GOVERNMENT OF NEPAL

NATIONAL STATISTICS OFFICE

INPUT PRICE INDEX OF CONSTRUCTION SECTOR

(I P I C S)

Third Quarter Report - FY 2082/83 B.S. (2025/26)

Reference Period: Magh–Falgun–Chaitra 2082 (January–April 2026)

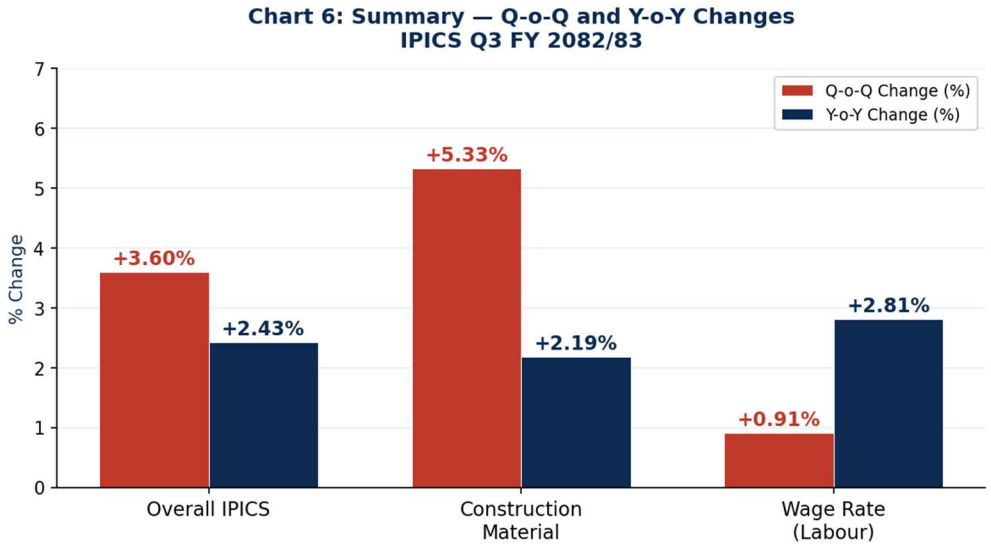
Overall IPICS	Q-o-Q Change	Y-o-Y Change	Material Index	Wage Index
157.6	**+3.60%**	**+2.43%**	**138.6**	**203.0**
Q3 FY 2082/83	vs Q2 (152.1)	vs Q3 FY81/82 (153.8)	Q-o-Q: +5.33%	Q-o-Q: +0.91%

Base Year: 2071/72 B.S. (2014/15) = 100	Coverage: Materials (70.5%) + Labour (29.5%)	Formula: Laspeyres Weighted Price Index	Release: Ashadh 2083 B.S.

1. Executive Summary

The Overall Input Price Index of Construction Sector (IPICS) rose to **157.6** in the third quarter (Q3) of FY 2082/83 B.S. (Magh–Falgun–Chaitra 2082, corresponding to January–April 2026), registering a **quarter-on-quarter (Q-o-Q) increase of 3.60%** from 152.1 in Q2 and a **year-on-year (Y-o-Y) increase of 2.43%** compared to 153.8 in Q3 of FY 2081/82. This marks one of the sharpest quarterly accelerations in construction input costs recorded in recent fiscal years, driven predominantly by a broad-based surge in construction material prices.

The **Construction Material sub-index** (weight: 70.5%) rose sharply by **+5.33% Q-o-Q** to 138.6 - the primary engine of the overall index movement. The **Labour Wage sub-index** (weight: 29.5%) increased moderately by **+0.91% Q-o-Q** to 203.0, crossing the **200-point milestone** for the first time - meaning average construction wages are now more than double their 2014/15 (2071/72) base year levels. The divergence between material price volatility and stable wage growth is a defining structural feature of this quarter.



2. Overall Index Movements

2.1 Quarter-on-Quarter (Q-o-Q) Comparison: Q3 vs Q2 FY 2082/83

The overall IPICS increased from **152.1 in Q2** to **157.6 in Q3** - a gain of **5.5 index points (+3.60%)**. This is the largest single-quarter jump since Q3 of FY 2078/79. The movement is driven almost entirely by the construction material component, which surged 5.33% while the wage component remained contained at 0.91%.

