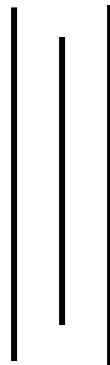


***RESOURCE MOBILIZATION OF AGRICULTURAL
DEVELOPMENT BANK***

By

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A Thesis Submitted to:
Office of the Dean
Faculty of Management
Tribhuvan University



***In partial fulfillment of the requirement for the Degree of
Master of Business Studies (M.B.S)***

Kathmandu, Nepal
December, 2009

RECOMMENDATION

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I hereby declare that the work reported in this thesis entitled “**RESOURCE MOBILIZATION OF AGRICULTURAL DEVELOPMENT BANK**” submitted to Office of the Dean, Faculty of Management, Tribhuvan University, is my original work done in the form of partial fulfillment of the requirement for the Master’s Degree in Business Study (M.B.S.) under the supervision of **Shashi Kanta Mainali** and **Ravindra Bhattarai** Lecturer of Shanker Dev Campus.

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Bhawana Bhatta
Researcher

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ABBREVIATIONS

AD	:	Anno Domini
ADBL	:	Agricultural Development Bank Limited
B.S.	:	Bikram Sambat
BAFIO	:	Bank and Financial Institution Ordinance
CTI	:	Central Training Institute
FY	:	Fiscal Year
GDP	:	Gross Domestic Product
GON	:	Government of Nepal
GTZ	:	German Agency for Technical co-operations
H ₀	:	Null Hypothesis
H ₁	:	Alternative Hypothesis
ID	:	Institutional Development
IDP	:	Institutional Development program
INGO	:	International Non Government Organization
LRCS	:	Land Reform Saving Corporation
MIS	:	Management Information System
NEPSE	:	Nepal Stock Exchange
NGO	:	Non Government Organization
NRB	:	Nepal Rastra Bank
RBB	:	Rastra Banijya Bank
ROS	:	Regional offices
RTC	:	Regional Training Centers
SFCL	:	Small Farmers Co-operative Limited
SFDP	:	Small Farm Development Project
t*	:	Calculated Value of t-test
T.U.	:	Tribhuvan University

CHAPTER - I

INTRODUCTION

1.1 Introduction of Banking

Banks are those financial intermediaries who accept deposit and grants loan. In other word bank may be defined as financial intermediaries accepting and granting loan offers the widest menu of services of any financial institution.

The word bank was brought from French word "Banque" and Italian word "Banca" Which means a bench to advance loan and to exchange money .By given definition of banks, it is clear that the organization that accept the deposit and provide the loan is bank.

Bank plays a vital role in developing the economy of any country. It is a resource mobilizing institution which accept deposit from various sources and invest such accumulated resources in the field of agriculture ,trade ,commerce ,Industry ,tourism etc. The banking sector is largely responsible for collecting household saving in terms of different types of deposit and regulating it in society by lending in different sector of economy .By lending their resources in small scale industries under intensive banking program has enabled the banks to share in the economic growth of the economy. Nowadays two types of banking practices are seen in the rural financial market, commercial banking and development banking .The commercial banking usually make business in urban areas where as development banks provide services in rural areas .In the commercial lending ,usually the same client is repeated if loan rapid. But in development finance if such repetition occurs, the outreach could not be extended. Generally development banks with the public funds such as government treasury or the international financial institutions for the development.

The government was forced to adopt a liberal economic policy regarding operation of banks .About the financial liberalization process it and said that "the interest rate deregulation curtailment or elimination of directed credits, lifting entry and exit barriers for financial intermediaries, restructuring of banking system and institution

for regulatory and supervisory mechanism is some of the key components of Such liberalization " This led to the influx of Commercial banks in Nepal.

“Banks are those financial institutions that offer the widest range of financial services especially credit, savings and payment services and perform the widest range of financial function.”(*Vaidy; 2005:167*)

"A financial establishment for the deposit, loans exchange to issue of money and for the transmission of funds” (*Bhandari; 2003: 119*).

1.1.1 Historical Background of Banking

During the early period, Private individuals mostly did the bank business .As public enterprises; banking made its first appearance in Italy in 1157, When the "bank of Venice" was established. History shows the existence of a "Monte" in Florence in 1336. The meaning of Monte is given in the Italian Dictionary as a standing bank.

As early as 1349, the banking business was carried on by shopkeepers of Barcelona. Meanwhile the local government restricted shopkeepers to operate this business until they had given sufficient security. During 1401, a public bank was established in Barcelona. It used to exchange money, receive deposit and discount bills of exchange.

The bank of Amsterdam was established in 1609 to meet the needs of the merchants of the city. It accepted all kinds of Precious metal, coin and currencies on deposits. These deposits could be withdrawn on demand. The facility of transferring the deposit from one account to another was available there. The bank also provided the certificate of the deposit to withdraw within six months. Later, this certificate came to be used in the same manner as the modern cheque.

The beginning of English banking may correctly be attributed to London Goldsmith. They marked a turning Point in the history of English banking .This led to the growth of Private banking and the establishment of the "Bank of England" in 1694. Many of Today's banking services were first practiced in ancient Lydia, Phoenicia, China and Greece, where trade and commerce flourished .The temples in Babylonia made loans from their treasuries as early as 2000 B.C. The temples of ancient Greece served as

safe -deposit vaults for the valuable of worshipper's .The Greeks also coined money and developed a system of credit. The Roman Empire had a highly developed banking system, and its bankers accepted deposit of money, made loan and purchased mortgagee .Shortly after the fall of Rome in AD 476, banking declined in Europe.

The increase of trade in 13-century Italy prompts the revival of banking. The Moneychangers of the Italian states devilled facilities for exchanging local and foreign currency .Soon merchants demanded other services, such as lending money and gradually bank services were expanded.

The first bank to offer most of the basic banking function known today was the bank of Barcelona in Spain. Founded by merchants in 1401, this bank held deposits, exchanged currency, and carried out lending operation .It is also believed to have introduced the bank check. Three other early banks, each managed by a committee of city official, were the Bank of Amsterdam (1609), the Bank of Venice (1587) and the Bank of Hamburg (1619). This institution laid the foundation for modern banks of deposit and transaction.

For more than 300 years, banking on Europe continent was in the hands of powerful statesmen and wealthy private bankers, such as the Medici family in Florence and Foggers in Germany. During the 19th Century, Members of the Rothschild family became the most influential bankers in all Europe and probably in the world. German financier Mayer Amschel Rothschild (1743-1812), but it soon spread to all the major European financials capital.

The Bank of France was organized in 1800 by Napoleon. The bank had become the dominant financial institution in France by the mid-1800s. In Germany, banking experienced a rapid development about the middle of the 19th century with the establishment of several strong stocks -issuing, or publicly owned banks.

Banking in the British Isles originated with the London goldsmiths of the 16th century. These men made loans and held valuables for safekeeping .BY the 17th century English goldsmiths created the model for today's modern fractional reserve banking -that is the practice of keeping a fraction of deposition money in reserve

while extending the remainder to borrower in the forms of loans. Customers deposited gold and silver with the goldsmith for safekeeping and were given deposit receipt verifying their ownership of the gold deposited with the goldsmith. These receipts could be used as money because they were backed by gold. But the goldsmith soon discovered that they could take a chance and issue additional receipts against the gold to other people who needed to borrow money. This worked as long as the original depositors didn't withdraw all their gold at one time. Hence, the amount of receipt or claims on the gold frequently exceeded the actual amount of the gold and the idea those bankers could create money. *(Singh; 2005:7-10)*

1.1.2 Historical Background of Banking in Nepal

Like other countries goldsmith, merchants and money lenders were the ancient bankers of Nepal. Tejarath Adda established during the tenure of the then Prime Minister Ranoddip Singh (B.S. 1993) was the first step towards the institutional development of banking in Nepal. Tejarath Adda did not collect deposits from the public but gave loans to employees and public against the bullion.

Banking in modern sense started with the inception of Nepal Bank limited (NBL) on B.S. 1994. Nepal Bank Limited had a Herculean responsibility of attracting people toward banking sector from pre-dominant money lenders net and of expanding banking services. Being a commercial bank, it was natural that NBL paid more attention to profit generating business and preferred opening branches at urban centers.

Government however has onus of stretching banking services to the nook and corner of the country and also managing financial system in a proper way. Thus, Nepal Rasta Bank (NRB) was set up on B.S 2013 as a central bank under Nepal Rasta Bank Act 2012 B.S. Since then it has been functioning as the government's bank and has contributed to the growth of financial sector. The major challenge before Nepal Rasta Bank today is to ensure the robust health of financial institutions. Accordingly NRB has been trying to change themselves and has introduced a host of prudential measures to safeguard the interest of the public. NRB is yet to do a lot to prove themselves an efficient supervisor. NRB really requires to strengthen their policy making, supervision and inspection mechanism.

Integrated and speedy development of the country is possible only when competitive banking service reaches nooks and corners of the country,, Keeping this in mind ,government set up Rastriya Banijya Bank (RBB) in B.S 2002 as a fully government owned commercial bank.

As the name suggests ,Commercial banks are to carry out commercial transaction only .But commercial banks had to carry out the functions of all types of financial institutions .Hence Industrial Development centre(IDC) was set up in 2013 for industrial development .In 2016 ,IDC was converted to Nepal Industrial Development Corporations(NIDC) Similarly Agricultural Development bank was established in B.S 2024 to provide finance for agricultural produces so that agricultural productivity could be enhance by introducing modern agricultural techniques .Moreover ,Security Exchange Centre was established in 1967 to enhance capital market activities .Securities Exchange center was renamed Nepal Stock Exchange 1993 (*Dahal and Dahal ;2002 :10-12*).

1.2 Introduction of Agriculture Development Bank Nepal

The agricultural Development bank was established in 1968 under the ADBL Act 1967, as successor to cooperative bank The Land Reform Savings Corporation was merged with ADBL in 1973. Subsequent amendments to the Act empowered the bank to extend credit to small farmers under group liability and expand the scope of financing to promote cottage industries. The amendments also permitted the bank to engage in commercial banking activities .For the mobilization of domestic resources Farmers under group liability and expand the scope of financing to promote cottage industries. The amendments also permitted the bank to engage in commercial banking activities for the mobilization of domestic resources.

a. Corporate Vision

ADBL will, as a new autonomous corporate entity, adopt the following corporate mission, objective and conduct as the basis for its business, and disseminate to all the staff as the fundamental principle of ADBL operations:

i. Corporate Mission

ADBL aims to be the pre-eminent financial institution, capitalizing on its extensive network, serving the rural community throughout Nepal.

ii. Corporate Objective

ADBL's principal corporate objective is to provide a sustained competitive return on investment to its shareholders

iii. Corporate Conduct

ADBL will pursue profitability in its operations. The maintenance of profitability and viability is vital since losses weaken the capacity of the bank to serve the purpose for which it was created. Profitability and viability have advantages for the bank's clients, increasing the funds available to support enterprise initiative and, through increase in the bank's equity and its standing in the market, the potential for reduction in overall costs of borrowing. Lower costs and viable lending, in turn, afford the means to offer better services to clients for the improvement of their skills and enterprise. In achieving its principal corporate objective in pursuit of its corporate mission, ADBL will:

- Comply with all relevant legislation, codes of conduct and standards of good corporate citizenship in Nepal while maintaining full autonomy in the management of its operations;
- Promote and facilitate the engagement of all its shareholders in the direction of the bank and provide them with a return on their investment in the form most appropriate to their needs and aspirations;
- Conduct its operations in an open and transparent manner;
- Put local resources to work for local development, serving the rural
- Community and its aspirations;

Provide a full and balanced range of financial products and services that

- Satisfies the needs of the rural population of Nepal, on a profitable and
- Sustainable basis;

- Strive consistently to provide improved products and services to its clients at reasonable cost, using modern banking, information and communication technology in the most appropriate form to its clients
 - Needs;
 - Be vigorous in building a reputation for professionalism, competitive pricing, reliability and quality of service and innovation;
 - Operate in accordance with best banking practice, acting with financial Prudence and keeping in mind the need to balance profitability with asset preservation and liquidity and to safeguard depositors' funds;
 - Work together with its employees to develop their capabilities to contribute to achievement of the bank's objectives, promoting excellence, rewarding achievement and providing them the opportunity to share in the bank's success;
 - Develop mutually acceptable relationships with government in the pursuit of improvement in living standards in rural areas, while respecting best financial practices;
 - Ensure that its activities contribute to the environmental stability and Overall improvement of living standards in Nepal; and
 - Judge the bank's success against measures that include profitability, Portfolio quality in terms of minimal arrears and non-performing loans, Portfolio worth, total deposits, geographic outreach and public image.
- (www.adbl.gov.np).

