particulars	JF	Amount Rs.	Date	Particulars	JF	Amount Rs.
15.06.2007	To Mr Khanna's A/C		1000				

JF= Journal Folio

## 12.2 Cash book

Cash book is for recording transactions in cash whether by coins, currency notes, cheques, drafts, postal order etc. This book is the most important book to a business organization and has direct relation with most of the books of accounts, as business dealing ultimately desolve themselves in cash transactions.

Cash transactions are recorded in this book in the order of their occurrences and the record of entries take the shape of a ledger account, the receipt on the debit side and the payment on the credit side. It fulfils the purpose of the books of original entry (journal) also. Like ledger account the balancing of account after a stipulated period is done (except discount columns) in cash books and the balancing figures are transferred straight way to trial balance.

Cash book may be single column called single column cash book, or it may be more than one column. The commonly used form is one which provides three columns meant for cash, cash discount and Bank.

A triple columned cash book is very useful in the present form of business organization which takes the form of disbursement through cheques and allowing discount for prompt payment. In a large business organization, having several branch offices away

from the principal office, the different sub-offices are maintaining petty cash register for recording cash transactions in respect of their individual offices; these petty cash registers are considered as sub-division of the cash book and the transactions are transferred to cash book of the principal organization depending on account and type of transactions. This is called imprest system of cash. The format of a triple column cash book is as follows:

Dr (debit)							Cr(credit)						
Dt	particulars	VN	LF	cash	bank	Dis	Dt	particulars	VN	LF	cash	bank	Dis

VN= Voucher no.

LF= ledger folio

In double column cash book discount column both in debit and credit side are not kept. In single column cash book, cols for discount and bank are not kept.

Contra transaction in double column cash book: The transaction which affect cash and bank at the same time for one transaction and require to maintain two records for one transaction is called contra transaction. For example suppose a firm withdraws Rs.500 from bank. The cash balance of the firm will increase by Rs.500 where as the bank balance will decrease by Rs.500. The entry will be as follows:

Cash A/c Dr                      Rs.500  
 To bank                              Rs.500

The posting in the ledger i.e cash book will be in debit side to bank – Rs.500 ( in cash column) and by cash Rs.500 ( in bank column)

### 12.3 Purchase day book

The book is used to record transaction details of the goods bought on credit (except credit purchase of fixed assets). When goods are purchased on credit, statement showing the particulars of the goods bought on credit are received from the supplier along with the goods or the statement sent separately. The statement is called invoice. The details in an invoice are quantity, rate and other calculations of value charged by the suppliers. The details recorded at the invoices are checked and serial number given. The net amount of each of the invoices is recorded at the purchase day book and the items are then separately posted to the credit of the personal accounts of each suppliers opened in the purchased ledger. Periodical totals of the purchase day book are posted collectively to the debit of the purchase account in the general ledger.

### 12.4 Sales day book

The book is used to record sales on credit as day to day credit sales proceed (except credit sales of fixed assets ). The transactions relating to credit sale involves the customer as debtor and the business concern is the creditor being So far each credit sale, is concerned the personal account of the concerned customer would be debited and as the credit sales continues periodical totals are drawn in the sales day book in respect of credit sales and the totals are then posted as credit entries in the books of sales account. Entries in Sales Day Book are made from outward invoices which state the details of the goods, quality, rate and calculation of value – forwarded to the customers.

Both the inward and outward invoices are reference numbered so that the future references are possible.

## 12.5 Bill receivable book

Bills receivable are the accepted drafts in the possession of the trader for which he is to receive on due dates. On each bill receivable or received and duly accepted, full details thereof are recorded in appropriate columns of bills receivable book and columns are also provided to indicate how such bills are finally disposed off.

## 12.6 Bills payable

Bills payable are drafts accepted by the business concern for which it is liable to pay cash on the due dates. The details of the bills accepted by the trader, all details of the bills are entered in the bill payable book. Further entries are made in this book when each such bill is disposed off.

## 12.7 Stock register

In the stock register all the inward and outward movements of materials are recorded alongwith their quantity, value and rate per unit in a systematic manner. The main objective of maintaining stock register is to control the incoming and outgoing flow of materials. It helps in determining at any point of time, the stock position with quantity and value. It also helps in determining whether optimum level of stock is being maintained. The return inward book is meant for recording particulars of goods returned by customers and return outward book is meant for recording transaction relating to return of goods to suppliers.

## 12.8 Ledger

The Ledger is the most important books of accounts of an organization. The original entries of business transactions are first recorded in subsidiary books and properly summarized by totaling the debit and credit entries separately and striking a balance at periodic intervals. The summary information is transferred to appropriate ledger accounts so that the ledger accounts are in a position to reveal properly arranged, classified and concern all the necessary information regarding the working of the business.

Every ledger account is divided into two sides. The left hand side is the debit side and the right hand side is the credit side.

A debit balance of any ledger account would represent either an asset or an expense. If the balance relates to a personal account or a real account it represents asset: alternatively a debit balance in nominal account would represent an expense or a loss.

A credit balance on the other hand would represent either a liability or a gain in respect of personal/real account and nominal account respectively.

It may be illustrated in the manner as follows:

Personal A/C	
-----	
Debit side – receipt of goods, money Value from the business	Credit side – giving goods, money, value to the business
-----	
Real A/C	
-----	
Debit side –purchase of assets	Credit side – sale of assets
-----	
Nominal A/C	
-----	
Debit side –expenses and or losses	Credit side – gain and or income
-----	

It is customary to write 'To' on the debit side and 'By' on the credit side.