2.2 Year-on-Year (Y-o-Y) Comparison: Q3 FY 2082/83 vs Q3 FY 2081/82

Compared to Q3 of the previous fiscal year (153.8), the current Q3 index of **157.6** represents a **Y-o-Y increase of 2.43%**. This moderate annual increase masks the sharp intra-year acceleration: the index had dipped to 152.1 in Q2 before the Q3 surge. The annual trend reflects ongoing construction cost inflation in Nepal.

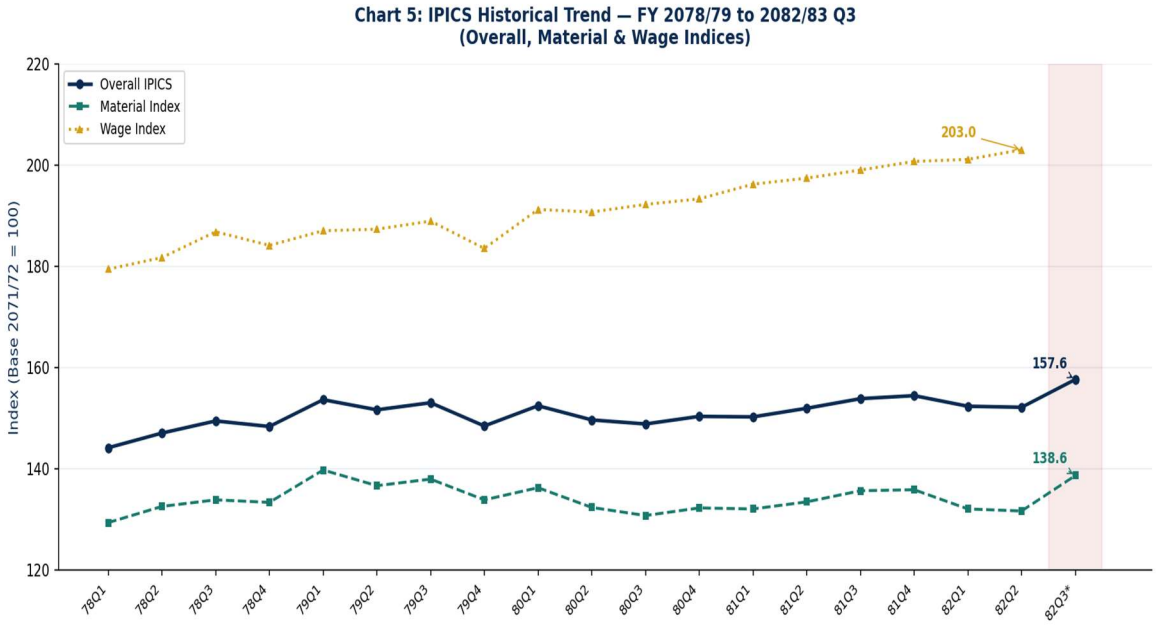


Chart 5: IPICS Historical Trend - FY 2078/79 to 2082/83

3. Construction Material Sub-Index

The aggregated Construction Material Index surged to **138.6** in Q3 FY 2082/83 - up **+5.33% Q-o-Q** from Q2's 131.6 and **+2.19% Y-o-Y** above Q3 of the previous year. This quarterly jump is the sharpest in at least four quarters, reflecting a simultaneous price escalation across nearly all material categories during the Magh–Chaitra period.

3.1 Weighted Price Contribution Analysis

Because IPICS is a weighted index, **the size of the weight matters as much as the price movement.** The three highest-weighted material categories - **Bricks/Stones/Concrete (wt: 21.78%)**, **Cement (wt: 19.31%)**, and **Iron Rod & Billets (wt: 11.61%)** - together account for **52.7% of the total material sub-index** weight. All three recorded significant Q-o-Q price increases this quarter, making them the dominant drivers of construction cost escalation.