Nepal is an agricultural country where most of people are busy in farming rather than other profession. Almost 90 % of the Nepalese population live in rural areas where much of the employment and income generation depend directly or indirectly on agriculture. In rural areas almost all if the people are found working in their own or rented land. More then 83% of total labor force in Nepal is involved either in agricultural sector or in agriculture related other activities counting the earring of agricultural wage workers, it provides nearly two-thirds of all household income .On average 82 out if 100 actually farm and four fifths of all Nepalese keep some kind of livestock .For almost 90 % of the poor and very poor -those in the bottom 25% of households measured by consumption -it is effectively the only remunerative activity available Even at the top of the consumption scale ,nearly three out of four

households are engaged in agriculture and for both the lowest and highest groups ,farming income represent more then half of all income .Nationwide the importance of agriculture is unquestionable.

The major challenges facing Nepal in agricultural development, food security and rural development on the way to 2025 is growing food deficits ,both nationally and locally ,which has pushed the incidence of food insecurity to unacceptable food import bills and further environmental degradation ,as farming moves on to marginal areas.

A consensus exists on the constraint to rapid growth of agriculture in Nepal. Despite government efforts over the past three decades ,agricultural productivity remain very low, relative to what has been proven to economically feasible in Nepal as well as achievement in similar environment in India. Moreover a high rate of population growth also reduced the benefits from whatever progress there was made in production and incomes public sector investment in key areas such as irrigation ,research and extension provided to be much less effective than expected. Also agricultural policies suffered from lack of clear focus and implementation was week.

Categorically there are five major problem areas which have adversely affected the performance of agricultural sector in Nepal. First ,the government assisted irrigation system which have received the major share of investment in agricultural in the last three decades have been performing below expectation in terms of reliable and adequate water delivery to farmers ,thus limiting gains from new agricultural technology .Second the public sector ,which until recently had a monopoly on the importance and distribution of fertilizer , failed to meet the demand of farmers to substantially improve crop productivity .Third the lack of responsiveness of research system to actual condition of farmers in the design of new technology has been major problem .The failure to develop technology for rained and low input conditions ,which predominate in the country has constrained agricultural growth .Fourth ,neglect of marketing in government agricultural program has severally limited growth even in those areas where farmers. A detailed analysis of past weakness in the area of policy and institutional and proposed changes required for achieving the

targeted high growth rate in agriculture are remembered in the policy and institutional matrix.

Thus the Agriculture plays vital role in Nepalese economy. In many developed and underdeveloped countries, it has been found that the development program fail mainly because of negligence to agriculture sector.

1.3 Statement of the Problem

Nepal is an agricultural Country .The agricultural sector alone contributes to about 60% of the GDP and Provides employment to nearly 80 % of Entire Population. So to extract the lifestyle of Nepalese people the agricultural sector must be extract.

In earlier the farmers use to borrow loan from moneylender which had high interest rate and some moneylender cheat the uneducated farmer too. To protect from Nepalese people from this exploitation of money lender government has government has established many financial institution like cooperative bank, Land reform and saving cooperative, commercial bank etc. The Co-operative Bank, which became the Agricultural Development Bank in 1967, was the main source of financing for small agro- businesses and cooperatives Agricultural Development Bank provide credit, loans and other financial services to individual, groups and industries to strengthen agriculture Government Tenth year planning main objective is " Reduce poverty by increasing production, productivity and income in the agricultural sector and contribute to food and nutritional security"

The agriculture plays very important in Nepalese Economy. To reduce poverty agriculture play very important role. The farmers have to get adequate resources easily for production of agricultural goods.

Some farmers take loan from one purpose and they use the loan for another purpose .In such cases productivity will not increased result the farmers will not be able to pay interest on time.

The problem toward the study is to find out the correlation of availability of total resources of ADBL and their utilization .The problems indicate as follows.

- Does Agricultural Development bank have adequate resources or not to mobilize these resources in agricultural Sector?
- Does the Farmer use ADBL/ Loan properly or not?
- What are the Problems that Agricultural Development bank is facing?
- What are the credit policies of Agricultural Development bank?
- What is the situation of outstanding loan?

So this study is required to search and explore the answer of this questions.

1.4 Objective of the Study

The objectives of this study are as follow:

- To identify the correlation between total resources and it's proper utilization.
- To analyze out the credit polices of ADBL bank.
- To evaluate the trend of loan investment, collection and outstanding.
- To analyze whether ADBL is utilizing its resources properly or not.

1.6 Limitations of Study

- The study cover only five years .It doesn't not cover total live of ADBL.
- The study doesn't cover the whole working area of ADBL.
- The study only covers the performance of ADBL .It doesn't direct interviews with its beneficiary. If the study include the interview with the beneficiary, the study will be more effective.

1.5 Organization of the Study

This study is divided into five chapters

Chapter – I Introduction

The first chapter include Information, includes history of Banking in Nepal, background information of ADBL bank, ADBL mission vision objective. This chapter

also includes statement of problem, objective of study, research methodology and limitation of study.

Chapter-II Review of Literature

In second chapter review of literature, explores published and unpublished literature related to ADBL. This chapter include the views and idea of different researchers, scholars and explores regarding agriculture sector, the credit polices and other related subject. In this chapter it also include ADBL works area, Management and loan Disbursement and other related activities.

Chapter-III Research Methodology

The third chapter, Research Methodology details research design, sources of data, variables & measures and the statistical tool used.

Chapter- IV Data Presentation and Analysis

The Fourth chapter, presents and analysis of data, to analyze the collected data by using various statistical tools like ratios, percentage etc. Primary data and secondary data will be used for analysis.

Chapter-V Summary, Conclusion and Recommendations

The fifth chapter with a title of conclusion, finding and recommendations includes the conclusion come up after study, the research finding and recommendation made for the prior resource utilization and achievement of ADBL.

CHAPTER - II

LITERATURE REVIEW

Review of Literature is a survey and discussion of the literature that helps to shape the theoretical position developed during the research project. Previous research studies that contributed to the field of research are reviewed critically to get information for this academic research proper.

Review of Literature has been classified it in the following ways:

- **Conceptual framework**
- **Review of Related Studies**

2.1 Conceptual Framework

2.1.1 Concept of Bank:

It is said that the word “Bank” has been derived from French word “Benque” and Italian word “Banca” which means accumulation of money. On the Italian business house, banking was called benchi and the word was received from the German word banch which means bank in English. Thus the first meaning of bank is derived from the Italian and then from German word.

Simply, Bank is a place where the money’s transaction happens. In the other words, bank is an organization that collects the various types of deposit from people. Bank is a mediator of people because it takes deposits in one side and provides the loan to them in other side.

Bank plays a vital role in developing economy of any country .It is a resource mobilizing institution which accepts deposit from various source and invest in different sector such as commercial, development, agriculture ,trade ,industry, tourism etc.

Different scholars have defined bank differently and acts of different countries have their own version of definitions.

"A Bank is an establishment for custody of money which it pays out on customers order"(Oxford Dictionary;1989:61).

"Indeed ,many financial institutions-including security dealers ,brokerage firms, mutual fund and insurance companies are trying to be as similar as possible to banks in the services they offer" (Rose;2002:2.).

"The banking sector is largely responsible for collecting household saving in terms of different types of deposit and regulating it in the society by lending in of different sector of economy .But lending their resources in small scale industries under intensive banking program has enable the bank is to share in the economic growth of the economy " (Shrestha ;1993:32).

"Banking are those institution which accepts deposit from the public and in return provide credit to trade ,business and industry that directly makes a remarkable impact on the economic development of a country .To collect fund and collect as a good investment decision leads the bank out of the business thereby drawn the economic growth of a country (Bhalla , 1997 :13).

“Banking means the accepting for the purpose of lending or investment of deposit of money from the public repayable on demand or otherwise, and withdraw able by cheque, draft or otherwise” (Indian Banking Company Act; 1949 :12).

"A bank is an institution that provides financial service, particularly taking deposits and extending credit, currently the term bank is generally understood as an institution that holds a banking license. Banking licenses are granted by bank regulatory authorities and provide rights to conduct the most fundamental banking services such as accepting deposits and making loans, Thee are also financial institutions that provide certain banking services without meeting the legal definitions, also called non-banking financial company. Banks have a long history, and have influenced economies and politics for centuries. The World Bank is derived from the Italian banca, which is derived from German language and means bench. The terms bankrupt and “broke” are similarly derived from banca rotta, which refers to an out of business bank, having its bank physically broken, Money lenders in Northern Italy originally

did business in open areas or big open rooms, with each lender working from his bench or table" (<http://en.wikipedia.org/wiki/bank>).

In conclusion we can say a bank is an institution which accepts deposits from the public and in turn advances loans by creating credit. Therefore it should be differentiated from other financial institutions as they cannot create credit though they accept deposits.

2.1.2 Evolution of Modern Banking

"Modern banking originated in medieval Italy despite strong Christian prohibitions against usury according to canon law, Florence, Genoa and Lucca became the centers of the finance and trade 12th and 13th centuries. Bank of Venice was the first bank was established to finance for the monarch in his war. Bank of Barcelona and Bank of Genoa was established at the years 1401 A.D. and 1407 A.D. respectively. The bankers of Lombardy were famous in England. Banking slowly spread in the rest of Europe and by the late 19th century, in Barcelona, Spain, even the clergy was engaged in banking. The German and Swiss rose to pre-eminence in 1480's A.D. In England banking began with the English Goldsmiths only after the 1640 A.D. The bank of Amsterdam was great of the 17th century and enjoyed the prestigious portions.

History of the banking tells us that the merchants are the banker who first evolved in the banking system by trading in commodities than the money. Their trading activities required the remittance of the money from one place to another. For this, they issued different documents which are traded as the money called draft and hundis in the modern days. Goldsmith is also the developer of the banking system. The Goldsmith accepts various wealth of the public to keep in safe from theft in return Goldsmith takes some charges with them. On the other hand they issue the evidence of the receiving valuables of the depositors which became the easier mode of payment. It became like the modern cheque as a medium of exchange and means of payments. Finally, the money lender of early age also contributed in the growth of banking to large extends.

In spite of the establishment of the bank of England in 1694 A.D., the development of the modern banking institution had wait for another century and four decades until the

passage of the banking Act of 1833 A.D. which provided freedom of establishment of the joint stock banks. While banking arose far early and more rapidly in some countries than in other, it was only in the 19th century that the modern joint stock commercial banking system developed in the leading countries of the world. When colonies were established in North and South America, old banking services were transferred to the new world " (*Vaidya; 1999:21*).

But in Nepal, before 1936 A.D. there were no banks at all. A few indigenous moneylenders carried out all the monetary transaction. The need of the masses were not met by them and as a matter of fact a very large portion of the production activities of the country still remains completely outside the purview of the organized banking system. So far as the banking development in modern sense in Nepal is concerned Nepal Bank Ltd. is the first institutional bank in Nepal which was established in 1937 A.D.

2.1.3 Resource Mobilization

Fund Collection is not only the entire goal of Bank. Bank has to mobilize the fund in proper way to sustain and to run bank effectively. Resource mobilization is the most dependable and important source of capital formation.

"The return of any banks basically depends upon its sound lending policy, lending procedure and investing its fund in different securities and different sectors of market. A sound fund mobilizing policy is not only pre requisite for bank profitability but also crucially significant for the promotion of commercial saving of backward country like Nepal (*Joshi;2004:35*).

"Mobilization of Resource also could be understood as the task of transferring the saving from those who save those who prepared to invest " (*Demond;1957:14*).

"A sound investment policy of a bank is such that its funds are distributed on different types of assets with good profitability on the one hand and provides maximum safety and security to depositors and banks on the other hand (*Vaidya;2001:63*).

"Utilization of the bank deposits indicates effectiveness of management. The management should be able to raise deposit fund in the lowest possible cost and use maximum portion of deposits safely into loan advancement to maximize profitability (*Singh;2005:167*).