Meaning of the difference of balance between debit and credit side is given below:

Personal A/C – Debit balance means received more benefit than giving / owes money to the business is treated debtor

Credit balance means giving more benefit than received / the business owes money is treated as creditor.

Real A/C - Value owned by the business. It is always debt balance except when assets are disposed off .

Nominal A/C- Debit balance indicate expenses and losses whereas credit balance is income or gain.

In small business concern a single ledger account is capable of maintaining the whole of the transactions of the business, but when a business concern expands with increase in the volume of transaction it is customary to sub-divide the ledger accounts in proper groups.

The common form of such sub-divisions would be (a) A customers ledger or sales ledger to accommodate the accounts of customers only, (b) A supplier's ledger or purchase ledger to contain accounts of suppliers of goods and (c) A impersonal ledger or a nominal or general ledger which would include all accounts other than those of customers or suppliers.

### **12.9 How double entry system works is shown below in sequential steps**

1. Business transaction
2. Journalising ( entering the transaction in the journal)
3. Posting in ledger A/C( processing of transactions from journal to respective ledger A/C)
4. Balancing of ledger accounts( striking the balance in ledger accounts)
5. Preparation of Trial Balance( to ascertain that the ledger accounts are arithmetically correct)
6. Profit & Loss A/C ( to ascertain profit or loss of the business)
7. Balance Sheet ( ascertain value of assets i.e fixed and current, liabilities and capital of the business)

### **12.10 Capital-authorized,share issue,paid up,royalty,mortgage/ hypothecation**

Authorized capital or Nominal capital or Registered capital: Nominal capital represents the full amount of share capital which the company stated in the Memorandum, it submitted for its registration to.

Issued capital is the part of the authorized capital which is offered for subscription.

Subscribed capital is represented by the total of the share out of the issued capital issued to the public including the shares issued to the vendors.

Called-up capital is the portion of the subscribed capital for which the company has asked the tenders of the share to pay on the shares subscribed for by them –

Paid up capital is the portion of the called up capital for which the company has received the money against the shares issued for consideration. This also includes payments for purchase of share other than cash.

Royalty : This is a periodic payment made to a owner of a property for the use of the property and is based on an agreed portion of the income arising from such use. In manufacturing industries the amount paid to the patentees, in printing and publishing business the amount paid to author for parting the right to print, in coal mining or oil extraction industries, the payment made to the owner of the land are royalties.

Hypothecation : means pledging of property to secure the payment of a debt. The ledger account or other records are stamped with the reminder that the proceeds of hypothecation are being to the account of the creditor to whom the property has been hypothecated.

Mortgage : This is a deed of trust serving the purpose of security for obtaining a loan. This is a lien on fixed or movable property given by the borrower to the lender as security for his loan. Mortgage obligation may become due and payable on specified dates, in definite instalments or by periodic payments. The loan secured through mortgage of property is treated as a long term liability.

Types of assets and liabilities, working capital, reasons for negative working capital in a manufacturing concern.

Assets and liabilities: A business's property and possession as also the debts owing to its are known as assets. Assets can be classified as detailed below:

Fixed assets are those assets which are acquired and intended to be retained permanently for the purpose of carrying on business i.e. land, building, plant and machinery etc.

Floating Assets/circulating Assets are such assets as required either for the purpose of resale or held temporarily in course of a business for their subsequent conversion into money: stock in trade, bills receivable, book debts, cash in hand and at bank etc.

Liquid Assets are assets which are represented by cash or those that can be easily converted into money; cash in hand, bills receivable, cash at bank etc. It is a part of the floating asset.

Fictitious Assets are assets which are not represented by any tangible possession or property; preliminary expenses, expenses prepaid, debit balance or profit and loss account & goodwill, etc.

The debts in any form owing by a businessman to other persons are known as liabilities.

Liabilities will generally include the bills payable, creditors for loans, outstanding liabilities for expenses, credit balance of profit and loss account, capital etc. capital the excess of assets over liabilities and its deficiency is the excess of liabilities over assets.

Fixed capital of a business consists of its fixed assets. Floating capital is represented by its floating assets. Working capital which is very important in the ASI context, means the overall capital for business after its fixed assets have been acquired.

### **12.11 Reasons for negative working capital**

- (i) Sudden and unforeseen heavy loss during the Accounting Year due to various economic factors.
- (ii) Continuous losses over a period of years due to various operational conditions.
- (iii) Excess investment in fixed assets.
- (iv) Excess investments in shares, debentures etc. without relevant to liquidity of the firm.
- (v) Bad inventory control resulting in inventory of physical assets and inflationary trends.
- (vi) Gradual withdrawal of capital by proprietors/partners for personal and non-productive uses.
- (vii) Unsound managerial and financial policies.
- (viii) Purposive under-valuation of stocks to reduce the liabilities by unscrupulous managers.

## Chapter 13

### **Trial Balance; Different types of final accounts – manufacturing, trading and profit and loss accounts.**

#### **13.0 What is a trial balance?**

In a double entry system, every transaction of any amount is entered in debit side of one account and also in credit side of another account. Thus the total of debit side of all accounts in the ledger should be equal to the total of credit side of all accounts in the ledger or the total of debit balances should be equal to the total of credit balances.

Thus 'Trial balance' is a statement containing the balances of all ledger accounts as at given date, arranged in the form of debits and credits column side by side and prepared with the object of checking the arithmetic accuracy of ledger posting. Total debit balance must be equal to total credit balances. The trial is a summary balance. It is trial balance because we take a trial of ledger balances for checking the arithmetic accuracy of the records. It helps in removing the defects in book keeping work, after which only final accounts (i.e. revenue accounts and balance sheet) can be prepared. The purpose of trial balance is to prepare the balance sheet and profit and loss account.