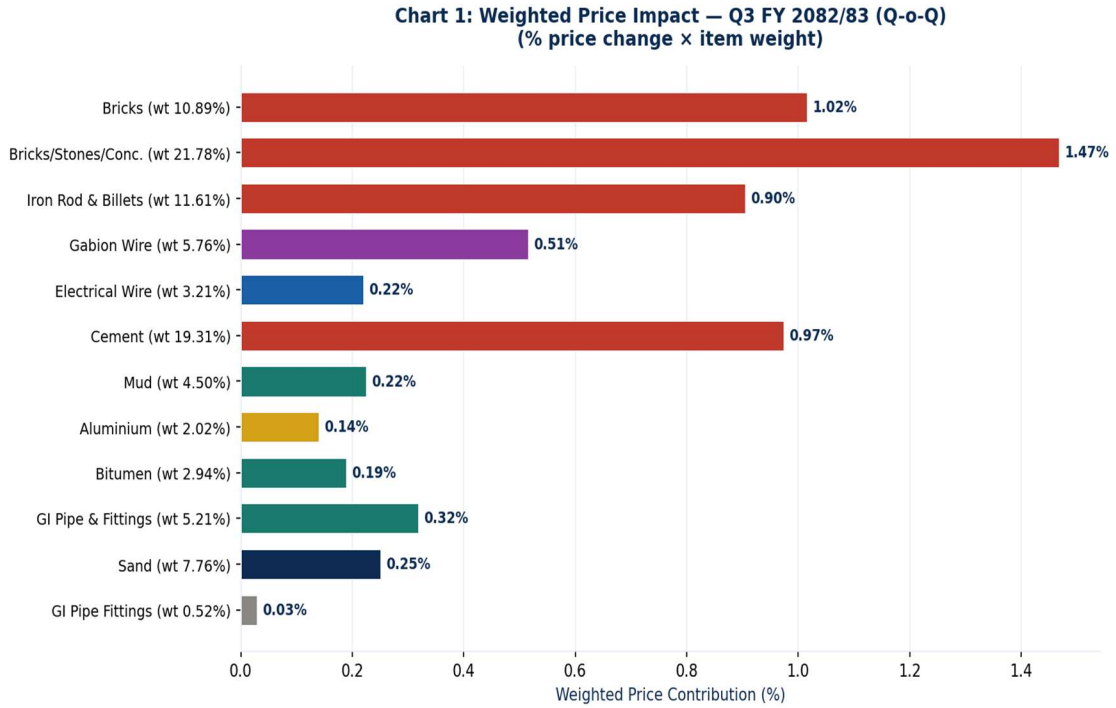


Chart 1: Weighted Price Impact - Q-o-Q (% change × item weight)