" The secret of successful banking is to distribute resources between the various forms of assets in such a way as to get a sound balance between liquidity and profitability so that there is cash (on hand quickly)to meet every claim and at same time ,enough income for the bank to pay its way and earn profit for its shareholders" (*Radhaswami;1979:68*).

"In providing loans to its customer, a bank has to follow a sound credit policy and conduct the business of lending on the basis of certain fund principles .In other words a bank or any financial institute can disburse necessary amount to their borrowers and collect the entire disbursed amount in time if there is a good lending policy .Without effective and proper lending or credit policy no banks can accomplish its predetermined goals and objectives (*Rose;525:2002*).

"The main principles of a sound banking loan may be summed up in the three words :safety ,liquidity and profitability .It is obvious that unless a loan yields income ,it will be foolish on the part of the banker to part with the possession of his money and undertake the trouble and expense involved in ensuring the safety of its recovery .Moreover, It is essential for a bank to earn income to be able to meet its operational expenses and to pay dividend to its shareholders. The quotation of safety required no collaboration, unless the money lent is safe and sure to come back ,the lending banker will drift into bankruptcy .As regards liquidity ,it has noted that deposit provide almost the whole of the resources available for being lent out. Bank deposits are subject to a continuous process of turnover, the banker will not be in a position to meet demands for withdraw of deposits and consequently, will be forced out of business (*Mitra, ;1966:239*).

"Loan disbursement is not development .Defaulters or non-payment of loan by borrowers variously described as credit delinquencies or overdue in India. One major causality was the quality of loan portfolio as has been evident from the mounting over

dues. The nineties would therefore need ,to be a decade devoted mainly to reconstruction and development so that before the end of the decade ,there is strong ,healthy ad vibrant rural credit system (*Nair,; 1991:34*).

Generally ADBL mobilize its fund into Purpose wise and Term wise. From Purpose wise its disburse its fund into Cereal & cash Crops, Marketing ,Agri-tools ,irrigation, Agro -Cottage industries, biogas, land development, horticulture, Go down and Cold Storage, tea/Coffee, housing, Non Agriculture Loan and Tourism and by term wise it categorized its loan by Short Term Medium term and Long term.

2.1.4 Credit Policy

In providing loans to its customer a bank has to follow a sound credit policy and conduct the business of lending on the basis of certain sound principles .In other words a bank or any financial institute can disburse necessary amount to their borrowers and collect the entire disbursed amount in time if there is a good lending policy .Without effective and proper lending or credit policy no banks can accomplish its predetermined goals and objectives the established credit policy normally speaks about he following components.

❖ Safety Of Funds :

A bankers deal with others and its own common sense .It has to use tat common sense to safeguard the money of others. Its first duty is to see that money, which it lends ,comes back to him .The recovery of a bank's money will not only be safe at the time of lending but will remain so throughout.

❖ Liquidity:

A banker has to ensure that it comes by on demand or in accordance with agreed term of repayment .Liquidity means short term solvency of the borrower. A banker is essentially the lender of short terms fund because he knows that the bulks n his deposit are repayable on demand or short notice .So a bank should maintain his liquidity position.

❖ **Security :**

The credit policy should say that types of securities the bank wants to take and does not want to take .Traditionally ,bankers have been security oriented .It must be ensured that the security when accepted must be adequate ,readily marketable ,easy to handle and free from encumbrances.

❖ **Purpose of Loan :**

Nowadays ,the purpose for which loans are granted has acquired precedence over the principle of security .If a loan is required for a non productive or speculative purpose ,a banker will be reluctant to entertain the proposal .Loans for social functions ,ceremonies pleasure trips or for repayment of prior loans ,are not favored by a banker as they are unproductive in nature.

❖ **Profitability :**

Any advance given ,has to be profitable , otherwise banks cant run properly .In other words a bank should maintain its profitability while making a sound credit policy .Sometimes ,the considered may not appear profitable in itself but may bring substantial deposits or to exchange business ,which may be remunerative to a bank .Lending rates are affected by banks' internal policy like creating the borrower bank rate of central bank,inter bank competition and the central directive on lend rates.

❖ **Spread Or Loan Mix:**

A successful banker is one who can manage his risks . One of the tools of management of risks is to spread his advances portfolio not only among borrowers but also to diversify lending to types of industries and against different types of securities .A banker who puts all his eggs in one basket is not a prudent banker.

❖ **National Interest :**

A banker should follow the national interest of that country while making a disbursement policy .Purpose of advance ,priority given by government and national interest is assumed greater importance than security , especially in priority sector lending (*Rose,S .Peter;2002:525*).

2.1.5 Establishing a Written Loan Policy

"One of the most important way of a bank can make sure its loans meet regulatory standards an are profitable to establish a written loan policy .Such policy gives loan officers and the bank's management specific guidelines in making individual loan decisions and shaping the bank's overall loan portfolio" (*Rose ;2002:524*).

What should a bank's written loan policy contain? The examinations manual, which the Federal Deposit Insurance Corporation gives to new bank examiners, suggest the most important elements of a good bank loan policy. These elements include :

1. A goal statement for the bank's loan portfolio.
2. Specification of the lending authority given to each loan officer and loan committee.
3. Lines of responsibility in making assignments and reporting information within the loan department.
4. Operating procedures for soliciting ,reviewing ,evaluating and making decisions on customer loan applications.
5. The required documentation that is to accompany each loan application and what must be kept in bank's credit files.
- 6 . Lines of Authority within the bank , detailing who is responsible for maintain and reviewing the bank's credit files .
7. Guidelines for taking, evaluating, perfecting loan collateral .
8. A presentation of policies and procedures for setting loan interest rates and fees and the terms of repayment of loans.
9. A statement of quality standards applicable at all loans.
10. A statement of the preferred upper limit for total loans outstanding.
11. A description of the bank's principle trade area, from which most loans should come.
- 12 . A discussion of the preferred procedure for detecting, analyzing and working out problem loan situation (*Rose ;2002:524*).

Adopting a written loan policy statement carries a number of benefits for the bank .It communicates to employee working in the loan department hat procedures they ,must follow and what their responsibilities are .Not only has this but it also helped the bank

to move toward a loan portfolio that can successfully blend multiple objectives ,such as promoting the bank's profitability ,controlling its risk exposure and satisfying regulatory requirements .Ant written policy must be flexible to cope with continuing changes in economic conditions and regulations .

2.1.6 Is The Borrower Creditworthy?

The question that must be dealt with before any other is whether or not the customer can service the loan- that is pay out the credit when due ,with a comfortable margin for error .This usually involves a detailed study of six aspects of loan application :Character, Capacity ,cash ,Collateral ,Conditions and control .All must be satisfactory for the loan to be a good one from the lender's point of view.

(Rose ;2002:528)

2.1.7 Loan

The temporary Provision of money usually at interest is known as loan .It can be defined in following ways:

- a) The temporary provision of money (usually at interest) is known as loan
- b) The principle or amount of total borrowed money i.e repaid with interest .
- c) Money lent to a borrower than must be repaid with interest.
- d) A sum of money lent by one person or organization to another usually with interest .
- e) Loan deferred form grants on that day has to be repaid with interest .This requires that the recipients is credit worthy , can provide security against default and has a cash flow sufficient to make the interest ,capital payment.

The amount of principle ,which is lent by the bank to the customer ,is known as loan .There are various types of loan having different interest rate .Normally on the basis of time ,there is three terms of loan is existing

The amount of principle ,which is lent by the bank to the customer ,is known as loan. There are various types of loan having different interest rate .Normally on the basis of time ,there is three terms of loan is existing:

- a) Short -term loan (Below 1 to 2 years) 8.5 % to 10.8 % interest rate.

- b) Medium -term loan (3 to 7 years) 10 % to 12.5 %
- c) Long -term (8 -20 years) 12 % to 16 % interest rate.

The temporary provision of money usually at interest is known as loan .It is the principle amount which is repaid with interest .The interest must be paid with the borrowed money .A sum of money lends by one person or organization to another usually with interest is also known as loan .Loan deferred from grant since that day has to be repaid with interest this requires that the recipients is credit worthy , can provide security against default and has a cash flow sufficient to make the interest , capital payment .The amount of principle which is lent by the bank to the costumer is known as loan and there are various types of loan having different interest rate .

Source : Nepal Rastra Bank Directives

2.1.8 Loan Disbursement

Agriculture is the backbone of our economy and it is the main occupation of Nepalese farmers , therefore ,our economy is mainly agriculture dominated .So without the agriculture development ,we cannot develop our economy .There are so many factors lack of irrigation , lack of improved seeds ,lack of chemical fertilizer ,lack of equipment ,lack of technology etc affect Nepalese agriculture . Without sufficient finance ,it is impossible to improve these factors ,which result a decrease in agricultural product .

"One main problems of Nepalese agriculture is its slow productivity .Some of the main factors responsible for the low productivity are the inadequate supply of various essential inputs ,viz .Fertilizers ,improved varieties of seeds, lack of adequate irrigation facilities ,insecticides and lack of knowledge on the part of the cultivation of improved techniques of cultivation. Other factor conditioning the slow growth of agriculture output are the poor farming techniques, insufficient incentive to augment production under the traditional system of land tenure ,lack of adequate agriculture credit and marketing facilities (*Pant, and Jain ;1969:22*).

To supply sufficient finance ,the financial agencies are needed and there are many financial institutions in the financial market. Among them one of the main source of

finance is ADBL .Actually, the main objective behind its establishment is to solve above mentioned problems that's why it is also called the Bank of the farmers.

Banks are expected to support their local communities with an adequate supply of credit for all legitimate business to consumer financial needs and to price that credit responsibility in line with competitively determined interest rates. The policy of loan flow ,loan administration ,audit of loan ,renewal of loan ,the conditions of loan flow , document of loan flow ,the provision of security ,the procession of payment of the capital and its interest and other such procedure which plays a great role in healthy competitive activities. In all banking sector all transaction and unavoidable loan disbursement policy and its working methods of procedure is regarded very important .

"Indeed ,making loans is the principle economic function of banks ,to find consumption and investment spending by business individuals , and units of government .How well a bank performs its lending function has a great deal to do with the economic health of its region ,because loans support the growth of new business and jobs within the banks trade territory and promote economic vitality .Moreover ,a bank loan often seems to convey positive information to the market place about borrower's credit quality ,enabling a borrower to obtain more and perhaps some what cheaper funds from other sources" (*Rose ;2002:517*).

2.1.9 Loan Collection

A bank or any financial institution can be described necessary amount to their borrowers and collect the entire disburse amount in time if there is a good loan management system .Designation of repayment is also an art to the bankers .The appropriate selection of the repayment method according to the nature of loan is also a challenging part of lending .Loan is defined as the amount expected to be repaid with interest .In each loan ,modalities for repayment is mentioned which is affected by the nature of debt .In case of long -term loan ,payment is received in the form of installment (Principle + Interest) as per pre-fixed schedule.

"Nepalese Bank 's generally characteristics are :

a) A dependency on borrowing for expansion,

- (b) Very little deposit mobilization
- (c) Low level of profitability ,
- (d) Insignificant profit retention ,
- (e) Average to poor recovery of loans and interest income and
- (f) Weak financial structures" (*K.B Kunwar ;2003:249*).

2.2 Development Bank in Nepal

The bank which is established to provide capital and technical assistance for the development of basic infrastructure i.e Agriculture, industry, mine, commerce, transport, communication and hydroelectricity of the country is known as development bank. Different countries have different provision for the establishment of such bank even though the objectives of its establishment are to develop the country. In Nepal, development banks are established under the provision of development bank Act- 2052 for the investment and development of particular sector of country. Nepal industrial development corporation, Agricultural development bank and rural development have already been established in Nepal to achieve objectives.

"A development bank is an institution that provides the missing ingredients in the process of agricultural development industrial development or overall economic development of a country "(*Shekhar & Shakhari;1998:13*).

"Nowadays, two types of banking practices are seen in the financial market, commercial banking and Development banking .The commercial banks usually make business in urban areas whereas development banks provides services in rural area. In the Commercial lending usually the same client is repeated if loan rapid. But in development finance if such repetition occurs, the outreach could not be extended. Generally development banks are established with the public funds such as government treasury for the international financial institutions for the development" (*Kunwar;2003:249*).