The object of trial balance is to give trial to the book keeping process followed by the business unit.

#### **13.1 How the trial balance is prepared?**

The trial balance is prepared either by taking into consideration the totals of each side of every ledger accounts or the balance of every ledger accounts. Hence, we may either follow the total method or the balance method.

In the 'total method', the totals of debit side of all accounts in the ledger is placed in one column and similarly the totals of credit side of all accounts in the ledger is placed on the other column.

Example:

Trial balance of R.K. Agarwal as on 31.12.76

Sl.No.	Ledger Accounts	Debit total	Credit total	Balance
1.	Capital	100	3100	(-) 3000
2.	Cash	4750	4500	250
3.	Bills receivable	2275	-	2275
4.	Building	3250	250	3000
5.	Purchases	3500	-	3500
6.	Sales	-	4000	(-) 4000
7.	Raju	1000	300	700
8.	Ramesh	1050	100	950
9.	Ravi	350	650	(-) 300
10.	Bills payable	-	1375	(-) 1375
11.	Bank account	3000	5000	(-) 2000

The total under both "debit total column and credit total column" will tally (viz. 19275) i.e. the debit side and credit side total of all the accounts will tally.

### 13.2 Balance method

In this method, we find out the difference (i.e. balance) of the two sides of each account. If the debit side of the account is greater, the balance is recorded in the 'debit side'. It is known as "debit balance". If the credit side of the account is bigger, then the balance is reported in the credit side of the account. It is known as 'credit balance'. This is known as 'balance method'.

Example:

Trial balance of R.K. Agrarwal as on 31<sup>st</sup> December, 1976

Sl.No.	Heads of accounts	LF	Debit balance	Credit balance
1.	Capital		-	3000
2.	Cash		250	-
3.	Bills receivable		2275	-
4.	Building		3000	-
5.	Purchases		3500	-
6.	Sales		-	4000
7.	Rajan		700	-
8.	Rakesh		950	-
9.	Ravi		-	300
10.	Bills payable		-	1375
11.	Bank account		-	2000
	Total		10675	10675

### 13.3 Importance of trial balance

1. It is goal of the book keeping system.
2. It is evidence prima-facie that all transactions are correctly recorded;
3. It is good check on proper recording of transactions &
4. It helps in preparation of final accounts.

### 13.4 Errors of book keeping

Errors

Clerical errors

Errors of principle (these do not affect the trial balance)

Errors of omissions

Errors of commission

Compensating errors (one error off-sets another error. Therefore, trial balance is not affected)

Complete error (do not affect trial balance)

Partial errors (affect trial balance)

Errors affecting the trial balance

Errors not affecting the trial balance

Errors of principle : Transactions not recorded as per principles of debit and credit. Example : capital expenditure shown under revenue expense etc. e.g. Rs. 50/- towards the deposit paid

to KEB is capital expenditure. But, wrongly shown under lighting charge (revenue expenditure).

Clerical error : Errors of clerical nature like errors of omission, errors of commission and compensating errors.

1. Errors of omission : Errors of omission relate to omission of ledger posting, omission of costing (totalling), omission of extension and carry forward, omission of balancing of an account and omission of recording transactions fully or partly. These errors are rectified by passing fresh entries or making necessary adjustments.
2. Errors of commission : These are errors committed while recording transactions and fall under the following types:
  - a) wrong posting – i.e. posting to wrong account, posting of wrong amount, posting to wrong side and double posting.
  - b) Wrong totalling : i.e. wrong totals of subsidiary books and wrong totals of accounts;
  - c) Wrong carry forward
  - d) Wrong balancing
  - e) Wrong calculations
  - f) Wrong entry in original book and subsidiary book
  - g) Error or duplication (entering same transactions twice)
3. Compensating errors: these are errors, which cancel each other. Though these do not affect the trial balance, it is essential to rectify these errors.

Errors disclosed by trial balance:

1. Omission of posting .
2. Omission of costing.
3. Omission of carry forward.
4. Wrong postings, wrong totalling, wrong carry forward.
5. Omission of an amount from trial balance.
6. Bringing the balance of an account to the wrong side of trial balance.
7. Double posting to one account.

### **13.5 Errors not disclosed by trial balance**

1. Errors of principle e.g if the purchase of an machinery item is entered in Purchase Day book in violation of the principles of book keeping instead of recording in the Machinery A/C..
2. Errors of complete omission. e.g. omission of an entry altogether from the subsidiary book .
3. Writing wrong amount in subsidiary book.
4. Posting of an amount to the correct side, but in the wrong account e.g say, an entry is to be done in the name of 'Shah' but wrongly done in the name of 'Shaw'
5. Compensating errors .e.g if purchase day book and sales day book are both over cast by Rs. 100
6. Entering an amount in two subsidiary books.

### **13.6 Different types of final accounts, statements of manufacturing account trading account, and profit and loss account**

13.6.1 Final Accounts: After preparation of a Trial Balance, a trader prepares a Trading account and profit & loss account to ascertain the gain / loss resulting from his business. The traditional purpose of accounting is to prepare two statements – one to show up the result of operations during the period concerned and the other to portray the financial position as at the end of the period. The first is called the Income statement or profit and Loss Account in case of business houses and Income and Expenditure Account in case of non-profit organisations. The second statement is called Balance Sheet. The profit and loss account (or its equivalent) should be drawn up in such a manner as to enable those who go through it carefully to have a fair idea of the results of the day to day operations (like producing goods and selling them) together with significant details. In case of a joint stock company the profit and loss account is legally required to give a true and fair view of the profit earned or loss suffered during the year.

