

## **Rs 637.19 billion credit extended to industrial sector last fiscal**

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Banks and financial institutions (BFIs) extended credit worth Rs 637.19 billion to the industrial sector in the last fiscal year, 2016-17. The credit flow of BFIs to the industrial sector surged by 21 per cent in the review period against the corresponding period of earlier year.

BFIs had disbursed loans worth Rs 526.68 billion to the industrial sector in fiscal 2015-16 — an increase of 22.1 per cent compared to fiscal year 2014-15 when credit amounting to Rs 431.26 billion had been floated to the sector.

A major portion of investment of the BFIs was centred on agro-based industries and production of food items last fiscal. BFIs invested Rs 286.74 billion in the aforementioned areas, 13.8 per cent higher than the previous fiscal year.

According to the economic activities study of Nepal Rastra Bank (NRB) — the central monetary and regulatory authority — BFIs invested Rs 3.61 billion in industries related to mines and minerals in the last fiscal, which was 18.36 per cent higher than the figures of previous year. Similarly, BFIs invested Rs 198.9 billion in construction, against Rs 161.58 billion of previous fiscal year and Rs 123.3 billion in the fiscal 2014-15.

Likewise, Rs 57.82 billion was invested in electricity-, gas- and water-related projects. The investment amount in these areas stood at Rs 42.47 billion in fiscal year 2015-16 and Rs 30.65 billion in fiscal 2014-15. As per the NRB's report, credit in those areas rose by 36.1 per cent last fiscal year.

In the same way, investment of banks in metal and electronic products soared by 34.2 per cent to Rs 26.69 billion in the review period. The figure stood at Rs 19.88 billion in the fiscal 2015-16 and Rs 16 billion in the fiscal 2014-15.

The central bank also reported that Rs 63.37 billion in credit was extended to tourism and service based industries. Growth of credit stood at 32.5 per cent in these sectors in the review

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period. The BFIs had provided loans worth Rs 47.81 billion to the sector in the fiscal 2015-16 and Rs 38.80 billion in the fiscal 2014-15.

As per the study report of the central bank, the highest credit growth could be seen in electricity, gas and water — 36.1 per cent in the last fiscal year. Likewise, credit growth in metal and electronics products stood at 34.2 per cent and tourism and service industries recorded credit growth of 32.5 per cent in the review period.

The central bank had conducted the study in Kathmandu, Biratnagar, Janakpur, Birgunj, Siddharthanagar, Nepalgunj and Dhangadi areas. According to NRB, it has analysed the data provided by the municipalities, sub-metropolitan cities and metropolitan cities of 57 districts across the country.

### Comparative figures

Sector	2014-15	2015-16	2016-17
Mines and minerals	Rs 2.24bn	Rs 3.05bn	Rs 3.61bn
Agro-based industries	Rs 222.26bn	Rs 251.88bn	Rs 286.74bn
Construction	Rs 123.3bn	Rs 161.58bn	Rs 198.9bn
Electricity	Rs 30.65bn	Rs 42.47bn	Rs 57.82bn
Metal products	Rs 16bn	Rs 19.88bn	Rs 26.69bn
Tourism and service	Rs 36.8bn	Rs 47.81bn	Rs 63.37bn

Source: The Himalayan Times, 19<sup>th</sup> December 2017