3.2 Q-o-Q Material Price Changes

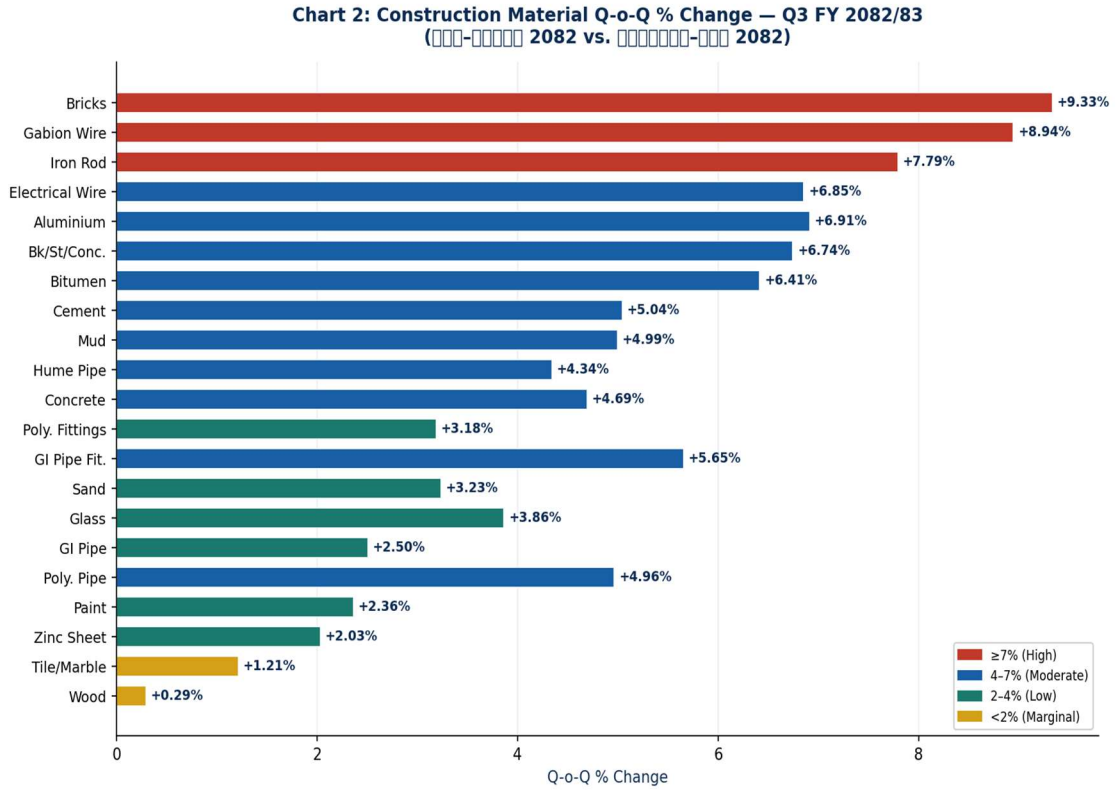


Chart 2: Construction Material Q-o-Q % Change - Q3 FY 2082/83

3.3 Y-o-Y Material Price Changes

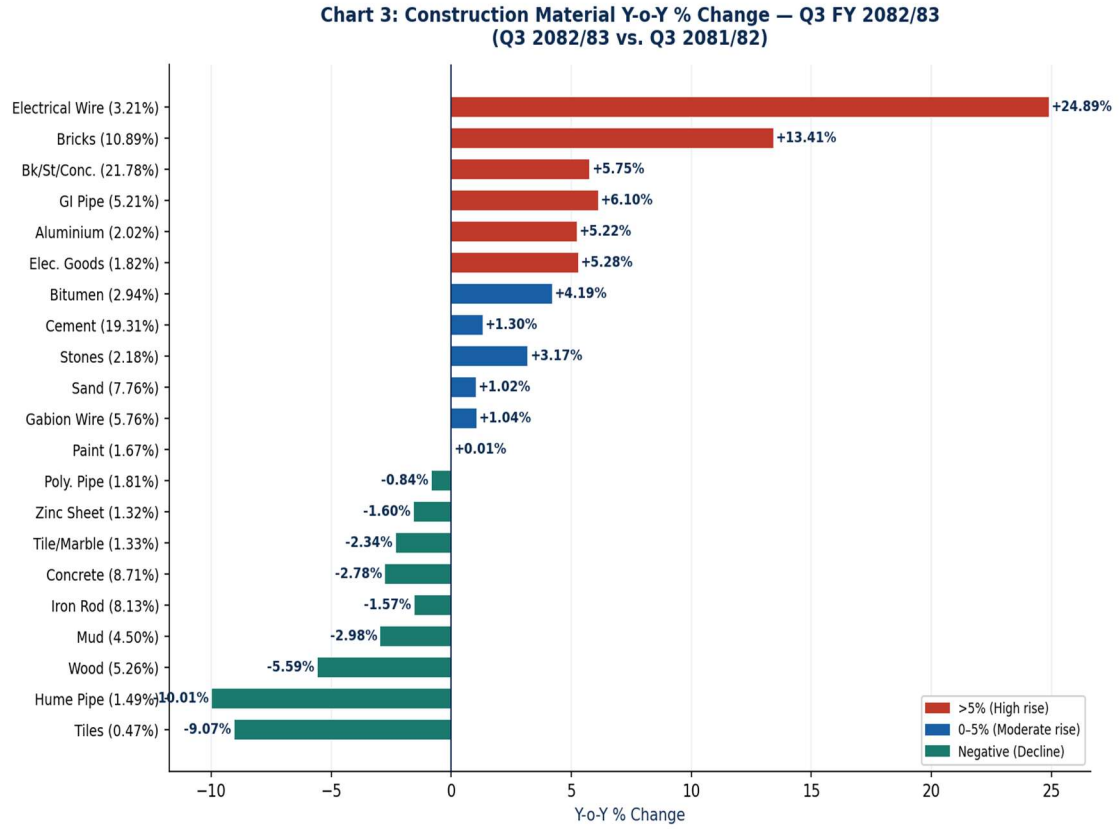


Chart 3: Construction Material Y-o-Y % Change - Q3 FY 2082/83 vs Q3 FY 2081/82

3.4 Key Material Price Highlights

a. Bricks - Highest YOY Mover (+13.41% Y-o-Y | +9.33% Q-o-Q)

Bricks (weight: 10.89%) recorded the **highest year-on-year increase in the entire IPICS basket at +13.41%**, with the index reaching **147.2** - the highest level recorded in the five-year dataset. The Q-o-Q surge of +9.33% is also the highest among all individual items. Supply-side constraints in Nepal's brick kiln sector, combined with peak construction season demand (Magh–Chaitra), are the primary drivers.

b. Cement - Strong Quarterly Recovery (+5.04% Q-o-Q)