The balances left in the trial balance for personal A/C or real A/C are considered for preparation of balance sheet . A debt balance in a personal A/C or real A/C represent an asset and a credit balance in a personal A/c or real A/C represent a liability. Whereas the balances left in the nominal A/C are considered for preparation of Profit & loss A/C. The debit balance in the nominal A/C representing expenses or losses is debited to P&L A/C and credit balance representing income or gain is credited to P&L A/c. The debit balance of the P&L A/C represents profit as debit side figure is less than the credit side figure and it is recorded in the debit side of P &L A/C whereas the credit balance of P &L A/C represent losses credit side figure is less than the debit side figure and it is recorded in the credit side of P &L A/C.

13.6.2 Trading Account: After the agreement of the trial balance, the trader closes his ledger accounts with a view to ascertain (1) the gross profit (2) the net profit and (3) the financial position of the business in the form of a balance sheet.

The trading account is an account which shows the result of the buying and selling of goods. In preparing this account, the general establishment charges are ignored, and only the transactions in goods are included.

On the debit side of the trading account the following items will be found.

- 1) Goods in stock at the commencement of the trading period which is the figure in the debit side of stock register on the first day of the accounting year
- 2) Purchases of goods during the period less the value of such of the purchases as have been returned . Purchase of goods is the debit balance of Purchase A/C and return of purchases is the credit balance of Return outward A/C .
- 3) Direct charges on purchase of goods, such as Freight, Duty Clearing charges, carriage inwards, customs duty, warehousing charges etc. These expenditures are the debit balances of the respective ledger A/Cs like Freight A/c, Duty clearing charges A/c, carriage inward A/c, customs duty A/C, warehousing A/C etc.

On the credit side will be found :-

- 1) Sales, less the value of goods returned by customers. Alike purchase A/C, credit balance of sales A/C will be the sales and the debit balance of the Return inward A/C will be the value of goods returned from the customer.
- 2) Stock of goods on hand at the end of the period. This is the credit balance of the stock register.

From the above it can be understood, that the debit side of the trading account shows the cost of goods held at commencement and acquired for the sale during the period and the credit side shows the selling price of the goods sold and the stock that remained unsold at the end of the period.

The balance of the trading account, represents, the gross profit on trading for the period, that is, the excess of the selling price of the goods sold over their purchase price.

The following is an example of a Trading Account with Imaginary figures.

M/S.....  
Trading Account for the year ending December 31<sup>st</sup>, 2001

Debit	RS.		Credit
	RS.		RS.
To Opening Stock	10,000	By Sales      3,14,000	
		Less Returns   14,000	
		Inward	3,00,000
To Purchases      1,50,000		By Closing Stock	16,000
Less return outwards   5,000	1,45,000		
To wages	65,000		
To Carriage on purchase	3,000		
To Fuel and Power	22,000		
To Rent and rates for factory	5,000		
	2,50,000		
To Gross profit carried to profit and loss account	66,000		
	3,16,000		3,16,000

**Trading Account of a Manufacturer:** The trading account of a manufacturer differs from the trading account of a trader. In the case of trader, who buys finished goods for sale, his cost of goods is debited to the trading account along with freight, carriage, transport, etc. In the case of a manufacturer, however, he purchases raw materials, out of which he manufactures finished articles and sells them. The trading account of a manufacturer will then contain the following items on the debit and credit sides of the trading account. It is better called a manufacturing A/C.

Debit side :

- 1) Stock at commencement,
  - (a) Raw materials,
  - (b) Semi finished or partly finished goods.
  - (c) Finished products.

- 2) Purchases,
  - (a) Raw materials,
  - (b) Finished goods,
- 3) Carriage Inwards,
- 4) Manufacturing wages,
- 5) Energy charge( electricity, Coal, coke, diesel & other fuel consumed however in manufacturing of iron & steel coal/coke will be treated as raw material based on actual consumption)
- 6) Factory rent,
- 7) Factory lighting & heating
- 8) Gross profit

Credit side :

- 1) sales,
- 2) stock at close,
  - (a) Raw materials,
  - (b) Semi finished or partly finished goods.
  - (c) Finished goods.

In a manufacturing concern the trading account is often divided into two sections.

- 1) the first section is called the manufacturing account, and
- 2) the second section is called the trading account.

The manufacturing account is prepared for the main purpose of ascertaining the cost of goods manufactured. The cost is made up of

- (a) materials consumed during the period, and
- (b) all manufacturing wages and factory expenses incurred during the period.

The cost of finished goods manufactured, as ascertained from the manufacturing account, is then transferred to the trading account. The cost of finished goods thus transferred is treated in the trading account as “purchases” from the factory. Trading account is then worked out as usual to show the gross profit.

Valuation of closing stock : As the item of closing stock materially affect the gross profit, it is essential that the greatest possible care should be taken in the proper valuation of the same.

Unsold stock should never be valued at selling price, if that price exceeds the cost price. If the unsold goods are valued at selling price, the result would be to anticipate a profit upon them which may or may not be realised. The profit on goods should only be brought into account when the goods are actually sold and delivered.

The following principles should be followed in determining the value of the stock of unsold goods on hand.

- 1) Profit on goods is deemed to have been earned only when the goods are actually sold.
- 2) No profit should be anticipated and taken credit for until it is earned.
- 3) If there is any chance of a loss likely to arise, the same must be immediately provided for, and as a result of the above rules, it follows that the stock of unsold goods should always be valued at cost price or market price whichever is the lower.