"Agriculture is the most important occupation in Nepal and plays a vital role in economic development .It is generally acknowledged that an efficient system of agricultural credit is necessary to sustain, stimulate and strengthen agriculture. The

primary money lenders took advantages of the situation and extracted various rate of interest .The high rate of interest, coupled with the borrowing for meeting day -to -day family expenses ,resulted in the transfer of land to the creditors. The outcome of indebt-ness was not only the loss of land for the actual tiller but also resulted in large scale emigration of people ,from one part of the country to another and also outside of the country especially to India .Slow progress of cooperative movement in Nepal may be attribute mainly to the lack of sufficient and administrative difficulty in making and recovering loans. Thus, all other Nepal credit and indebt ness were urgent problems. Most of the farmers are not able to save anything from their farm income and they are perpetually in debt with result that the conditions of land cultivated by an average farmer in Nepal stand hardly any change of improvement" (*Jha,;1978:1-2*).

"The basic concept of development banking is that credit is consciously used as a level of development. It is difficult from leading against individual applications as and when they come. Development banking assumes anticipation an adoption of a plan to action. It calls for initiative and energetic involvement of the bank in developing the potential opportunities of the developed or undeveloped sections or sectors, through selective and strategic input of credit" (*Raydu, and Naik,; 1991:40*).

Development bank creates the proper environment in the country for the development of concerned sector i.e. rural area, industrial and agricultural area of country. Development bank provides short term, mid term and long term loan to the industries and provides capital, technical assistance, managerial and administrative suggestions to the development of industrial, agricultural, rural and other specific sectors of the country, as well as the entrepreneurs of rural area.

According to the statistics given by Nepal Rastra Bank now there 58 development bank . The development bank listed in NEPSE are as under:

Table 2.1
Development Banks of Nepal

S.N	Name	Opereration Date(A.D.)	Head Office	Paid up Capital (Rs. In Million)
1	Nepal Development Bank Ltd.	1999/01/31	Kamaladi, Kathmandu	320.0
2	Uddyam Development Bank Ltd.	1999/02/22	Tandi, Chitawan	35.0
3	Malika Development Bank Ltd.	1998/12/27	Dhangadhi, Kailali	50.0
4	Siddhartha Development Bank Ltd.	1998/08/20	Butawal-11, Rupandehi	134.0
5	United Development Bank Ltd.	2002/03/16	Jeetpur, Bara	14.0
6	Nepal cottage and Small Ind. Dev. Bank Ltd.	2001/06/19	Heritage Plaza, Kathmandu	112.0
7	Narayani Development Bank Ltd.	2001/10/17	Ratna Nagar-1, Chitawan	25.0
8	Pashimanchal Development Bank Ltd.	2003/3/2	Butawal-8, Rupandehi	100.0
9	Sahayogi Bikas Bank Ltd.	2003/10/21	Janakpurdham, Dhanusha	36.0
10	Pashupati Development Bank Ltd.	2004/01/01	Banepa, Kavre	120.0
11	Karnali Bikash Bank Ltd.	2004/02/14	Nepalgunj, Banke	29.4
12	Triveni Development Bank Limited	2004/07/26	Bharatpur, Chitawan	50.0
13	Annapurna Development Bank Limited	2004/08/23	Banepa, Kavre	192.0
14	Bhrikuti Bikas Bank Limited	2004/08/19	Butawal, Rupandehi	58.8
15	Shubhechchha Bikas Bank Limited	2004/09/14	Narayangadh, Chitawan	23.9
16	Bageshowri Bikas Bank Limited	2004/10/19	Nepalgunj, Banke	30.0
17	Sanima Bikas Bank Limited	2004/11/26	Nagpokhari, Kathmandu	384.0
18	Gaurishankar Bikas Bittiya Sanstha Ltd.	2004/11/29	Kawasoti, Nawalparasi	125.0
19	Gorkha Bikas Bank Limited	2004/12/01	Putalisadak, Kathmandu	480.0
20	Gandaki Bikas Bank Ltd.	2005/01/19	Pokhara, Kaski	82.3
21	Infrastructure Development Bank Ltd.	2005/04/29	Banepa, Kavre	80.0
22	Business Development Bank Ltd.	2005/05/10	Pokhara, Kaski	210.0
23	Biratlaxmi Bikas Bank Limited	2005/05/11	Biratnagar, Morang	55.0
24	Excel Development Bank Ltd.	2005/07/21	Anarmani, Jhapa	20.0
25	Western Development Bank Ltd.	2005/09/15	Tribhuvannagar, Dang	27.0
26	Himchuli Bikas Bank Limited	2005/11/07	Pokhara, Kaski	102.6
27	Arniko Bikas Bank Ltd.	2006/07/06	Dhulekhel, Kavre	27.1
28	Nepal Dev. and Employment Promotion Bank Ltd.	2006/07/17	Kamaladi, Kathmandu	320.0
29	Clean Energy Development Bank Ltd.	2006/09/06	Sitapaila, Kathmandu	320.0
30	Mitery Development Bank Ltd.	2006/10/13	Mahendrapath-5, Dharan	31.6
31	Tinau Bikas Bank Ltd.	2006/10/13	Sangampath, Butwol	21.0

32	Gaindakot Development Bank Ltd.	2006/12/18	Navalparasi, Gaindakot	27.5
33	Muktinath Bikas Bank Ltd.	2006/12/18	Putalibazar, Syanja	52.0
34	Sewa Bikas Bank Ltd.	2007/2/25	Butawal, Rupandehi	55.1
35	Kankai Bikas Bank Ltd.	2007/5/4	Damak , Jhapa	28.0
36	Public Development Bank Ltd.	2007/6/7	Birjunj , Parsa	45.0
37	Mahakali Bikas Bank Ltd.	2007/8/18	Mahendranagar, Kanchanpur	11.8
38	Ace Development Bank Ltd.	1995/08/15	Narayanchaur, Kathmandu	457.6
39	Sangrila Bikas Bank Ltd.	2007/8/26	Pokhara, Kaski	39.9
40	Bhargab Bikas Bank Ltd.	2007/8/30	Nepalgunj, Banke	12.0
41	Vibor Bikas Bank Ltd.	2007/10/4	Tripureshwor, Kathmadu	414.8
42	Resunga Bikas Bank Ltd.	2007/9/26	Tamghas, Gulmi	15.1
43	Rara Bikas Bank Ltd.	2007/9/30	Birendranagar, Surkhet	10.0
44	Diyalo Bikas Bank Ltd.	2007/10/01	Banepa, Kavre	38.9
45	Country Development Bank Ltd.	2007/10/04	Banepa, Kavre	51.0
46	Kasthamandap Development Bank Ltd.	2007/10/25	New Road, Kathmandu	224.0
47	Alpine Development Bank Ltd.	2007/10/05	Hetauda, Makawanpur	33.5
48	Nilgiri Bikas Bank Ltd.	2007/10/25	Beni, Maygdi	21.0
49	Corporate Development Bank Ltd.	2007/10/25	Birjung, Parsa	70.0
50	Kamana Bikas Bank Ltd.	2007/9/29	Lekhnath, Kaski	26.0
51	City Development Bank Ltd.	2007/10/19	Pokhara, Kaski	35.0
52	Garima Bikas Bank Ltd.	2007/11/23	Sangja	53.0
53	Biswo Bikas Bank Ltd.	2007/11/21	Pokhara, Kaski	73.2
54	Pathibhara Bikas Bank	2007/11/21	Urlabari, Morang	25.5
55	Professional Bikas Bank Ltd.	2007/10/17	Banepa, Kavre	35.0
56	Kabeli Bikas Bank Ltd.	2007/11/15	Dhankuta	10.1
57	Purnima Bikas Bank Ltd.	2008/5/20	Sidhardhanagar, Rupandehi	26.9
58	Jyoti Development Bank Ltd.	2008/8/25	Kamalpokhari Kathmandu	259.0

(www.bfr.nrb.org.np)

2.3 Agricultural Development Bank of Nepal

Agricultural Development Bank of Nepal (ADBL) was founded under the Agricultural Development Bank Act of 1967. In 1968 , ADBL had assumed the assets and liabilities of the Cooperative bank and in 1973 absorbed the Land Reform saving Corporation. As a part of Nepal's financial sector reform initiative, a financial and

operational review of ADBL was under taken in 2003 under an ASIAN Development bank technical assistance project .The objective was to prepare action plans for institutional development at ADBL .Of the three strategic option considered -status quo, privatization and commercialization- the study found commercialization the most suitable option and developed strategies for the commercialization and restructuring of ADBL. The government of Nepal has approved the review report and ADBL is now in the process of implementing the action plans for it's restructuring. With the enactment of Bank and Financial institution Ordinance of 2004 (BFIO), the ADBL Act 1967 was repealed and the operation of ADBL is now governed by the BAFIO. Concurrently, ADBL was incorporated and registered as Agricultural Development Bank Limited (ADBL) on 15 July 2005 in accordance with the provision of the Companies ACT of 1967 .ON 16 March 2006 ,ADBL obtained license from Nepal Rastra Bank (NRB)-the central bank-in accordance with the provision of BFIO.

In line with the Tenth Plan (2005-2009), the Government of Nepal (GON) adopted a resolution to restructure Agricultural Development Bank of Nepal, Limited (ADBL) into a viable and autonomous rural finance institution to facilitate economical and efficient resource flow to the rural poverty reduction. GON subsequently approved the *Restructuring Plan for the Commercialization of Agricultural Development Bank of Nepal* (Restructuring Plan).¹ This ADBL Restructuring Plan – Implementation Guide provides detailed action plans, milestones and target performance benchmark for the restructuring of ADBL and shall supplement the Restructuring Plan. GON and the Asian Development Bank only base the revision of the contents of the Restructuring Plan and Implementation Guide on review and approval.

(www.adbl.gov.np)

2.3.1 Management Of ADBL

Board of Directors is the apex body of the bank. It formulates policies as well as strategies and provides guidance to the management. The Board comprises a total of eight members; three members representing Ministry of Finance, one member each is representing the Ministry of Agriculture as well as the Ministry of land reform and two members representing individual shareholders. Besides, the Board as per the BAFIA nominates one member. Audit Committee and Governance Committee in the area of internal control and good governance support the Board respectively.

The day-to-day operation of the bank is executed by the Chief Executive/General Manager. Two Deputy General Managers and 12 Division Chiefs closely assist the Chief Executive/General Manager. Moreover, General Manager is supported by Asset and Liability Committee for various activities related to risk management.

The bank has three-tier organization structure consisting of Head office, Regional offices (ROs) and field offices. Field offices are further categorized into four levels; main branch, branch, sub-branch and depot depending particularly upon their volume of business. The head office is the policy making body at the top, field offices are implementing units at the bottom and ROs with monitoring and supervisory role are in between.

ADBL is also operating a Central Training Institute (CTI) at corporate head office and five Regional Training Centers (RTCs) with residential facilities in five development regions. The CTI and RTCs conducts training and seminars particular Board of Directors is the apex body of the bank. It formulates policies as well as strategies and provides guidance to the management. The Board comprises a total of eight members; three members representing Ministry of Finance, one member each representing the Ministry of Agriculture as well as the Ministry of Land Reform and two members representing individual shareholders. Besides, the Board as per the BAFIA nominates one member. Audit Committee and Governance Committee in the area of internal control and good governance support the Board respectively.

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implementing units at the bottom and ROs with monitoring and supervisory role are in between.

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Table 2.2
Present Manpower at the bank (F.Y. 2064/65)

Office	No of Employee
Head Office	300
Regional Office	233
Development Banking Office	2121
Commercial Banking Office	736
Regional Training Office	38
Employee Retirement Fund	14
Total	3422

Source :www.adbl.gov.np

2.3.2 Basic Operational Area of ADBL

- ❖ Agricultural and rural Finance
- ❖ Commercial Banking
- ❖ Micro Finance

Agricultural and Rural Finance

The bank provides credit services broadly on short, medium and long term basis to individuals, co-operatives and corporate bodies. Short-term loans are provided for the period of maximum 2 years for the activities such as production, working capital, marketing and non-farm activities. Medium-term loans are extended for the period of 2 to 7 years for irrigation, farm mechanization, agro/cottage industries (fixed investment) and agri-business including livestock. Long-term loans are provided for

the period of more than 7 years for the purposes like warehouse, cold storage, tea/coffee and horticultural crops having long gestation period.

