

Manufacturing Production Index (MPI)

Third Quarter Report — Fiscal Year 2082/83 (2025/26)

Reference Period: Magh–Chaitra 2082 BS (Jan/Feb–Mar/Apr 2026) | Base Year: 2071/72 = 100 | Preliminary Estimates

Overall MPI — Q3 FY 2082/83 132.0 +1.98% Q-o-Q vs. 129.4 (Q2 FY 2082/83)	Year-on-Year Change -0.32% vs. Q3 FY 2081/82: 132.4 Marginal annual contraction	Top Q-o-Q Gainer (Group) +22.5% NSIC 107 – Other Food Products Sugar: 119.5 → 206.5	Largest Weight Group 18.24% NSIC 241 – Iron & Steel Index: 110.0 Q-o-Q: -0.52%
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1. Executive Summary

Nepal's Manufacturing Production Index (MPI) for the third quarter of Fiscal Year 2082/83 (Magh–Chaitra 2082 BS / Jan/Feb–Mar/Apr 2026) stood at **132.0** (Base Year 2071/72 = 100), registering a quarter-on-quarter (Q-o-Q) improvement of **+1.98 percent** from the Q2 FY 2082/83 reading of 129.4. However, on an annual basis, the index contracted by **-0.32 percent** compared to Q3 FY 2081/82 (132.4), confirming broadly stagnant industrial output in year-over-year terms.

The quarterly recovery was principally driven by five groups delivering the largest positive weighted contributions: other food products — sugar processing (NSIC 107), vegetable oils and fats (NSIC 104), non-metallic minerals/cement (NSIC 239), dairy products (NSIC 105), and plastics products (NSIC 222). Together these five groups contributed approximately +1.79 weighted percentage points of the total +1.98 ppt quarterly gain. Conversely, beverages, tobacco, wiring devices, and consumer electronics posted double-digit annual contractions. The dominant iron and steel group (NSIC 241, weight: **18.24%**) turned marginally negative quarter-on-quarter (-0.54%), reflecting softened construction demand amid fiscal austerity and delayed government capital expenditure releases.

CRITICAL EXOGENOUS SHOCK: A sharp fuel price escalation occurred during Q3 — petrol rising from NPR 156/litre (Poush–Magh) to NPR 184/litre effective late Falgun 2082, a 17.9% intra-quarter increase. This elevated input costs for energy-intensive manufacturing, compressed logistics margins, and is expected to transmit fully into Q4 production data.

2. Key Findings at a Glance

2.1 Top Five Positive Contributors (Q-o-Q)

- NSIC 107 – Other Food Products (+22.48% Q-o-Q): Sugar crushing season drives the quarter's single largest weighted contribution (+1.385 pts), accounting for ~70% of the total Q-o-Q gain.
- NSIC 104 – Vegetable Oils & Fats (+5.80% Q-o-Q | +7.58% Y-o-Y): Consistent capacity-driven expansion due to increase in export, especially refined soybean/sunflower oil (+5.54%). Weighted contribution: +0.385 pts.
- NSIC 239 – Non-Metallic Minerals/Cement (+2.12% Q-o-Q): Despite a modest rate, its commanding 12.81% weight makes it the third-largest lifter (+0.271 pts). Y-o-Y remains negative (−0.91%), signalling demand softness.
- NSIC 105 – Dairy Products (+4.17% Q-o-Q): Seasonal demand recovery for processed liquid milk. Weighted contribution: +0.085 pts.
- NSIC 222 – Plastics Products (+1.25% Q-o-Q): Marginal recovery in plastic pipes, tubes, and sacks. Weighted contribution: +0.072 pts.

2.2 Top Five Negative Contributors (Y-o-Y)

- NSIC 273 – Wiring and Wiring Devices (−10.47% Y-o-Y): Steepest annual decline in basket; Increased price of copper, slag in construction and raw material cost volatility.
- NSIC 264 – Consumer Electronics (−10.28% Y-o-Y): Persistent structural weakness from import substitution failure; index at 133.6.
- NSIC 120 – Tobacco Products (−9.67% Y-o-Y): Multi-year declining trend; excise policy tightening and market share loss.
- NSIC 242 – Non-Ferrous Metals (−6.13% Y-o-Y): Copper product decline linked to slowed electrical infrastructure investment.
- NSIC 110 – Beverages (−4.83% Y-o-Y): Softening spirits and beer demand; fuel cost shock compounds margins.