- 5) Packing materials and packing charges.
- 6) Duty
- 7) Freight
- 8) Carriage
- 9) Cartage
- 10) Turnover : This is the term used to denote total sales, generally total annual sales of a trader.
- 11) Work in progress: In a manufacturing concern, the process of manufacture is continuous and if at any time the stock is to be valued, it will be found that the stock will consist of (a) raw materials, (b) finished goods, (c) partly manufactured goods, that is, goods that are neither raw materials, nor finished articles, but are in the course of manufacture is called “work in progress”. This item should be valued at the actual cost incurred upto the stage of manufacture, including materials used and labour spent so far.

13.6.3 Profit and Loss Account: After the preparation of the trading account and the ascertainment of the Gross Profit, the next step is to prepare the P & L Account. The object of the P & L account is to show the net profit or loss made by the business during any given period after all expenses and losses incurred or attributed to the period are debited to it and all items of income and profits from whatever source derived and pertaining to the business or earned during the period are credited to it.

The profit and loss account or income statement, on the other hand, discloses revenues earned mostly from sale of merchandise and services rendered and all expenses incurred to generate the revenues and eventually the net working result during a specified period.

The profit and loss account starts with the Gross Profit transferred to it from the trading account, and after all nominal accounts balances (which are not already charged to the trading account) are transferred to it, shows the net result or balance called net profit or loss. If the credit total of this account is heavier, the result represents net profit to the extent of the difference, and, if the debit side is heavier, it means net loss. A fundamental principle for preparing the P & L account is that expenses and incomes for the full trading period for which profit and loss account is prepared. This means that if an expense has been incurred but not yet paid for, a liability for the unpaid amount must be created before the accounts can be said to show a true picture. All expense accounts should be properly adjusted. If any liability in respect of any expense is not included in the P & L account of the current year the net profit arrived at will be more than what actually it is.

The nominal accounts, before they are transferred to the P & L account, will undergo some adjustments under the following circumstances.

**Outstanding Expenses** : These are expenses incurred during the year but for which payment has not been made and will have to be made next year. In such a case, P & L account should be debited with the amount and credited with the unpaid expenses account and shown as a liability in the balance sheet.

**Prepaid Expenses** : In certain cases, expenses are paid for a definite period but a part or whole of such expenditure may be for the subsequent period and which is not covered by the trading period. Examples of such prepaid expenses are insurance premium, rent, rates & taxes, subscriptions, telephone rent etc.

Income received in advance : If any item of income is received during the period, the whole or part of which represents an amount which is not yet earned, it is necessary that the unearned portion of the income should be excluded from the current years P & L account so that it may be included in the next period when the income is actually earned, if for example, rent for the portion sublet was received on 1<sup>st</sup> October for year and the books of account are being closed on 31<sup>st</sup> December, the profit and loss account of the current year should be credited with only 1/4<sup>th</sup> of the rent received and the 3/4<sup>th</sup> of the rent received in advance should be treated as income received in advance, which should be shown on the liabilities side of the balance sheet.

Income earned and not received: The whole of the income earned during the period under review must be included in the income account for the period whether actually received on cash or not. For instance the total commission earned during the period is 1500/-. The commission account in the books, however, has been credited with RS. 1400/- only, being the amount of actual commission received. The balance of commission outstanding not having been an adjusting entry will have to be passed bringing into account the balance of the commission earned, but not yet received. The outstanding income will be treated as an asset in the balance sheet.

Deferred revenue expenditure : Expenditure which, though of revenue nature, is spread over a number of years, because its benefit is derived during those years. Such an expenditure is called deferred revenue expenditure. Expenses on advertisement producing benefit for a long time excluding the specific financial year is spread over a number of years. Such expenditure is called deferred revenue expenditure.

Difference between Revenue and capital Expenditure: When expenses involved for additional earning is treated revenue expenditure but if there is no impact of expenses on increasing of additional income, this type of expenses is called capital expenditure. For example, expenses involved for development of factory shed without any production is capital expenditure but repair and maintenance cost of the said factory shed after receipt of production in that area is revenue expenditure.

Expenses that appear in the profit & loss account:

- 1) Salaries : (a) of office staff, (b) of selling staff, (c) proprietor's own (d) managing director's remuneration.
- 2) Rent : (a) of office building, (b) of finished goods godown, (c) of show rooms.
- 3) Rates and Taxes.
- 4) Insurance.
- 5) Cash discount allowed.
- 6) Advertisement,
- 7) Carriage on sales or carriage outwards.
- 8) Bad debts and provision for bad debts.
- 9) Travelling expenses.
- 10) Royalties.
- 11) Selling commission.
- 12) Lighting (except factory).
- 13) Repairs : (a) of building, (b) of plant & machinery (c) of other assets.
- 14) Depreciation.
- 15) Telephone.

- 16) Postage and Telegrams.
- 17) Printing & stationery.
- 18) Office Expenses.
- 19) Bank Charges.
- 20) Legal Charges.
- 21) Interest
- 22) Motor car & vehicle expenses.
- 23) Audit fee.
- 24) Loss by fires etc.

Some items are found on the credit side of the profit and loss account.

They are :-

- 1) Cash discount received.
- 2) Interest received.
- 3) Commission earned.
- 4) Dividends received
- 5) Profit on sale of assets.

### Bad debts

Some people fail to pay their dues. They are known as debts and the amount is irrecoverable is a loss. If a person files a petition in bankruptcy, his creditors will generally write him off as a bad debt. The entry in the books of the creditors is

Bad debts Account	Dr.
To the Debtor's (by name) Account	

The debtor account is then closed and the bad debts account is transferred, at the end of the year to the P & L Account.

