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ADAPTATION OF AGRICULTURAL STATISTICS TO NEW INFORMATION NEEDS OF TRANSITION ECONOMIES

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The process of transition to a market economy has increased the need for economic information that is complete, of good quality and up to date.

The need for simple, trustworthy and detailed statistical information is a fundamental prerequisite for a successful transition to a market economy.

Within the past few years, land reform has greatly increased the number of people having a private plot and, therefore, the role of the private sector in food supply. In 1997, 43 percent of agricultural produce came from such plots.

Private plots accounted for: 98 percent of all potatoes, 68 percent of fruit, 51 percent of meat, 55 percent of milk and 20 percent of eggs. With a view to improving statistical observation of private-sector agricultural production and securing full and objective information, the statistical committee is designing a new statistical information flow. This is based on the creation of a sample set of private plots, with subsequent application of the data to the general set.

The information flows for which adaptation has been completed include the annual (as from 1993) sample surveys of agricultural producers' intentions regarding produce production and sale and of the entrepreneurial activity of agricultural enterprises and peasant (farmers') farms. As a result of the April 1997 survey, it was possible to provide local government organs with an analysis showing that in 1997 85 percent of agricultural enterprises intended to increase their output of grain and 56 percent their output of sunflowers. Peasants' (farmers') expectations were similarly optimistic: 84 percent of those sampled intended to produce more grain than in the previous year, and this was borne out by the results for the year.

The heads of agricultural enterprises and the majority of the farmers questioned drew attention to similar factors affecting their production and entrepreneurial activity. These included: customers' insolvency; degree of wear of agricultural machinery; depletion of natural resources; lowness of procurement prices for produce; price disparities between industrial and agricultural products, etc.. On the other hand, as a general rule no one referred in the response forms to personal failings or potential for increasing output or profitability. With this in mind, the committee has, for the past two years, been conducting additional statistical surveys aimed at studying the reasons why losses are incurred and, of course, why agricultural enterprises are unable to pay wages and taxes on time.

Analysis of the information so obtained shows that some agricultural enterprises are selling their produce at prices 1.5-2 times below those of

neighbouring enterprises where conditions are similar and the quality of the produce is roughly the same.

In 1996, for example, because of the uncontrollability of heads of agricultural enterprises with respect to the sale of sunflowers (one of the most profitable crops) and artificially low prices, agricultural enterprises lost over 10 billion rubles or 14.3 percent of their total allocation of produce subsidies. The situation was no better in 1997: at last year's low selling price for sunflowers, agricultural enterprises lost over eight billion rubles. A similar situation obtains regarding milk: because of low prices, agricultural enterprises lost 50 million rubles on their milk sales in 1997.

We believe that, in the present transitional period, selling prices are of vital importance for improving the economic health of agricultural enterprises. There is now a plethora of sales channels and payment is often in cash; these factors are, naturally, conducive to embezzlement, bribery and other unproductive expenditure.

We could analyze these processes more deeply if statistical reports covered not only prices but also the quality of the produce sold and other indicators affecting prices.

The adaptation of agricultural statistics to the new information needs in the transitional period also entails closer examination of hidden (informal) agricultural activity. For this, too, the statistical committee has introduced new statistical surveys aimed at determining the volumes of hidden agricultural production in agricultural enterprises and of unreported output from private plots respectively. The results show that in 1997 untaxed income from agricultural produce produced on private plots amounted to roughly 12 percent of GDP.

In the anonymous response forms for a survey conducted in agricultural enterprises and peasant farms, managers indicated that they only fail to show about four percent of gross harvests in State statistical reports. In private interviews, however, they put the extent of the concealment of grain output, for example, at as much as 25-30 percent. The grain, instead of making it to the threshing floor, stays on the farm because many agricultural enterprises do not pay wages for two or three years at a time. Consequently, in present circumstances the methodology both for surveys and for the subsequent calculations of gross harvests of grain, vegetables, melons and other crops needs to be adjusted.

The reorganization of the majority of collective and State farms has resulted in a creation of new farm entities under a variety of forms of ownership that are anxious to "escape" the eyes of the statistical authorities.

Instead of exaggerating performance indicators, as used to happen in the pre-reform days, economic structures now try to understate them. This has the effect of distorting major production indicators and, in the final analysis, profits and taxes.

All these problems and the many others on which we are working are ultimately soluble, but access to the methodological work of other specialists would be of great help us in this respect.