3. Weighted Contribution Analysis

The table below decomposes the net +1.98 ppt Q-o-Q change in the overall MPI into contributions from key industry groups. Weighted contribution is computed as (Group Weight × Q-o-Q %) ÷ 100.

Industry Group	Wt.%	Q-o-Q %	Y-o-Y %	Wtd. Contrib.	Role
107 – Other Food Products	6.16	+22.48	+1.15	+1.385	Lifter
104 – Vegetable Oils & Fats	6.64	+5.80	+7.58	+0.385	Lifter
239 – Non-Metallic Minerals	12.81	+2.12	−0.91	+0.271	Lifter
105 – Dairy Products	2.04	+4.17	−0.38	+0.085	Lifter
222 – Plastics Products	5.75	+1.25	+0.14	+0.072	Lifter
120 – Tobacco	5.03	−3.63	−9.67	−0.183	Drag

Industry Group	Wt.%	Q-o-Q %	Y-o-Y %	Wtd. Contrib.	Role
110 – Beverages	6.95	-1.79	-4.83	-0.125	Drag
241 – Basic Iron & Steel	18.24	-0.52	+0.03	-0.095	Drag

Interpretation: NSIC 107 alone accounts for ~70% of the total quarterly MPI gain (+1.385 of +1.98 pts), underlining the outsized seasonal influence of sugar crushing on Nepal's headline manufacturing index. Analysts should track this group's base effect when interpreting Q-o-Q movements between Q2 and Q3 in any year.

4. Comprehensive Data Table — All Industry Groups

Manufacturing Production Index by NSIC Division | Base Year 2071/72 = 100 | Q3 values for four fiscal years plus Q2 FY 2082/83

NSIC / Industry Group	Wt. %	Q3 2079/80	Q3 2080/81	Q3 2081/82	Q2 2082/83	Q3 2082/83*	Q-o-Q%	Y-o-Y%
Overall MPI	100.00	127.5	124.8	132.4	129.4	132.0	+1.98	-0.32
104 – Vegetable Oils & Fats	6.64	145.6	134.4	220.8	224.5	237.5	+5.80	+7.58
105 – Dairy Products	2.04	99.9	91.6	95.1	91.0	94.8	+4.17	-0.38
106 – Grain Mill Products	11.12	167.7	179.9	183.4	181.5	182.1	+0.34	-0.70
107 – Other Food Products	6.16	137.9	134.4	136.4	112.7	138.0	+22.48	+1.15
108 – Prepared Animal Feeds	4.98	82.9	76.6	78.0	77.0	75.8	-1.59	-2.81
110 – Beverages	6.95	113.2	126.5	128.0	124.0	121.8	-1.79	-4.83
120 – Tobacco Products	5.03	85.9	91.2	93.9	88.1	84.9	-3.63	-9.67
131 – Spinning, Weaving & Finishing	3.19	149.4	142.9	147.3	144.6	143.6	-0.67	-2.51
139 – Carpets & Other Textiles	0.60	135.1	145.0	137.8	138.1	137.1	-0.73	-0.50
141 – Wearing Apparel	0.98	115.2	103.6	96.5	97.3	94.7	-2.69	-1.93
151 – Leather Products	0.44	103.1	84.0	83.9	83.6	83.8	+0.23	-0.08
152 – Footwear	0.48	119.4	113.0	113.3	113.3	114.2	+0.74	+0.72
161 – Sawmilling & Planing of Wood	0.73	80.7	69.0	69.6	69.8	69.1	-0.94	-0.60
162 – Wood & Cork Products	1.07	152.1	165.8	163.0	161.7	162.1	+0.30	-0.54
170 – Paper & Paper Products	1.01	140.8	131.6	139.2	139.4	137.8	-1.10	-0.96
181 – Printing & Publishing	0.40	94.1	85.0	81.1	79.6	79.5	-0.18	-2.02
192 – Refined Petroleum Products	0.37	151.1	175.7	170.0	171.4	176.7	+3.08	+3.94
201 – Basic Chemicals	0.51	81.4	75.0	83.5	83.7	85.0	+1.53	+1.80
202 – Other Chemical Products	3.19	149.0	155.0	155.0	150.4	152.3	+1.30	-1.72
210 – Pharmaceuticals	1.52	148.2	144.7	149.7	157.7	161.2	+2.21	+7.71