Reserve for Bad and Doubtful Debts : This reserve is created to meet any future loss if the debtors fail to pay the whole or part of the debt owing by them. When the amount of loss which will take place is known, provision should be made for the exact amount. The profits are reduced by this figure and the amount is treated as a provision. The provision for bad and doubtful debts will appear in the balance sheet on the liability side. The entry for the creation the provision is :

Profit and Loss Account	Dr.
To provision for Bad & Doubtful Debts A/c	

## Chapter 14

**Balance sheet, preparation and use, different types of balance sheet and its related statements. Methods of raising capital for enterprises with specific reference to corporate sector. Different kinds of share, share issue, paid up funded accounts, royalty, mortgage, hypothecation. Types of assets and liabilities.**

### 14.0 Introduction

A balance sheet is a classified summary of all the balances remaining in the general ledger as at the close of business on a particular date after those relating to income and expenses have been transferred to the profit and loss account. The balance in this account is also taken to the balance sheet. A balance sheet is like a weighing scale, the weight of the left hand side of the scale must agree with that of its right hand side. The balance sheet is a snapshot of the financial position of a business at a given moment of time. In other words, “It is a statement of assets and liabilities concerned at the time of close of accounts”.

The balance sheet is not an account. It is only a statement of position as on a particular date. Hence the words “Debit” and “Credit” or the abbreviations there of do not appear on the assets and liabilities sides of the balance sheet respectively, nor are the items of assets and liabilities preceded by the word To or By. The profit and loss account is the historical record of the performance of the company during the whole year, while the balance sheet indicates its financial position as at the close of business on the last day of the year. Therefore, the P & L account is “for the year ended” ..... While the balance sheet is “As at” .....

The balance sheet and profit and loss account must disclose true and fair view of the state of affairs of the company. For this purpose every asset should be brought in at its true worth and every liability properly inserted. Even the balance of profit and loss account included therein should be correctly arrived at. If any asset or liability is omitted to be shown in the balance sheet or is over or under valued, not only would this affect the correctness of the balance sheet, but it would equally falsify the net resultant profit or loss as disclosed by the profit and loss account.

No definite rules can be laid down as to the correct order in which the Assets and Liabilities shall appear in the balance sheet. However, the order of liquidity is generally used by sole-traders, partnership concerns, joint stock companies, by law, follow the order of performance. In case of companies the form of the balance sheet is laid down by the company act.

Liabilities can also be grouped in two ways –either in the order of urgency of payment or in the reverse order. Apart from companies, which have to follow the form prescribed by the companies act, liabilities are generally shown in the order of urgency of payment. That is why in sole traders and partnership concerns, sundry creditors are shown first, then loan creditors and then the capital comes last.

### 14.1 Classification of Assets

The assets are generally classified into fixed assets and current assets. Fixed assets are those which are acquired and held permanently for the purpose of creating production ,say, plant & machinery, building , transport etc, current assets are those assets which are easily be realised and are therefore readily available to discharge liabilities. Some writers divide the assets into (a) tangible assets which have some physical existence & (b) intangible assets, such as goodwill, copy rights, trade marks etc., which cannot be seen or touched and

its value and anticipated benefit that confer upon the owner, (c) wasting assets , such as mines, quarries etc., a part of which is extracted and sold during the period of their operation and (d) fictitious assets, such as payments made in advance or heavy expenditure incurred on advertisement, legal expenses, etc., which are temporarily capitalised. There are others who classify the assets as Fixed, Current and Unrealisable assets. They define unrealisable assets as items of expenditure of a capital nature, such as discount and commission on the issue of shares, and debentures, preliminary expenses and reacquisition losses.

#### **14.2 Floating Asset or liquid Asset**

Floating Assets are those which are meant to be converted into cash at the earliest opportunity. Examples are cash, sundry debtors, stock of goods, etc. These assets are also known as circulating assets since these assets constantly change in value through transactions that are entered into. The figure of sundry debtors, for instance, changes from day to day. Cash is also known as Liquid Asset.

#### **14.3 Royalty**

This is a periodic payment made to a owner of a property for the use of the property and is based on an agreed portion of the income arising from such use. In manufacturing industries the amount paid to the patentees, in printing and publishing business the amount paid to author for parting the right to print, in coal mining or oil extraction industries, the payment made to the owner of the land are royalties.

#### **14.4 Hypothecation**

This means pledging of property to secure the payment of a debt. The ledger account or other records are stamped with the reminder that the proceeds of hypothecation are being to the account of the creditor to whom the property has been hypothecated.

#### **14.5 Mortgage**

This is a deed of trust serving the purpose of security for obtaining a loan. This is a lien on fixed or movable property given by the borrower to the lender as security for his loan. Mortgage obligation may become due and payable on specified dates, in definite installments or by periodic payments. The loan secured through mortgage of property is treated as a long term liability.

#### **14.6 Liabilities side of the Balance Sheet**

- 1) Share Capital : The share capital of a company comprises of preference share capital and equity share capital. The law defines preference share capital as that part of the share capital which fulfils both the following conditions:
  - (a) that it carried preferential right in respect of dividends, and
  - (b) that it carried preferential right in regard to repayment of capital.

Equity share capital is the share capital other than the preference share capital. That is to say, if the shareholder is not entitled to a fixed dividend in preference to others or if there is no

prior right for the capital to be repaid, the share capital will be treated as equity share capital. The holders of these shares are entitled to participate in the profits earned by the company after the payment of the fixed dividends on the preference shares.

Share capital represents the total amount of shares subscribed by the shareholders to serve as capital for the company.

Authorised, Nominal or Registered Capital:

This represents the total amount of share capital authorised by the memorandum of association and with which the company is registered.