Cement (weight: 19.31%) rose to **105.5** - its highest level in three years. After a prolonged depression in FY 2080/81 and 2081/82 (when the index dropped as low as 85.9), cement prices have staged a meaningful recovery driven by increased construction activity and tighter clinker supply.

c. Iron Rod & Billets - Sharp Q-o-Q Rebound (+7.79% Q-o-Q)

Iron Rod & Billets (weight: 11.61%) bounced back sharply from multi-year lows in Q2 (116.7) to **125.8 in Q3** - a 7.79% Q-o-Q recovery. Despite this rebound, the Y-o-Y reading remains negative (-1.83%), signalling that prices are recovering from depressed levels rather than reaching new highs. India's domestic steel market firming and rising scrap prices are the key external drivers.

d. Electrical Wire - Most Alarming YOY Increase (+24.89% Y-o-Y)

Electrical Wire (weight: 3.21%) recorded the **most extreme year-on-year price increase in the entire index at +24.89%**, with the index climbing to **170.2**. Despite its relatively modest weight, this magnitude of increase warrants attention. The primary cause is the **global copper price surge** driven by energy transition demand and supply chain disruptions linked to US tariff uncertainty in early 2026.

e. Gabion Wire - Strong Q-o-Q Surge (+8.94%)

Gabion Wire (weight: 5.76%) surged by +8.94% Q-o-Q to reach **150.0**, reversing a declining trend. This is consistent with accelerated road and slope-protection infrastructure construction in Q3 as government agencies intensify capital expenditure to meet fiscal year-end targets.

f. Wood - Continued Decline (-5.59% Y-o-Y)

Wood (weight: 5.26%) recorded a Y-o-Y decline of **-5.59%**, with the index at **86.2 - below the base year level of 100**. This persistent decline reflects improved timber supply through community forestry programmes and subdued demand from the private real estate sector following the credit tightening of 2080/81.

g. Hume Pipe - Steepest YOY Decline (-10.01% Y-o-Y)

Hume Pipe (weight: 1.49%) recorded the steepest year-on-year decline at **-10.01%**. While the low weight limits its overall index impact, the decline signals reduced activity in drainage and culvert infrastructure projects compared to the previous year.

4. Labour Wage Rate Sub-Index

The Wage Rate Index reached **203.0** in Q3 FY 2082/83 - a **+0.91% increase Q-o-Q** over Q2 (201.1) and a **+2.81% increase Y-o-Y** over Q3 of the previous year (197.4). Crossing the **200-point milestone** means average construction wages are now more than double their 2014/15 levels. The trend is steady, positive, and reflects structural upward shifts in Nepal's construction labour market. The wage sub-index is characterised by significantly lower volatility compared to the material sub-index.