In addition to providing rural and agricultural credit, the bank accepts saving from borrowers in the form of Client Security Fund. Moreover, the bank is also involved in technology promotion particularly in the field of surface and ground water irrigation, micro-hydro and alternative energy including biogas as well as solar power.

Commercial Banking

With the primary objective of mobilizing urban resources to the rural sector, the bank is undertaking commercial banking operations since 1985. The activities of commercial banking operation broadly include deposit collection and lending operation. Besides, services related to guarantee and fund transfer through draft, fax, inward bill collection, outward bill collection etc. is also provided to clients. Deposit services are made available for demand deposit (current account), saving and term deposits. In lending operation, the bank has concentrated on commerce, industry, overdraft (general and industrial), contract, hire-purchase (construction and transportation), service loan (tourism, health, secretarial services etc), demand loan, educational loan, house loan, project loan and agriculture loan.

Micro-Finance

Small Farmer Development Program (SFDP): The SFDP was initiated in 1975 with the objective of improving socio-economic conditions of the rural poor including women by bringing them into the mainstream of development process. Group approach is the fundamental basis for program implementation. Households having per capita family income of less than or equal to Rs. 2500 and /or a land holding size up to 0.5 ha. are categorized as small farm families for providing financial and non-financial services through SFDP.

Credit is provided for different purposes related to production, marketing, and other income/employment generating activities. To develop saving habit among small farmers, group saving and its mobilization is also being undertaken as an integral component. As complementary input to credit and saving services, the target groups of the program are also trained in different areas such as group management and its

functioning, saving mobilization, income generating activities etc. Moreover, social and community development activities are also being undertaken for the welfare of rural people.

Institutional development Program and SFCLs: In view of the few shortcomings of SFDP such as high operating cost and slow growth in outreach, an alternative approach of empowering the target groups was initiated within SFDP framework through Institutional Development program (IDP). Under this approach, small farmers are encouraged to build up autonomous and viable institutions owned, managed and controlled by them. Such autonomous body is named as Small Farmer Co-operative Limited (SFCL), which is registered under co-operative Act. The beneficiaries of SFCLs are provided intensive training in different areas such as office management, book keeping, group functioning etc for capability development and the SFDP's assets and liabilities are ultimately handed over to the SFCL. After the completion of hand over process, the bank provides wholesale credit to these institutions from which loans are provided to the target groups.

The initial results of SFCLs are noted to be positive particularly in the areas of financial viability, leadership development, participation and internal resource mobilization and expansion as well as diversification of program activities. Some of the SFCLs are emerging with notable outcome and are capable of replicating Institutional Development Process on their own. Moreover, 11 SFCLs are carrying-out limited banking operation under the supervision of the central bank. One of the remarkable features of SFCLs is low level of operating expenses i.e. only 2.3% of loan portfolio. As per the study carried out by GTZ, these grassroots level institutions have maintained high growth rate in saving collection and continuously increased quality of loan portfolio.

Small Farmers Development Bank: To provide qualitative and effective financial and non-financial services exclusively to SFCLs, ADBL established Small Farmers Development Bank Limited (SFDBL) as its subsidiary development bank in 2002. The Government, ADBL, two commercial banks and SFCLs own SFDBL. However, as per the plan, the shares presently owned by ADBL and the Government will be gradually off loaded to SFCLs. ADBL has envisaged that after next five years, SFCLs

will own majority of shares of SFDBL. Consequently, these institutions will be in a position to control the management of this apex level bank.

2.3.3 Main Activities and Products(www.adbl.gov.np)

The ADBL adopted a "three -window system" to operate in the

Development of Finance Sector

- To provide short, medium and long term agricultural loans to individual farmers, group of farmer's corporate bodies and village committees:
- To provide loans and technical services for the purchase of inputs and Capital item such as fertilizer, insecticides feed farm machinery, irrigation equipment, canal construction boring of pump set and sprinklers.
- To provide loans for the purchase of livestock
- Finance for cottage and small-scale industries and marketing facilities.
- Finance for the capital goods necessary for the development of alternative sources of energy.

Target group sector through small Farmer Development

- To supervise the small - farmer D development program to lift up the socio - economic status of Small Farmers.
- To provide training to the beneficiaries and the bank staff

Commercial Banking Sector

- To mobilize urban resources for the development of the rural sector .The bank's activities have a broad range including deposit collection and lending operation

2.3.4 Main Sources Of Fund (www.adbl.gov.np)

- **Share Capital**

It is one of the most important sources of finance of ADBL. GON ,NRB ,Individuals, co-operatives and other corporate bodies are the share holders of ADBL .

- **Deposit From The general Public**

The deposit collection is the major source mobilization which in fact is one of the major activities of the banks. Current Deposit ,Saving ,Time Deposit ,Customer Safety Fund ,Comp Saving & LRSC are the Deposits of ADBL .From all deposit saving deposit is the most important deposit of ADBL bank.

- **Donor Support**

Donor Support is also the sources of fund for ADBL.

- **Outstanding balance with ADB,World Bank**

Previous outstanding balance with ADB,World Bank are also the sources of Fund .

2.3.5 Lending Policies and Procedure Of ADBL

Lending Policies and Procedure of ADBL under different consideration is given below:

A. Price Water House Coopers Report

Through Asian Development Bank ,Price water House coopers completed ' Financial and Operational review ' of ADBL .ADBL has kept precondition to ADBL to give capital and technical support for financial restructuring according to the approval report of Nepal Government .The major pre-condition are given below

- ❖ To improve in organizational structure.
- ❖ To do financial restructuring
- ❖ Non- performing loan asset management
- ❖ Human resources management .
- ❖ Preparation of three year corporate planning .
- ❖ Implementation of transactions in integrated way in bank offices .
- ❖ Right Management of portfolio and to center loan investment on small and medium scale enterprises.
- ❖ Classification of offices into business center and cot control and starting employee's work responsibility center.
- ❖ Transparent accounting system and provision of internal audit committee control internal regulation.

- ❖ Provision of assets and loan management committee to risk management.
- ❖ Enlargement of quality of MIS division .
- ❖ To give emphasis on work capacity of credit appraisal for loan quality
(*ADBL/Annual Report ;2004:5-6*)

B. NRB's Supervision and Direction

NRB is the bank of banks. NRB supervises and gives direction to other banks .NRB's direction to development banks are given below

- ❖ Adequate provision on core -capital and subsidiary capital
- ❖ Loan classification and loan loss provision
- ❖ Financial source collection limit.
- ❖ Compulsory stock and working capital management.
- ❖ Provision on institutional good governance.
- ❖ Provision on sector wise loan limit.
- ❖ Provision on investment.
- ❖ Provision on audit and audit committee.
- ❖ Provision on accounting policy and financial statements.
- ❖ Provision on non-performing assets.
- ❖ Provision on effective ministering, follow up and supervision for loan utilization.
- ❖ Provision on bank's right sizing (*ADBL ;1989:13*).

C. Eligible Borrowers of ADBL

To get loan form ADBL ,the applicant should posses the following qualification.

- a) Must be Nepalese citizen ,if the applicant is cooperative or corporation body ,it must be resisted in the related government office
- b) Must be socially and financial characteristic nature.
- c) Must have necessary knowledge ,experience and skilled to operate enterprise.
- d) Must be arrears in repayment of principle or interest or any existing loan except for region behind their reasonable region .
- e) Must be willing to meet the equity contribution for the project as required by ADBL rules and regulation (*ADBL ;"Eligible Borrowers of ADBL";1989:33*).

D. Loan Limit/ Line of Credit

Depending upon purpose and type of loan, ADBL provides loan ranging from 80 % to 100 % of total project cost .The remaining part of the cost of the project will be equity contribution of the borrowers. Limit also have been set regarding amount of loan that can be sanctioned at a time and the amount that can be remain outstanding (*ADBL ;"Loan Limit /Line of Credit";1989:13*).

E. Pocket area group loan total production Loan

The lending policy of ADBL is broadly based tow considerations, if bank offices classify loan according to geographical structure such as climate ,condition of natural resources ,physical infrastructure facility ,marketability etc. to provide agricultural credit his work Center's different places ,than it is called pocket area group loan .ADBL generally follows this approach to provide agricultural loan is easy and smooth manner to people for balanced economic development of country .Pocket area loan group includes 5 to 20 members .under total production loan ,ADB/N approves total requirement of credit to borrower in different purpose such as rice millet ,mustered etc .within one year at a time for maximum three purposes .Generally ,the problem of submitting documents to get advantage from different time within one year is reduced and farmers will get advantage form it (*ADBL ; "Pocket Area Group Loan and total Production Loan";1989:100*).

F . Green Card

If the borrower of ADBL have been talking loan from ADBL since last three years and taking advantage form the project and also paying loan's principle & interest timely to the bank, "Green Card " is given to those farmers. The borrowers have to pay less one percent interest rate in current prime lending rate (*ADBL ;2001:15*).

G .Interest Rate of ADBL

The bank has followed discriminatory interest rate policy depending upon the borrowers and the purpose of loans. Loans from co-operative are cheaper as against loans from individuals borrowers The pre avialing interest rate charged by ADBL is shown below

Table 2.3
Interest Rate Of ADBL

S.N	Purpose	Rate of Interest
1	Land Development and housing	12
2	Cold Storage	12
3	Godtdown	13
4	Horticultre	12
5	Cereal Crops	15
6	Cash Crops	14
7	Irrigation	15
8	Bio-gas and energy	15
9	Agricultural Business	15
10	Marketing	16
11	Farm mechanization	16
12	Non-agricultural Loan	16

Notes

- (a) Prime interest rate will be changed if interest is paid monthly and 20 % interest discount is removed.
- (b) Additional 1 % and 3 % medium term interest will be charged on deprived class credit and other credit respectively if interest is not paid monthly.
- (c) 2 % and 4 % high interest rate will be charged in medium term interest on deprived class credit and other credit respectively (ADBL : "Annual Report";2004:19).

H . Security and Margin Policy

ADBL has following provision on security and margin policy.

Table 2.4
Security and Margin Policy

S.N	Property	Minimum Loan Granting %	Margin
1	Land	80 %	20 %
2	Cemented House /Go-down and cold Storage	70 %	30 %
3	Machinery	50 %	50 %

(ADBL, Agricultural Credit;2004:23)

I. Procedure of Lending

Individual, cooperatives and corporate body willing to borrow the loan from ADBL must fill up the prescribed loan application form supplied by ADBL. The applicant should submit supportive documents with the application form such as certificate of land ownership, receipt of land revenue payment or certificate of government registration for corporate and cooperatives organization, in some cases big projects, project feasibility report is essential.

After receiving the application from borrowers, ADBL official inspect the document as well as project site and security. After inspecting security, security is valued and borrower's acceptance on security is taken by bank.

After examining all documents and field visit, loan committee approves loan to those borrowers whose project seems technically feasible, economically viable, politically suitable and socially acceptable. ADBL gives approved notice to borrowers at last

2.3.6 Objectives of Loan Recovery Manual 1993.

The objectives of Loan Recovery Manual 1993 is as follows

- Officials are mobilized for conducting the programme to recover loan, for timely monitoring and directing by providing them about the importance of loan recovery and its target.
- To conduct the programme of recovering loan before the loan installment period.
- To conduct loan recovery programme regularly.

- To determine the failure project as per determined payment program and manage to amend the data of loan recovery and to determine the loan which is not possible to recover and properly .
- To maintain the file to be kept up to date. To standardize the information system for necessary particulars to recover the loan to ensure that format of particulars re made identical as far as possible
- To monitor regular supervision evaluate through advise suggestion and direction to the borrowers for succeeding the project.

2.3.7 Procedure of Loan recovery

The Bank monitor its lending project time to time by the supervisor or its employee. Bank issues memorandum letter time to time before and after the loan installment period .If the borrowers fail to repay the loan amount ,bank should take legal provision to sell ,auction of collateral to recover loan amount. Bank may increase loan installment period with reason like natural disaster such as earthquake, flood, diseases .If the bank unable to recover its loan amount, it makes black list of the borrower and decides the bad debts, otherwise it will be recovered its loan amount by the legal process or any process like selling or auction of collateral and other property from the borrowers *Source : Loan Division*

2.4 Review of Related Journals and Articles

Morris (1991) in his paper "*Latin America's Banking System in 1980s*" has concluded the most of the banks concerned on compliance with central bank rules on resources requirement ,credit collection and interest rates. While analyzing loan portfolio quality, operating efficiency and soundness of bank investment management has largely been overlooked .The huge losses now find in the bank's portfolio in many developing countries and testimony to the poor quality of this ever sight investment function.