Issued Capital : This is the amount of the shares( i.e. a part of the authorised capital) that have been offered to the public for subscription for cash and to the vendors as fully or partly paid.

Subscribed Capital : This represents that portion of the share capital ( i.e. out of the issued capital) as has been taken up by the public and the vendors.

Called Up Capital : This represents the amount of money called up on the shares actually subscribed. Generally, the shareholders pay the price of the shares by instalments viz., application, allotment, first call, final call etc. Therefore , the portion of the face value of the shares which the shareholders are called upon to pay is termed as called up capital.

Paid up Capital : This represents that portion of the called up capital as has actually been paid up by the shareholders as also the extent to which the shares have been issued as paid up.

Calls in Arrears : This represents the extent to which shareholders have not paid the calls made on them.

The credit balance of forfeited shares account must be shown below the subscribed capital.

- 2) Reserves and surplus : The following are the sub-heads of reserves & surplus.
  - (a) Capital Reserves : This has been defined as any reserve which cannot be legally distributed amongst the shareholders. Capital reserve is made up of (1) profits made on the sale of an asset, (2) premiums received on the issue of shares and debentures, (3) the balance standing to the credit of forfeited shares account after such shares have been reissued, (4) profits earned prior to incorporation of a limited company.
  - (b) Capital redemption reserve.
  - (c) Share premium account.
  - (d) Other reserve.
  - (e) Surplus, credit balance of P.L. A/c.
  - (f) Proposed addition to reserves.
  - (g) Sinking funds: These are created for some specific purpose, for example, Debenture redemption Fund, created to redeem the debenture on the due date.
- 3) Secured Loans : These are borrowings by the company which has pledged or mortgaged some assets with the lenders of such shares. The secured loans should be categorically stated as: (1) debentures ; (2) loans & advances from banks; (3) loans and advances from subsidiaries; (4) other loans and advances.
- 4) Interest accrued and due on secured loans is to be shown under the head ‘ secured loan’ but Interest accrued and not due, is to be shown under the head ‘outstanding liability’. For example, debenture of Rs.1000 as on 31<sup>st</sup> March of the financial year completed one year for redemption. Interest say, @ Rs. 5% on the debenture value Rs.

1000 = Rs. 50 is accrued but it is due on 1<sup>st</sup> April of the next financial year. Hence, interest of Rs50 is outstanding expenses for the year ended of the financial year.

- (a) **Debentures:** Debentures do not form part of capital of a company. Debentures holders are the creditors of the company, while shareholders are the owners of the company. Money received by the company by the issue of debentures is a loan while money received by the issue of shares is the capital of the company.

A debenture has been defined as “acknowledgement of a debt, given under the seal of the company and containing a contract for the repayment of the principal sum at a specified date for the payment of interest at a fixed rate, per cent until the principal sum is repaid and it may or may not give the charge on the assets of the company as security of the loan”. Debentures are bonds issued by a company acknowledging the money borrowed from the public.

In all the above cases, the nature of the security must be stated.

5) Unsecured Loans : They are divided into:

- (a) Fixed deposits.  
(b) Loans & advances from subsidiaries.  
(c) Short term loans and advances. (i) from banks (ii) from others;

All the above loans are not secured by any assets of the company. Short terms loans must include those loans which are due for not more than one year as on the date of the Balance Sheet.

6) Current Liabilities & Provisions:

- (A) Current liabilities include,  
(i) Bills Payable,  
(i) Sundry Creditors,  
(ii) Advance payments  
(iii) Unclaimed dividends,  
(iv) Credit balances of subsidiary companies,  
(v) Other liabilities,  
(vi) Interest accrued, but not due on loans.  
(B) Provisions include,  
(i) Provisions for taxation  
(i) Proposed dividends  
(ii) Provisions for contingencies,  
(iii) Any other provisions.

#### **14.7 Asset side of the Balance Sheet**

- 1) Fixed Asset: Each fixed asset must be shown at its original and the total depreciation written off under each head to the date of balance sheet must be shown by way of deduction from the corresponding asset. Any deduction from the corresponding asset is also to be shown. Any addition to the original cost, during the year, must be separately shown.
- 2) Investment: This items includes :-  
(i) National Saving Certificate  
(i) Shares from bank, societies, Co-op. Bank.

(ii) Balance as per last balance sheet etc.

Current assets, loan & advances :

A. Current assets : This item includes

- (i) Interest accrued on investment,
- (ii) Stores and spare parts,
- (iii) Loose-tools,
- (iv) Stock in trade,
- (iv) Works in progress,

Sundry debtors : This item includes.

(vi) Debts outstanding for period exceeding six months.

(vii) Other debts.

Cash balances : This item includes

- (viii) In hand,
- (ix) with scheduled banks,
- (x) with others.

The bank balances must be stated whether they are on current account, fixed account or call account.

B. Loans & advances : This item includes

- (i) Advances and loans to subsidiaries,
- (ii) Bills receivable.
- (iii) Prepaid expenses and advances recoverable in cash or kind.
- (iv) Security deposits.

4. Miscellaneous Expenditure : This item includes,

- (i) Preliminary Expenses : Preliminary expenses are those expenses which are incurred in the creation, flotation or incorporation of a company. These expenses are sometimes called promotion, flotation, or foundation expenses.
- (ii) Brokerage or commission or subscription or underwriting of shares or debentures.
- (iii) Discount on issue of shares and debentures.
- (iv) Interest paid out of capital during construction.
- (v) Development expenditure.
- (vi) Other items, stating the nature of transactions.