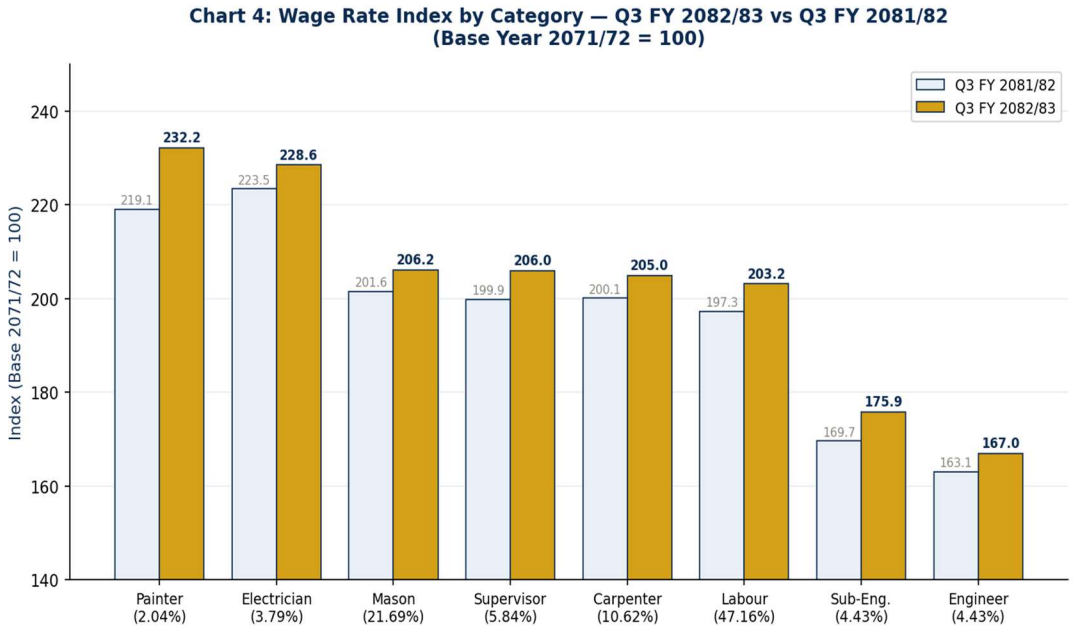


Chart 4: Wage Rate Index by Category - Q3 FY 2082/83 vs Q3 FY 2081/82

4.1 Category-wise Wage Analysis

Painter (weight: 2.04%) recorded the highest Q-o-Q increase at **+1.40%** and the highest Y-o-Y increase at **+5.98%**, reaching an index of 232.2. **General Labour (weight: 47.16%)** - the single most influential category given its dominant weight - increased by +1.19% Q-o-Q and +2.97% Y-o-Y, reaching 203.2. The broad-based moderate increase across all categories reflects collective bargaining norms and annual wage adjustment cycles rather than spot market pressures. Nepal's construction

activity entering the pre-monsoon peak season (Falgun–Chaitra) traditionally exerts upward pressure on daily labour rates.

Table: Wage Rate Category Summary - Q3 FY 2082/83

Painter (wt: 2.04%)	**+1.40% Q-o-Q | +5.98% Y-o-Y | Index: 232.2**
Labour/General Worker (wt: 47.16%)	**+1.19% Q-o-Q | +2.97% Y-o-Y | Index: 203.2**
Sub-Engineer (wt: 4.43%)	**+1.20% Q-o-Q | +3.66% Y-o-Y | Index: 175.9**
Supervisor (wt: 5.84%)	**+0.88% Q-o-Q | +3.08% Y-o-Y | Index: 206.0**
Mason (wt: 21.69%)	**+0.64% Q-o-Q | +2.28% Y-o-Y | Index: 206.2**
Carpenter (wt: 10.62%)	**+0.22% Q-o-Q | +2.47% Y-o-Y | Index: 205.0**
Electrician (wt: 3.79%)	**+0.81% Q-o-Q | +2.29% Y-o-Y | Index: 228.6**
Engineer (wt: 4.43%)	**+0.57% Q-o-Q | +2.42% Y-o-Y | Index: 167.0**

5. Underlying Drivers - National & International Factors

The Q3 2082/83 (January–April 2026) reference period coincided with several significant national and international developments that directly influenced construction input prices in Nepal. The following analysis maps each key price movement to its probable causal factor.

5.1 International Factors

a. US Tariff Shock and Global Copper Price Surge

The US administration's announcement of broad-based tariffs in early calendar year 2026 triggered significant commodity market volatility. **Copper prices surged to near-record levels globally** as manufacturers across Asia rushed to front-load imports ahead of tariff enforcement. This directly explains the extraordinary **+24.89% Y-o-Y surge in Electrical Wire** - Nepal's copper wire is priced at international benchmark rates. Aluminium recorded a similar Q-o-Q increase of +6.91% driven by the same tariff-uncertainty dynamic impacting base metals.

b. India Steel Market Recovery

Nepal imports virtually all of its iron rod and billets from India. Indian domestic steel prices recovered in Q4 2025 / Q1 2026 following a period of oversupply correction, with scrap prices and hot-rolled coil (HRC) prices firming. This explains the **sharp Q-o-Q rebound in Iron Rod (+7.79%)** from the multi-year lows recorded in Q2. India's ongoing infrastructure push under the PM Gati Shakti National Master Plan also tightened steel availability for export to Nepal during this period.

c. Global Bitumen Market

After sharp declines in FY 2081/82, **Bitumen prices rose +6.41% Q-o-Q** to reach 113.5. The recovery reflects a modest improvement in crude oil derivative prices and seasonal demand as road construction season peaked across South Asia during the dry winter months.