Bhupa (March ,2009) in his article "*In Gold we Trust*" has explained that the government may well argue that the normal function of a bank is to take deposits from the general public and lend it to individual and corporate borrowers . so

increasing term deposits is good for economic growth because for every Rs 100 that a bank collects by way of deposits it can lend about Rs 70.

Pokhrel and Pant (*Jun 2009*) in their published paper "*Perspectives of Organic Agriculture and Policy Concerns in Nepal*" has focused that Agriculture is one of the major contributing sectors in Nepalese economy that shares 36% in the GDP at 1984/85 constant price (MOAC, 2007) and provides employments to two-third of the economically active population (MOAC, 2006). The government, through the past development plans, has made significant efforts to increase agricultural production and productivity. However, the efforts have not yielded results to desired levels due mainly to difficult topography, poor infrastructural development and high level of farm poverty

2.5 Review of Thesis

Manadhar's (2001) on her thesis "*A Study on Resource Mobilization and Achievement of ADBL* " has following objectives and Findings .

Main Objectives of her Thesis:

1. To analyze the resource mobilization of ADBL.
2. To analyze the relationship between loan utilization and loan disbursed by ADBL.
3. To analyze the utilization of loan by farmers.

Major Finding are:

- The amount of bank 's loan disbursement is largely depends upon the amount of loan repayment in each year.
- 2. Loan repayment amount depends upon credit worthiness of the farmers .The Productive utilization of the loan disbursed, the effective supervision of the bank]s field worker]s the follow -up) reminding procedures of the bank for the clients.
- A provision of effective information system relating to modern technique of farming ,technique of utilization available inputs and price of the product etc

through radio and television are the most important media for illiterate farmers.

Dahal, (2003) on his thesis “*A Study on Resource Mobilization and Achievement of ADBL*” has following objectives and Findings .

Main Objective of his study is as under:

- To analyze the resource mobilization of ADBL.
- To analyze the Achievement of ADBL by its mobilized resources.
- To study the relationship between ADBL and Farmers.

Major Finding of His Study are:

- Most of the farmers are very poor .They get loan for one purpose for example cereal crops production but because of scarcity of amount to buy insecticides ,their productivity is not increased as it was believed to be.
- The farmers want to invest in some big project like land development, construction of the god down or cold storage etc but the bank is not willing to make big investment in such purpose .
- The procedure to be followed for getting loan from the bank is not easy and understandable for the poor and illiterate farmers. It's therefore, they are still lacking with ADBL loan Facility.

Khanal, (2003) on his Thesis "*A Study of Loan Management of ADBL*" has following objectives and Findings .

Main Objectives of His Thesis are:

- To examine the loan disbursement and collection procedure of ADBL.
- To evaluate the trend of loan investment, collection and outstanding.
- To show the achievement of purpose wise and term wise loan disbursement, outstanding and collection of ADBL.
- To study lending policy, loan recovery procedure, interest berate and discount, interest rate change by ADBL.

His major findings:

- Actual loan investment/ disbursement, collection and outstanding of short-term loan is gradually increased every year.
- Actual loan disbursement, collection and outstanding of medium-term is just creeping up. Though collection of investment is in satisfactory level, collection to outstanding is still far leg- behind.

Gautam, (2004) on his Thesis "*A Study On Loan Management of Agricultural Development Bank*" has following objectives and Findings .

Main Objectives of His Thesis are:

- To examine the loan disbursement and collection procedure of ADBL.
- To evaluate the trend of loan investment, collection and outstanding.
- To show the achievement of purpose wise and term wise loan disbursement, outstanding and collection of ADBL.
- To study lending policy, loan recovery procedure, interest berate and discount, interest rate change by ADBL.

His Major Findings:

- ADBL's targeted and achieved loan disbursement is continuously followed by loan collection amount also in increasing trend. Though achieved collection ratio is increasing each year, achieved loan disbursement is in fluctuating trend since 059/60.
- ADBL is the major source of long term and short-term loan for both agricultural and industrial purpose.

Mahat, (2005), on his thesis "*Resource Mobilization and Achievement of Agricultural Development Bank Nepal*", has following objectives and Findings .

Main Objectives of Her Thesis:

1. To analyze the resource mobilization of ADBL.
2. To analyze the relationship between loan utilization and loan disbursed by ADBL.
3. To analyze the utilization of loan by farmers.

His Major Findings:

- The relationship between loan collection and loan disbursement is highly positive.
- Loan recovery rate of ADBL is not satisfactory.
- The total outstanding loan of ADBL is increasing year by year.
- Collectively yearly loan disbursement of ADBL is increasing significantly at stable rate of investment.

Sharma, (2008), on his thesis “*A Study on Loan Management of Agriculture Development Bank Ltd. Nepal*” has following objectives and Findings .

Main Objectives of His Thesis are:

- To examine the loan disbursement and collection procedure of ADBL.
- To evaluate the trend of loan investment, collection and outstanding.
- To show the achievement of purpose wise and term wise loan disbursement, outstanding and collection of ADBL.
- To study lending policy, loan recovery procedure, interest berate and discount, interest rate change by ADBL.

His Major Findings:

- The total outstanding of development financing increased from Rs 12.89 billion in FY 057/58 to Rs 22.18 billion in FY 063/64 registtering an annual average growth trend of Rs. 1.33 billion of 9.53%.
- The highest loan outstanding has been in marketing followed by livestock and cereal & cash crops.
- The lowest loan outstanding is on land development & housing and bio gas.

Research gap

There is only few research works conducted in this topic. But such Resource mobilization related research work has not provided appropriate solution to mobilize resources in proper way to Nepalese banks. Ruined practicing scenario was the main problem of Resource mobilization. Researchers have provided general recommendation only. In this research researcher has tried to fulfill such research gap. For better mobilization of Resources needs to be specific recommendation Researcher

wants to eliminate research gap exist in the past and explore for in depth information, which can be helpful better for resource mobilization of ADBL. He further recommended ADBL should invest the conservation of natural resources like forest, investing in bio gas and power development and it should give maximum amount of interest subsidy.

CHAPTER - III

RESEARCH METHODOLOGY

This chapter refers to the overall research method composing the theoretical aspect to the collection and analysis of data. This study covers quantitative methodology in a greater extent and also was the descriptive part based on both technical aspect and logical aspect; on the basis of historical data performs a well- designed quantitative research is descriptive, analytical as well as exploratory in nature tools. This research is descriptive analytical as well as exploratory in nature. For this purpose data has been managed in proper form for interpretation and explanations whenever necessary. Details research methods are described in following headings.

"Research Methodology is the plan, structure and strategy of investigations conceived to answer the research question or test the research hypothesis" (*Wolf and Pant; 2002: 51*).

"Research Methodology Possess to the various sequential steps to be adopted by researcher in studying a problem with certain objectives of view .It describes the methods and process applied in the entire subject of the study. It is the way to systematically about the research Problem "*(Kothari; 2001:39)*.

3.1 Research Design

Research design means the definite procedure and techniques, which guides the study and profound ways for research viability. Research design is the main part of the thesis or any research work. Research design is the plan, structure and strategy of investigations conceived so as to obtain answers to research question and to control variances. The research design opted for the study is basically descriptive one. Permanent data and information required for the study are collected, evaluated and analyzed systematically to arrive at a certain conclusion. The main objectives of the study are to analyze Resource mobilization of agriculture development bank of Nepal.

3.2 Period Covered

The present study covers the time period of Five years for the purpose of trend analysis i.e. F/Y 2059/60 to 2063/064.

3.3 Data Collection Procedure

As the study was based on Secondary Data .Secondary data have been taken from Annual Report of ADBL for F/Y 2059/60 to 2063/064, the published journals, MIS division of ADBL, Loan Division of ADBL and financial statement ADBL.

3.4 Research Variable

Total Resources, Loan Disbursement, Collection and Outstanding and time periods of ADBL are the main research variables of the present study.

3.5 Population and Sample Size

Total Resources, Loan Disbursement, Collection data of ADBL are the Population of the study .Out of these Five years (i.e. Fiscal year 2059/60 to 2063/064) are the sample size and these five years is taken as the sample of the study .

3.6 Statistical Procedure of Analyzing Data

Statistical analysis procedure is used in this research to see trend of loan investment and collection .To process raw data and analyze the relationship, Karl Persons' coefficient, percentage ,T-test are used to find out ADBL's loan investment and collection such as purpose wise ,term wise is different or not ,whether it is increasing or decreasing trend and to see what types of relationship exist among these various and to draw inferences and recommendations. Secondary data is solely studied by the help of statistical methods/tools.

3.6.1 Statistical Tools

Karl Pearson's Coefficient of Correlation

$$r = \frac{N \sum XY - (\sum X \cdot \sum Y)}{\sqrt{N \sum x^2 - (\sum x)^2} \sqrt{N \sum y^2 - (\sum y)^2}}$$

Where ,

r = Coefficient of Correlation lies between + 1 & -1

X is independent variable

Y is dependent variable

Following Table is considered to describe relationship between variable

If r is

-1	-0.7	-0.3	0	+0.3	+0.7	+1
Perfect Negative	Strong Negative	Weak Negative	Perfect Independence	Weak Positive	Strong Positive	Perfect Positive

(Source: Shrestha and Amataya; 2004:178)

B. Coefficient of Determination r^2

Coefficient of determination i.e r^2 indicates total variation in dependent variable (Y) is explained by independent variable (X)

C. Hypothesis Testing

T -Test

T-test is used for the test of significance of each correlation coefficient.

Hypothesis Test 1

Null Hypothesis (H₀): $\mu_1 = \mu_2$

There is no significant difference between the mean ratio of actual loan disbursement and actual loan investment.

Alternative Hypothesis: $\mu_1 \neq \mu_2$

There is significant difference between the mean ratios of actual loan disbursement and actual loan investment.

Hypothesis Test 2

Null Hypothesis (H₀) : $\mu_1 = \mu_2$

There is no significant difference between the mean ratio of actual loan disbursement and actual loan collection.

Alternative Hypothesis: $\mu_1 \neq \mu_2$

There is significant difference between the mean ratios of actual loan disbursement and actual loan collection.

Test Statistic

$$t^* = \frac{r}{\frac{\sqrt{1-r^2}}{n-2}}$$

Decision Rule

The tabulated value of t at 5 % level of significance for two tailed test at 5 degree of freedom is 2.571. If t* (i.e calculated value of t)is found greater than its calculated value then it is marked as significant and Null hypothesis is rejected other wise significant.

CHAPTER - IV

DATA PRESENTATION AND ANALYSIS

4.1 Introduction

In this chapter Researcher had tried to deal with systematic presentation, analyzed and interpreted the data's, as the main objective of this research is to analyze the total resources and the mobilization of the resources of ADBL .To obtain these goals, related data's are presented and analyzed in systematic way in tabular forms and graph charts. Data are also analyzed using various statistical tools such as mean, standard deviation, time series analysis etc. Ratio analyses are also done to find out the effectiveness and performance evaluation of the ADBL.

4.1.1 Data Presentation and Analysis

This study has tried to cover the resource mobilization o ADBL from 2058-59 to 2063-64 for 5 years. Different statistical tools as well as graphical approach are used to find out meaningful evaluation. The main source of data presentation and analysis used in this research is annual reports of Nepal Agricultural Development Bank Limited.

4.2 Financial Resources of ADBL

Without any financial resources ,not a single institution exists .So to run the organization it need financial resources. ADBL takes different financial resources such as share capital, customer deposits, borrowings ,reserve and profit.

4.2.1 Share Capital

It is one of the most important sources of finance of ADBL. GON, NRB ,Individuals, co-operatives and other corporate bodies are the share holders of ADBL .

