

## ABSTRACT

This study investigated the influence of loans facilities provided by commercial banks towards borrowing sectors on the economic growth of Tanzania using the data for the period 2003-2018. Time series data on commercial banks loans to agriculture, construction, manufacturing, tourism, transport and private sectors was used to capture sectoral distribution of commercial banks loans facilities to different sectors of the economy, while Real Gross Domestic Product (GDP) was used to capture economic growth. The model was developed, and multiple linear regression analysis was performed to investigate the relationship between variables. Diagnostic test was carried out to make the model fit and free from spuriousness and make the results viable. The results reveal that the model was significant and therefore can be used to make prediction. Also was revealed that the loans facilities provided to agriculture, transport and private sectors turned out to have a negative relationship towards economic growth even though turned to be significant at 5% level of significant. On the other hand, loans facilities to construction sector, manufacturing and tourism sector showed a positive relationship with economic growth although with low percentage of positive increase in gross domestic product. Based on the result, it was recommended that, commercial banks should increase their loan to construction, tourism, and private sector to boost our country's gross domestic product.

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