5.2 National / Domestic Factors

a. Peak Construction Season Demand (Magh–Chaitra)

Magh–Chaitra (January–April) is Nepal's **peak construction season** when dry weather permits maximum construction activity. Demand for **Bricks (+9.33%)**, **Cement (+5.04%)**, and **Sand (+3.23%)** spikes during this period as contractors race to complete work before the monsoon onset. This seasonal demand surge is the single most important domestic explanation for the broad-based material price acceleration observed this quarter.

b. Brick Kiln Supply Constraints

The +13.41% Y-o-Y rise in brick prices - the highest in the entire IPICS basket - reflects structural supply constraints in Nepal's brick manufacturing sector. Environmental regulations limiting traditional kiln operations under Nepal's cleaner kiln transition programmes, combined with record peak-season demand, have tightened the brick market significantly. The brick index at 147.2 is the highest value recorded in the five-year history of this dataset.

c. Government Infrastructure Expenditure Acceleration

Nepal's Government typically accelerates capital expenditure in Q3 to meet annual budget utilisation targets. This **fiscal year-end spending surge** has driven strong demand for Gabion Wire (+8.94%), GI Pipe (+6.10%), and Bitumen (+6.41%) - all materials used intensively in road, bridge, and slope-protection infrastructure projects under the Ministry of Physical Infrastructure and Transport.

d. Real Estate Sector Moderation

The ongoing moderation in private real estate and housing construction - following the credit tightening of FY 2080/81 - continues to suppress demand for Hume Pipe (-10.01% Y-o-Y), Wood (-5.59% Y-o-Y), and Tiles (-9.07% Y-o-Y). These declines partially offset the broader construction sector price increase, particularly in the Y-o-Y comparison.

6. Policy Implications

(i) Infrastructure Project Cost Revisions: The overall IPICS has risen 3.60% in a single quarter and the material component 5.33%. Ministries of Physical Infrastructure and Energy, along with the Department of Roads and all infrastructure implementing agencies, should review cost escalation clauses in active contracts. Fixed-price contracts may be significantly underfunded.

(ii) Copper / Electrical Wire Price Monitoring: The 24.89% Y-o-Y surge in Electrical Wire is extraordinary and persistent. Given Nepal's national electrification agenda and hydropower transmission expansion, this sub-category could emerge as a structurally significant cost escalation risk. The Nepal Electricity Authority and implementing agencies for rural electrification should incorporate this into project cost projections.

(iii) Brick Supply Chain Intervention: The 13.41% Y-o-Y brick price increase is the steepest in this dataset. Given bricks' combined weight of 10.89% in the material sub-index, this single item has an outsized impact on housing and small infrastructure costs. Facilitating the expansion of modern kiln capacity, accelerating the clean kiln transition, and reviewing the current kiln licensing framework would provide meaningful medium-term cost relief.

(iv) Steel Market Watch: Iron Rod & Billets (weight: 11.61%) have rebounded sharply Q-o-Q. Procurement planners for structural construction works should note that iron rod prices may continue to normalise upward from the FY 2081/82 lows as Indian market conditions tighten. Early procurement or price-lock mechanisms may be advisable for upcoming projects.

(v) Labour Market Stability: The controlled and predictable wage inflation (0.91% Q-o-Q, 2.81% Y-o-Y) across all construction labour categories signals a healthy and stable labour market. There is no evidence of wage-driven construction cost inflation at this time. The crossing of the 200-point milestone for the wage index represents a meaningful nominal milestone for construction workers.