NSIC / Industry Group	Wt. %	Q3 2079/80	Q3 2080/81	Q3 2081/82	Q2 2082/83	Q3 2082/83*	Q-o-Q%	Y-o-Y%
222 – Plastics Products	5.75	99.7	98.2	95.6	94.6	95.7	+1.25	+0.14
239 – Non-Metallic Minerals (Cement)	12.81	156.6	134.4	137.7	133.6	136.4	+2.12	-0.91
241 – Basic Iron & Steel	18.24	109.5	108.2	110.0	110.6	110.0	-0.52	+0.03
242 – Non-Ferrous Metals	2.14	114.1	117.1	124.8	117.4	117.2	-0.17	-6.13
251 – Structural Metal Products	1.40	113.1	104.3	102.1	97.7	98.2	+0.50	-3.80
259 – Other Fabricated Metal Products	0.45	142.3	126.7	126.3	117.8	121.2	+2.87	-4.00
264 – Consumer Electronics	0.06	140.5	153.4	148.9	139.2	133.6	-4.01	-10.28
273 – Wiring & Wiring Devices	0.90	128.7	106.5	116.2	108.7	104.1	-4.27	-10.47
310 – Furniture	0.83	109.8	100.8	101.4	108.8	109.4	+0.50	+7.92

* Q3 FY 2082/83 data are preliminary estimates subject to revision upon receipt of complete factory returns. Growth rates are computed on unrounded index values.

5. Sector-by-Sector Analytical Narrative

5.1 Vegetable Oils & Fats (NSIC 104 | Wt: 6.64%) — Q-o-Q: +5.80% | Y-o-Y: +7.58%

The refined vegetable oil sub-sector delivered the most consistent outperformance of the quarter, with the group index surging to **237.5** — a level 137.5% above base year. This sustained elevation reflects structural capacity expansion among Nepal's leading edible oil processors in the Birgunj–Simara industrial corridor. Feedstock imports (crude soybean and sunflower oil) from India through open-border routes continued at competitive landed prices, supporting high throughput volumes. The notable recovery in vegetable ghee (+13.3% Q-o-Q; +16.2% Y-o-Y) signals a seasonal demand rebound linked to festive food preparation during the Shishir–Basanta transition.

5.2 Other Food Products (NSIC 107 | Wt: 6.16%) — Q-o-Q: +22.48% | Y-o-Y: +1.15%

The dramatic quarterly surge is structurally driven by the **sugar processing cycle** (CPC 2352): mills are idle in Q2 (Ashwin–Poush off-season) and ramp aggressively in Q3 as Terai sugarcane harvest peaks. The sugar sub-index jumped from 119.5 (Q2) to **206.5**, contributing approximately **+1.39 weighted percentage points** to the overall MPI — the single largest positive driver of the quarter. Noodle production also grew modestly (+0.54% Q-o-Q) on steady retail demand. The y-o-y comparison (+1.15%) provides a more reliable trend signal, confirming genuine if modest structural output growth in this segment.

Seasonal Note: The Q2→Q3 swing in NSIC 107 is a structural feature of Nepal's MPI, not an anomaly. Interpreters should always use Y-o-Y comparisons as the primary gauge of underlying trend for this group.

5.3 Non-Metallic Minerals / Cement (NSIC 239 | Wt: 12.81%) — Q-o-Q: +2.12% | Y-o-Y: -0.91%

Cement (CPC 3744, comprising 99% of this group's weight) registered a Q-o-Q recovery to **137.0** as the post-monsoon dry-weather construction window extended into early Chaitra. However, the **Y-o-Y contraction of -0.91%** is a critical policy signal: cement off-take remains below prior-year levels despite government infrastructure targets. Three factors drive this: (a) sluggish government capital expenditure releases in FY 2082/83 Q1–Q3; (b) elevated credit costs discouraging private real estate activity; and (c) the fuel price escalation raising last-mile delivery costs to project sites. Hume pipe production was essentially flat (-0.58% Y-o-Y), while brick production (very low weight) showed early-season restart dynamics.