Table 4.1
Share Capital

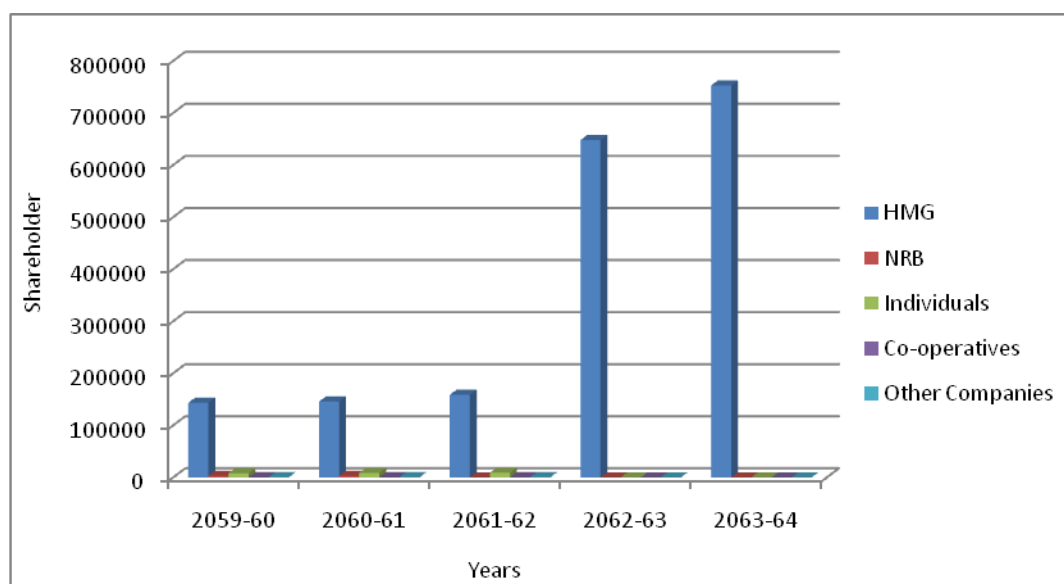
In Rs "0000"

Year	Govt.	NRB	Individuals	Co-operatives	Other Companies	Total
2059-60	143348	3000	8028	53	261	154690
2060-61	145598	3000	8545	53	261	157457
2061-62	158598	0	8834	50	280	167761
2062-63	647800	0	0	0	0	647800
2063-64	752800	0	0	0	0	752800

Sources: Annual Report of ADBL

Table 4.1 shows the share capital of ADBL for past 5 years of study. The total share capital has been increasing every year. Among the above 5 sources, In total share capital, GON holds 92.66%, NRB holds 1.93% Individuals holds 5.18%, Cooperatives holds only 0.034%, other Companies hold 0.17% in 2059-60, GON holds 92.46%, NRB holds 1.9%, individuals holds 5.42%, Cooperatives holds only 0.034%, other Companies hold 0.17% in 2060-61, GON holds 92%, Individuals holds 5.2%, Cooperatives holds only 0.029% other Companies hold 0.17%. For the year 2062-63 ,2063-64 100% share was by hold by GON.

Figure 4.1
Share Capital



4.2.2 Customer Deposit

Table 4.2
Customer Deposit

In Rs "0000"

Year	Deposit					Total
	Current	Saving	Time Deposit	Customer Safety Fund	Comp. Saving & LRSC	
2059-60	127	1285085	876180	105577	823	2267793
2060-61	89691	1468273	985665	79968	814	2624412
2061-62	123592	1518945	1008857	70189	721	2722305
2062-63	127950	1622546	1142619	69426	640	2963182
2063-64	226286	1731141	1210520	73122	567	3241636

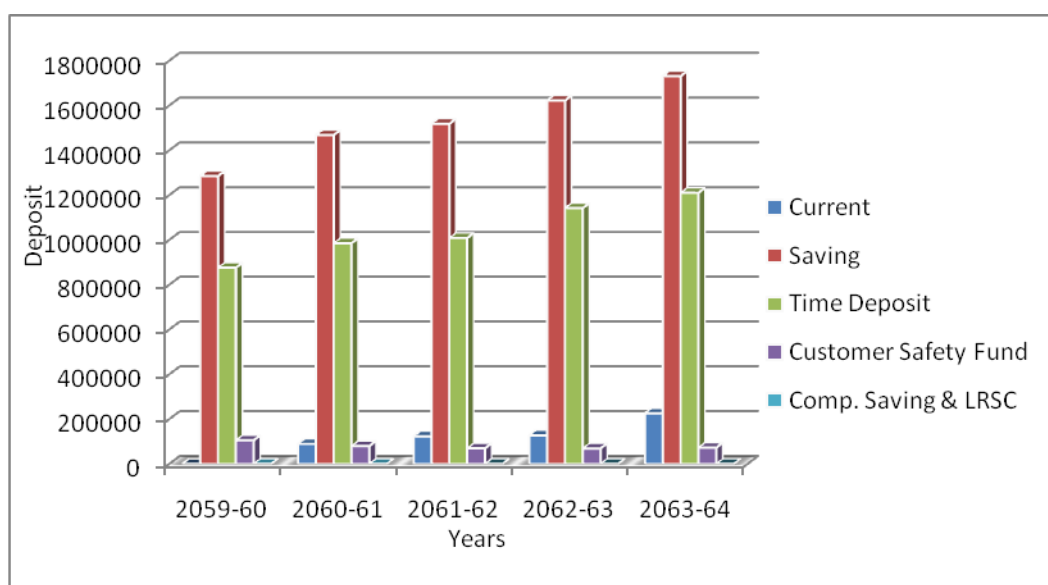
Sources: Annual Report Of ADBL

While looking at the details of customer deposit during the study period ,the customer are found to be more habitual in saving deposit . 56.67 % of total deposit is from saving in 2059/60 while 0.01% ,38.64%,4.66%,0.04 are respectively in current ,Time deposit, customer safety fund, com.saving & LRSC in 2059/60.55.95 % of total deposit is from saving in 2060/61 while 3.42%,37.56%,3.05%,.03 are in current ,time deposit, customer safety fund, com.saving & LRSC in 2060/61 respectively. Customer deposit is increased to 9.6 % in 2060/61.

Customer deposit is increases in 2061-62 to 3.7% ,8.8% to 2062-63 and increased to 9.4% in 2063-64. Customer deposit is increasing every year.

The deposit collection is the major source mobilization which in fact is one of the major activities of the banks. Table 2 shows the deposit collected by ADBL for past 5 years of study. Deposit collection is in increasing every year which shows that bank is in good position.

Figure 4.2
Customer Deposit



4.2.3 Borrowings

Table 4.3
Borrowings

In Rs"0000"

Year	Sources OF Borrowing						Total
	Government Of Nepal	ADB	Other Project	NRB	Commercial Bank	Other	
2059-60	0	82122	221520	25063	68700	7971	405375
2060-61	0	53229	211232	27748	63200	11085	366494
2061-62	260961	0	0	31406	55700	10862	358930
2062-63	169	0	0	22956	17700	10529	51353
2063-64	169	0	0	14256	15000	7971	37395

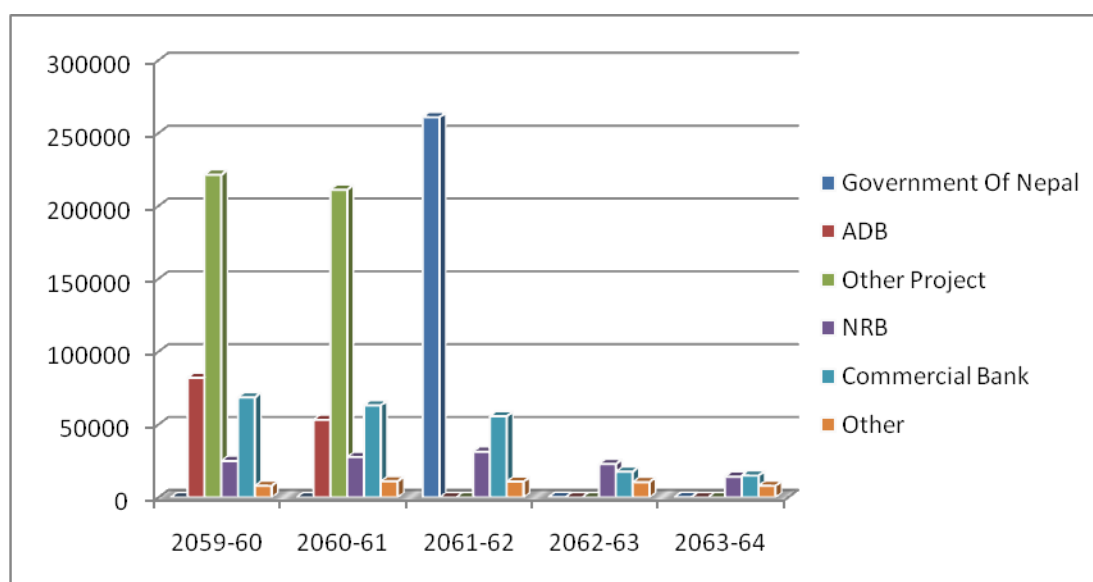
Sources: Annual Report of ADBL

Borrowed Capital is another resources of ADBL bank. Generally ADBL borrowed loan from Government of Nepal, ADB and Commercial bank .The trend of Borrowed capital is decreasing every year it seems that ADBL decrease taken loan every year which shows that ADBL is in good position.

In FY 2059-60 the total loan amount is Rs 4,05,375 Ten thousand in 2059-60 and in FY 2063-64 the loan amount is only 37,395 ten thousand .

In the FY 2060-61 the loan amount is decreased to 9.59 % .Similarly the loan amount is decreased to 2.06%,85.69%,27.18% in FY 2061-62,2062-63,2063-64 respectively. In 2062-63 the decreased rate is highest

Figure 4.3
Borrowings



4.2.4 Reserve and Profit

Table 4.4
Reserve and Profit

In Rs"0000"

Year	Gen.Reserve	Profit	Other Reserve	Total	Change (%)
2059-60	14324	17502	10640	42466	
2060-61	39945	-800022	1194	-758884	-18.87
2061-62	41197	-807886	0	-766688	0.01
2062-63	48268	-779675	71	-731336	-0.05
2063-64	69437	-694999	71	-625491	-0.14

Sources: Annual Report of ADBL

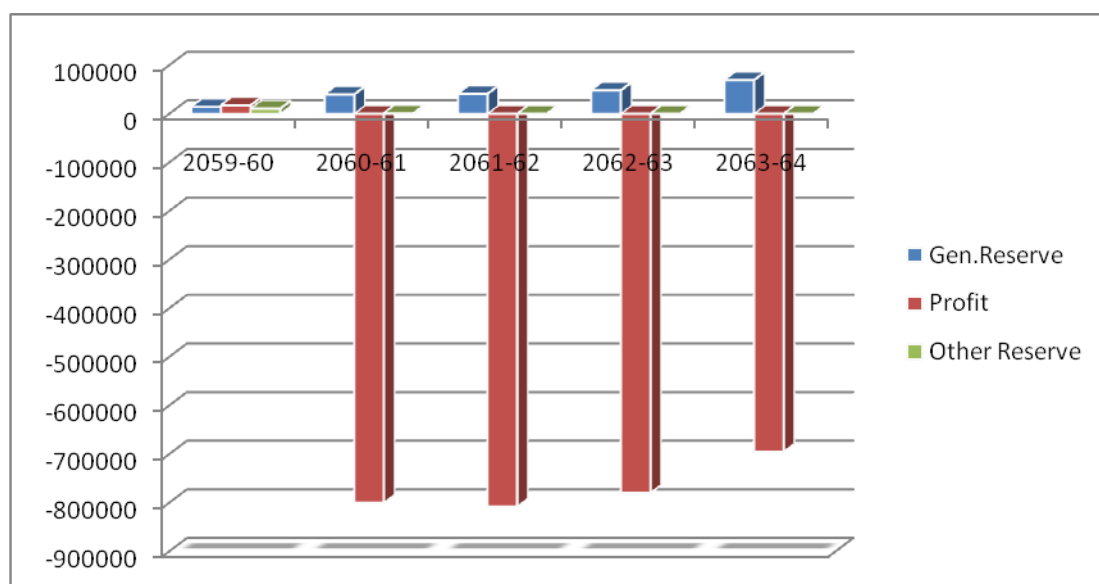
In table 4.4 it shows ADBL reserve and Profit for the last five years. Reserve and Profit is decrease every year.

General Reserve is increasing every year .There is Rs 14,324 Ten thousand in FY 2059-60 and the General Reserve is increasing every year Rs 69,437 Ten Thousand is in FY 2063-64 .