7. Complete IPICS Data Table - Q3 FY 2082/83

** Preliminary figures. Values are Laspeyres-type weighted index numbers. Base year: FY 2071/72 B.S. (2014/15) = 100.*

S.N. / Category	Weight (%)	Q3 FY 2081/82	Q2 FY 2082/83	Q3 FY 2082/83*	Q-o-Q %	Y-o-Y %
OVERALL IPICS (Material & Labour)	**100.00**	153.8	152.1	**157.6**	**+3.60%**	**+2.43%**
A. CONSTRUCTION MATERIAL	**70.50**	135.6	131.6	**138.6**	**+5.33%**	**+2.19%**
Cement	19.31	104.1	100.4	**105.5**	**+5.04%**	**+1.30%**
Bricks / Stones / Concrete	21.78	134.4	133.1	**142.1**	**+6.74%**	**+5.75%**
↳ Bricks	10.89	129.8	134.7	**147.2**	**+9.33%**	**+13.41%**
↳ Stones	2.18	158.8	160.3	**163.9**	**+2.23%**	**+3.17%**
↳ Concrete	8.71	134.0	124.4	**130.3**	**+4.69%**	**-2.78%**
Iron Rod & Billets	11.61	128.1	116.7	**125.8**	**+7.79%**	**-1.83%**
↳ Iron Rod	8.13	128.0	115.9	**126.0**	**+8.66%**	**-1.57%**
↳ Billets	3.48	128.5	118.4	**125.3**	**+5.82%**	**-2.44%**
Wood	5.26	91.3	86.0	**86.2**	**+0.29%**	**-5.59%**
Aluminium	2.02	126.1	124.1	**132.6**	**+6.91%**	**+5.22%**
Sand	7.76	180.3	176.4	**182.1**	**+3.23%**	**+1.02%**
Electrical Goods / Glass	2.43	144.7	144.7	**150.0**	**+3.67%**	**+3.68%**
↳ Electrical Goods	1.82	124.4	126.4	**130.9**	**+3.56%**	**+5.28%**
↳ Glass	0.61	205.7	199.6	**207.3**	**+3.86%**	**+0.79%**
GI Pipe & Fittings	5.21	131.2	135.8	**139.2**	**+2.50%**	**+6.10%**
↳ GI 1/2" Pipe	4.69	132.9	137.9	**140.9**	**+2.20%**	**+6.03%**
↳ GI Pipe Fittings	0.52	116.5	117.7	**124.4**	**+5.65%**	**+6.79%**
Bitumen	2.94	108.9	106.7	**113.5**	**+6.41%**	**+4.19%**
Gabion Wire	5.76	148.5	137.7	**150.0**	**+8.94%**	**+1.04%**
Tile / Marble	1.33	230.5	222.4	**225.1**	**+1.21%**	**-2.34%**
↳ Tile	0.47	377.6	341.9	**343.4**	**+0.44%**	**-9.07%**
↳ Marble	0.86	151.3	158.1	**161.4**	**+2.12%**	**+6.72%**
Zinc Sheet / Corrugated Sheet	1.32	151.0	145.6	**148.6**	**+2.03%**	**-1.60%**
Polythene Pipe & Fittings	2.41	230.9	222.1	**231.9**	**+4.37%**	**+0.43%**
↳ Polythene Pipe	1.81	209.7	198.2	**208.0**	**+4.96%**	**-0.84%**
↳ Poly. Pipe Fittings	0.60	294.3	294.2	**303.6**	**+3.18%**	**+3.15%**

S.N. / Category	Weight (%)	Q3 FY 2081/82	Q2 FY 2082/83	Q3 FY 2082/83*	Q-o-Q %	Y-o-Y %
Paint	1.67	139.4	136.2	**139.5**	**+2.36%**	**+0.01%**
Electrical Wire	3.21	136.3	159.3	**170.2**	**+6.85%**	**+24.89%**
Hume Pipe	1.49	166.9	143.9	**150.2**	**+4.34%**	**-10.01%**
Mud	4.50	180.1	166.4	**174.7**	**+4.99%**	**-2.98%**
B. WAGE RATE OF HUMAN RESOURCE	**29.50**	197.4	201.1	**203.0**	**+0.91%**	**+2.81%**
Engineer	4.43	163.1	166.1	**167.0**	**+0.57%**	**+2.42%**
Sub Engineer	4.43	169.7	173.9	**175.9**	**+1.20%**	**+3.66%**
Supervisor	5.84	199.9	204.2	**206.0**	**+0.88%**	**+3.08%**
Mason	21.69	201.6	204.9	**206.2**	**+0.64%**	**+2.28%**
Carpenter	10.62	200.1	204.5	**205.0**	**+0.22%**	**+2.47%**
Labour	47.16	197.3	200.8	**203.2**	**+1.19%**	**+2.97%**
Electrician	3.79	223.5	226.8	**228.6**	**+0.81%**	**+2.29%**
Painter	2.04	219.1	229.0	**232.2**	**+1.40%**	**+5.98%**

8. Technical Notes & Methodology

Index Formula: The IPICS is compiled using the Laspeyres weighted price index formula, where base year (FY 2071/72 B.S.) quantities serve as weights.

Weight Source: Weights are derived from the Cost Structure Survey of the Construction Sector conducted in FY 2071/72 B.S.

Coverage: The index covers 17 major material groups (70.5% weight) and 8 labour categories (29.5% weight) across major construction projects and markets in Nepal.

Data Collection: Price data are collected from primary markets and construction sites across all seven provinces on a quarterly basis.

Revision Policy: Q3 FY 2082/83 figures marked with (*) are preliminary and subject to revision in the subsequent quarterly release.

Comparability: Users should note that Q1 figures represent a single quarter and may show greater seasonal volatility compared to cumulative or annual averages.

National Statistics Office
Thapathali, Kathmandu | price@nsonepal.gov.np | www.nsonepal.gov.np