The above expenses are shown as assets in the balance sheet to the extent not written off or adjusted

5. Profit and Loss Account : Any debit balance of profit and loss account is to be shown as the last item in the Balance Sheet.

An example of balance sheet is shown below:

### Horizontal Form

Balance Sheet of .....as at.....

Figures for the previous year	Liabilities	Figures for the current year	Figures for the previous year	Assets	Figures for the current year
Rs.	<p><b>SHARE CAPITAL</b>            Authorised:            .....shares of Rs....each            Issued:            .....shares of Rs....each            Subscribed:            .....shares of Rs....each,            Rs...called up            Of the above shares ....shares are allotted as fully paid up pursuant to a contract without payment being received in cash            Of the above shares ....shares are allotted as fully paid by way of bonus shares            Less: Calls unpaid:                i) By Directors                ii) By Others            Add: Forfeited shares (amount originally paid up)</p> <p><b>RESERVES AND SURPLUS</b>            (1) Capital Reserves            (2) Capital Redemption Reserve            (3) Share Premium Account            (4) Other Reserves specifying the nature of each reserve and the amount in respect thereof            Less: Debit balance in Profit &amp; Loss A/c (if any)            (5) Surplus, i.e., balance in Profit &amp; Loss A/c after providing for proposed allocations, namely Dividend, Bonus or Reserves            (6) Proposed additions to reserves            (7) Sinking funds</p> <p><b>SECURED LOANS</b>            (1) Debentures            (2) Loans and Advances from Banks            (3) Loans and Advances from subsidiaries</p>	Rs.	Rs.	<p><b>FIXED ASSETS</b>            Distinguishing as far as possible between expenditure upon:            (a) Good will            (b) Land            (c) Buildings            (d) Leaseholds            (e) Railway Sidings            (f) Plant and Machinery            (g) Furniture and Fittings            (h) Development of Property            (i) Patents, Trade Marks and Designs            (J) Live-Stock, and            (k) Vehicles, etc.</p> <p><b>INVESTMENTS</b>            Showing nature of investment and mode of valuation, for example, cost or market price and distinguishing between:            (1) Investments in Government or Trust securities            (2) Investments in shares, debentures or bonds            (3) Immovable Properties            (4) Investments in the capital of partnership firm</p> <p><b>CURRENT ASSETS, LOANS AND ADVANCES</b>            (A) Current Assets:            (1) Interest accrued on Investments            (2) Stores and Spare parts            (3) Loose Tools            (4) Stock-in – progress            (5) Work-in-progress            (6) Sundry Debtors</p>	Rs.

	<p>(4) Other Loans and Advances</p> <p><b>UNSECURED LOANS</b></p> <p>(1) Fixed Deposits</p> <p>(2) Loans and Advances from subsidiaries</p> <p>(3) Short-term Loans and Advances:</p> <p style="padding-left: 20px;">(a) From Banks</p> <p style="padding-left: 20px;">(b) From Others</p> <p>(4) Other Loans and Advances:</p> <p style="padding-left: 20px;">(a) From Banks</p> <p style="padding-left: 20px;">(b) From Others</p> <p><b>CURRENT LIABILITIES AND PROVISIONS</b></p> <p><b>(A) Current Liabilities:</b></p> <p>(1) Acceptances</p> <p>(2) Sundry Creditors</p> <p>(3) Subsidiary Companies</p> <p>(4) Advance payments and unexpired discounts for the portion of which value has still to be given</p> <p>(5) Unclaimed Dividends</p> <p>(6) Other Liabilities; if any</p> <p>(7) Interest accrued but not due on loans</p> <p><b>(B) Provisions:</b></p> <p>(8) Provision for Taxation</p> <p>(9) Proposed Dividends</p> <p>(10) For Contingencies</p> <p>(11) For Provident Fund scheme</p> <p>(12) For insurance, pension and similar staff benefit schemes</p> <p>(13) Other Provisions</p> <p>A foot-note to the balance sheet may be added to show separately:</p> <p>(1) Claims against the company not acknowledged as debts</p> <p>(2) Uncalled liability on shares partly paid</p> <p>(3) Arrears of fixed cumulative dividends</p> <p>(4) Estimated amount of contracts remaining to be executed on capital account and not provided for</p> <p>(5) Other moneys for which the company is contingently liable</p>			<p>(a) Debts outstanding for a period exceeding six months</p> <p>(b) Other debts</p> <p>Less: Provision</p> <p>(7a) Cash balance on hand</p> <p>(7b) Bank balances:</p> <p style="padding-left: 20px;">(i) With Scheduled Banks</p> <p style="padding-left: 20px;">(ii) With Others</p> <p><b>(B) Loans and Advances:</b></p> <p>(8a) Advances and loans to subsidiaries</p> <p>(8b) Advances and loans to partnership firms in which the company or any of its subsidiaries is a partner</p> <p>(9) Bills of Exchange</p> <p>(10) Advances recoverable in cash or in kind or for value to be received, e.g., Rates, Taxes, Insurance etc.</p> <p>(11) Balances with Customers, Port Trust etc. (Where payable on demand)</p> <p><b>MISCELLANEOUS EXPENDITURE</b></p> <p>(to the extent not written off or adjusted)</p> <p>(1) Preliminary expenses</p> <p>(2) Expenses including commission or brokerage on underwriting or subscription of shares or debentures</p> <p>(3) Discount allowed on the issue of shares or debentures</p> <p>(4) Interest paid out of capital during construction (also stating the rate of interest)</p> <p>(5) Development Expenditure not adjusted</p> <p>(6) Other items (specifying nature)</p> <p><b>PROFIT AND LOSS ACCOUNT</b></p>	
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