Session 3: Steps for compiling SUT  
27.9.2017  
(Questions and answers)

Question 1: What is difference b/w Basic price and purchase price?

Ans: In simple terms, the basic price refers to the price at the farmgate/factory gate, while the purchasers' price refers to the price paid by the purchasers. The producers receive the values for their produce at the basic price. For example, if a farmer sells his/her maize at $100 per tonne, the basic price is $100 per tonne.

The products from the producers have to go through transporters and traders before they reach the buyers. In this example, a household may buy the same maize at $150 per tonne, as this involves transport charges to reach the trader, say $15, the trader charges his margin, say $25 and the taxes on maize is $10. So, the purchasers' price of maize is $150.

The equation between the two prices is:

Purchasers' price = basic price + trade and transport margins + taxes on products - subsidies on products.

Question 2: About the adjustment for purchases by residents abroad and non-residents in the economy, it has been said that if the estimates are based on HIES, and no adjustments are required for HFCE. It is common that HIES under-estimate the expenditure of households, and in certain situations by using the method of flow of products, we balance the consumption of households. In this case we must first adjust the consumption of non-residents, because the method of the flow of products includes products which are intended for the consumption of non-residents.

Answer: Indeed it has been said that the adjustments are sometimes necessary and other times not. One obtains the balanced tables at the end of the process. But at the beginning, after the estimate of the final consumption of households from the main source of data (HIES) we will consider that the expenditure of resident abroad are already included in the expenses of households; for this, there is no need to make adjustments, since these expenses are part of expenditure of residents during the HIES. The adjustments that will be made after, concern only the framework of balancing, being understood that HIES can effectively under-estimate the level of expenditure of households resulting in statistical discrepancies.

Question 3 (contd’): It was the adjustment for non-residents, i.e., that for the latter, it must include the adjustments.
**Answer:** In effect. The adjustments are to be performed when the expenses are not yet taken into account nowhere. For residents this is not necessary when the source of data is the HIES. For non-residents, the adjustment is made at the level of the balance of payments which notes the expenditures made by non-residents in the national economy. Once this information is available in the balance of payments, there is no need to make adjustments to the data of the SUT before moving to its balancing.

**Question 4 (Cont’d’):** What happens when we do not have the breakdown by product of the expenditure of non-residents in the balance of payments?

**Answer:** In this case, the whole of the expenditure are brought in the adjustment column/row.