5.4 Basic Iron & Steel (NSIC 241 | Wt: 18.24%) — Q-o-Q: -0.52% | Y-o-Y: +0.03%

As Nepal's **single heaviest MPI group (18.24% weight)**, even marginal shifts in iron and steel production materially affect the headline index. The Q3 reading of **110.0** retreated slightly from Q2's 110.6, consistent with a plateauing in demand for deformed bars (rebars) and flat-rolled products as construction momentum softened. Annual growth is essentially zero (+0.03%), masking divergent sub-segment performance: steel tubes and pipes (CPC 4128) grew +5.72% Y-o-Y on irrigation and municipal water supply project demand, while flat-rolled products (CPC 4123) slid -6.21% Y-o-Y on weaker urban residential construction. Hot-rolled bars and rods (CPC 4124) remained broadly stable (+1.05% Y-o-Y).

5.5 Beverages (NSIC 110 | Wt: 6.95%) — Q-o-Q: -1.79% | Y-o-Y: -4.83%

The beverages group recorded its most significant annual contraction in the four-year data series. Spirits output fell sharply (-8.54% Y-o-Y), reflecting excise-led pricing pressure and demand substitution toward lower-priced informal products. Beer production similarly declined (-8.24%

Y-o-Y), with cooler Q3 months compounding structural demand softening. Non-alcoholic beverages were the sole bright spot (+2.25% Y-o-Y), supported by rising urban youth consumption. The Q3 fuel price shock of +17.9% compounded input and logistics cost pressures across this energy-intensive sector.

5.6 Tobacco Products (NSIC 120 | Wt: 5.03%) — Q-o-Q: -3.63% | Y-o-Y: -9.67%

Tobacco's sustained multi-year decline (-9.67% Y-o-Y; index at 84.9, the lowest in the four-year series) reflects the combined impact of government anti-tobacco taxation escalation, health awareness campaigns reducing domestic demand, and increasing competition from smuggled products. NSO data confirm this is a structural trend, not a cyclical fluctuation.

5.7 Pharmaceuticals (NSIC 210 | Wt: 1.52%) — Q-o-Q: +2.21% | Y-o-Y: +7.71%

Pharmaceutical manufacturing recorded its strongest Y-o-Y growth rate in the series (+7.71%), with the index reaching a series high of **161.2**. This reflects ongoing domestic capacity enhancement under Nepal's pharmaceutical import substitution drive, as well as growing export orders to India and other SAARC markets for generic antibiotic and vitamin formulations. NSO recommends monitoring this group closely as a bellwether for industrial policy effectiveness.

5.8 Wiring Devices & Consumer Electronics — Structural Decline

Insulated winding wires (NSIC 273, weight: 0.90%) registered the steepest Y-o-Y annual decline in the basket (-10.47%), while consumer electronics (NSIC 264) contracted -10.28% Y-o-Y. Both are exposed to India-sourced raw material cost volatility and face sustained import competition. The multi-quarter downtrend in both groups warrants dedicated policy attention, including potential review of concessional tariff structures for domestically produced competing goods.

6. Methodology and Technical Notes

Parameter	Description
Index Formula	Laspeyres Fixed-Weight Production Volume Index
Base Year	2071/72 (2014/15 AD) = 100
Reference Period	Q3 FY 2082/83: Magh–Chaitra 2082 BS (Jan/Feb–Mar/Apr2026)
Industrial Classification	Nepal Standard Industrial Classification (NSIC), aligned to ISIC Rev. 4
Commodity Coverage	52 commodities across 30 NSIC sub-groups
Data Sources	NSO field surveys of high output manufacturing establishments
Aggregation Method	Weighted arithmetic mean of sub-group indices using fixed base-year weights
Growth Rate Computation	Q-o-Q and Y-o-Y growth computed on unrounded index values
Data Status	Preliminary estimates; subject to revision upon receipt of complete factory returns
Next Release	Q4 FY 2082/83 data to be released at the end of Asoj 2083

For technical enquiries: Price Statistics Section, NSO | Email: price@nsonepal.gov.np