The profit and other reserve is decreasing every year .In FY9-60 the profit is Rs 42,466 Ten thousand but in FY 3-64 there is Rs 6,94,999 ten thousand loss

The total Reserve and Profit fund is decreased to 18.87% in 2060-61 but it is increased to 0.01 % in 2061-62 .In FY 2062-63 the Reserve and Profit is decreased to 0.05 % and in FY 2063-64 the amount is decreased to 0.14%.

Figure 4.4
Reserve and Profit



4.2.5 Total Capital

Table 4.5
Total Capital

In Rs "0000"

Year	Share capital	Customer Deposit	Borrowed Capital	Reserve and Profit	Total	Growth
2059-60	154690	2394996	405375	42466	2997527	
2060-61	157457	2624415	366494	-758884	2389481	-20
2061-62	167761	2722305	358930	-766688	2482308	4
2062-63	647800	2963182	51353	-731336	2930999	18
2063-64	752800	3241636	37395	-625491	3406340	16

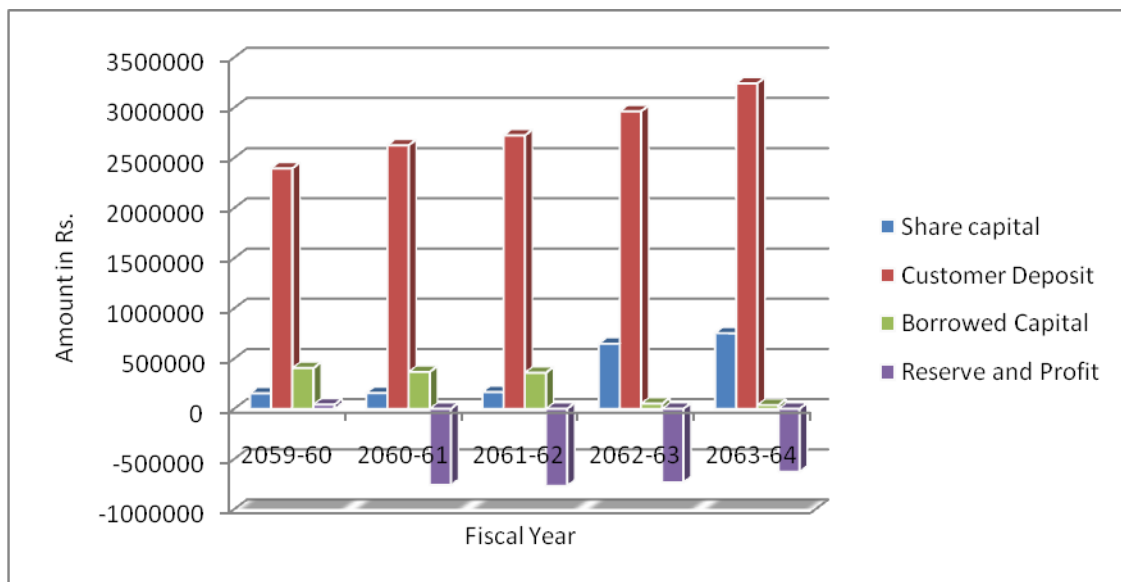
Sources: Annual Report of ADBL

In the table 4.5 it shows the total capital of ADBL in last five years. The total capital is decreased in 2061-62 by 20.28 % but in 2061-62 total capital of ADBL is

increasing by 3.88 and it is increase in 2062-63 by 18.08 % and it is increased by 16.22 % in 2063-64 .

The total share capital is 34063396559 in 2064 .Total of capital of ADBL is in increasing trend every year but the ratio of increasing trend is decreasing every year. Total capital is 20.28% increased in 2061-62 but in 2063- 64 it has only 16.22% increment

Figure 4.5
Total Capital



4.3 Analysis of Resource Mobilization of ADBL

Fund Collection is not only the entire goal of Bank .Bank has to mobilize the fund in proper way to sustain and to run bank effectively.

To find out whether the loans provided by the bank to the agriculturist are actually utilized or not, there is no exact measuring rod available at least in this study. therefore it is not easy to say tat the loan disbursed by the bank has not been actually utilized by the farmers and agriculturalists in agriculture sectors but we can assumed that there might be some miss utilization loan disbursed by the bank.

The loan borrower cannot repay the loan borrowed to the bank if they don't generate some income from the borrowed loan. In same path, bank will not be able to make collection of loan borrowers are in a position of inability to pay back the loan. As a

result, the utilization or mis utilization of loan can clearly be studied from the repayment capacity of farmers as the repayment capacity means the difference of total annual income and total annual expenses of the farmers.

It is impossible for the borrower if they cannot make some income out of the loan borrowed .They cannot make income if they utilize the loan in un productive sectors .Thus the collection of loan in time is possible only if the farmers and agricultural borrowed loan in productive sectors .

In this way to know the utilization of loans disbursed by ADBL, the amount of loan disbursed and amount of loan repaid by the borrowers i.e. the collection of loans can be successfully used.

4.3.1 Purpose wise Loan Disbursement

ADBL has invested resources in different purpose such as Cereal & cash Crops, Marketing ,Agri-tools ,irrigation, Agro -Cottage industries, biogas, land development, horticulture, Go down and Cold Storage, tea/Coffee, housing, Non Agriculture Loan and Tourism.

4.3.1.1 Actual Loan Disbursement, Outstanding and Collection on Cereal and Cash Crops

Table 4.6
Actual Loan Disbursement, Outstanding and Collection on Cereal and Cash Crops
In “000”

F/Y	Loan Disbursement		Loan Outstanding		Loan Collection		% of Collection	
	Amount	Growth %	Amount	Growth %	Amount	Growth %	To Disbursement	To Outstanding
2059/60	1891892		3424856		1626930		85.99	47.5
2060/61	2121509	12.14	3726689	8.81	1819676	11.85	85.77	48.83
2061/62	1845621	-13	3823565	2.6	1748745	-3.9	94.75	45.74
2062/63	1938177	5.01	3913996	2.37	1847746	5.66	95.33	47.21
2063/64	1799488	-7.16	3902936	-0.28	1810548	-2.01	100.61	46.39

Source :ADBL, MIS Division

$$\text{Growth \%} = \frac{\text{Ending Amount} - \text{Beginning Amount}}{\text{Beginning Amount}}$$

In the above table Loan Disbursement is in fluctuating trend. The lowest actual Loan disbursement is Rs 1799488 in FY 2063/64 and the highest Loan disbursement is Rs 2121509 in FY 2060/61. The lowest growth rate is -13% in FY 2061/62 and highest growth rate is 12.14% in FY 2060/61.

Loan outstanding is in increasing trend. The lowest actual Loan outstanding is Rs. 3424856 in FY 2059/60 and the highest Loan outstanding is Rs 3913996 in FY 2062/63. The lowest growth rate is -.028% in FY 2063/64 and highest growth rate is 8.81% in FY 2060/61.

Loan collection is in fluctuating trend. The lowest actual Loan Collection is Rs 1626930 in FY 2059/60 and the highest Loan disbursement is Rs 1847746 in FY 2062/63. The lowest growth rate is -3.90% in FY 2061/62 and highest growth rate is 11.85% in FY 2060/61. The percentage of loan collection to disbursement on cereal and cash crops purpose are 85.99%,85.77%,94.75%,95.33%,100.61% from FY 2059/60 FY 2063/64 respectively .The lowest percentage of loan collection to disbursement is 85. 77% in FY 2060/61 and Highest in 100.61% in FY 2063/64.

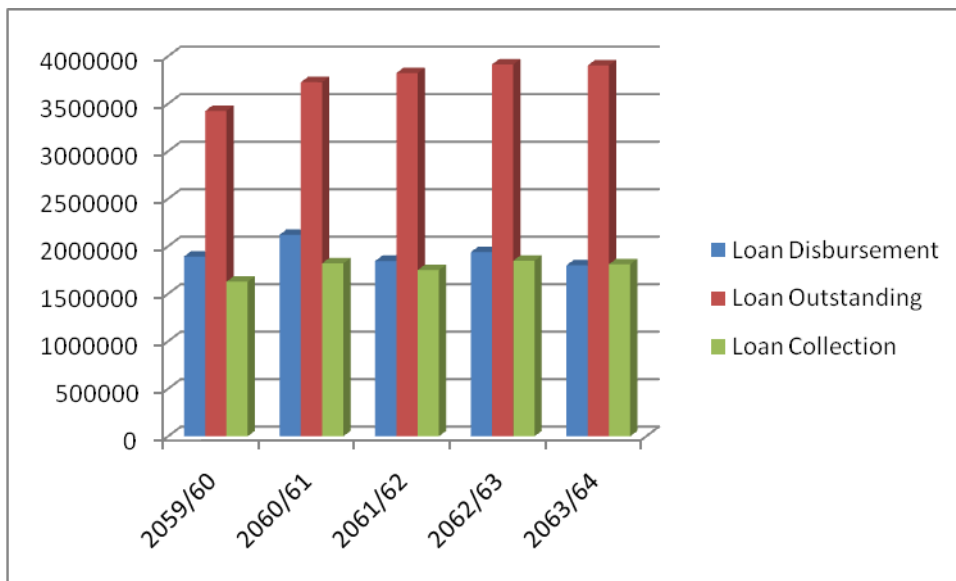
Similarly , percentage of loan collection to outstanding on cereal and cash crops purpose are 48%,49%,46%,.47%,.46% from FY 2059/60 to FY 2063/64 respectively. The lowest percentage of loan collection to outstanding is 45.74% In FY 2061/62 and 46.39% in FY 2063/64 .

The Coefficient of Correlation value calculated between loan disbursement and loan Collection is 0.28 (See Appendix 1)Which is Weekly positive correlated. Coefficient of Determination i.e. r^2 is 0.078 indicates that 7.8% of total variation in loan collection on cereal and cash crops (Y) is explained by the loan disbursement on cereal and cash(X)The tabulated critical value of t at 5 % level of significance of 2 tailed test at 5 degree of Freedom is 2.571..... Which is lesser then the calculated value $t^* = 5.72$ Therefore the coefficient of correlation is significant or shows the significant relation ship between loan collection and disbursement of Cash and Cereal Crops .

The Coefficient of Correlation value calculated between loan outstanding and loan Collection is 0.89(See Appendix 2)Which is Strongly positive correlated. Coefficient of Determination i.e. r^2 is 0.79 indicates that 79% of total variation in loan collection on cereal and cash crops (Y) is explained by the loan disbursement on cereal and cash(X) The tabulated critical value of t at 5 % level of significance of 2 tailed test at 5 degree of Freedom is 2.571..... Which is lesser then the calculated value $t^*= 3.42$ Therefore the coefficient of correlation is significant or shows the significant relation ship between loan collection and outstanding of Cash and Cereal Crops

Figure 4.6

Actual Loan Disbursement, Outstanding and Collection on Cereal and Cash Crops



4.3.1.2 Actual Loan Disbursement, Outstanding and Collection on Agro-Tools and Irrigation

Table 4.7
Actual Loan Disbursement, Outstanding and Collection on Agro-Tools and Irrigation

In “000”

F/Y	Loan Disbursement		Loan Outstanding		Loan Collection		% of Collection	
	Amount	Growth	Amount	Growth	Amount	Growth	To Disbursement	To Outstanding
2059/60	958708		2812471		802020		83.66	28.52
2060/61	806600	-15.87	2772365	-1.43	846706	5.57	104.97	30.54
2061/62	594741	-26.27	2680896	-3.3	686210	-18.96	115.38	25.6
2062/63	537492	-9.63	2550883	-4.85	667505	-2.73	124.19	26.17
2063/64	395758	-26.37	2361492	-7.42	585149	-12.34	147.86	24.78

Source :ADBL,MIS Division

In the above table Loan Disbursement is in decreasing trend. The lowest actual Loan disbursement is Rest 395758 in FY 2063/64 and the highest Loan disbursement is Rs. 9587087 in FY 2059/60. The lowest growth rate is -26.37% in FY 2063/64. Loan outstanding is in decreasing trend. The lowest actual Loan outstanding is Rs. 2361492 in FY 2063/64 and the highest Loan outstanding is Rs 2812471 in FY 2059/60. The lowest growth rate is -7.42% in FY 2063/64.

Loan collection is in fluctuating trend. The lowest actual Loan Collection is Rs 585149 in FY 2063/64 and the highest Loan Collection is Rs 846706 in FY 2060/61. The lowest growth rate is -18.97% in FY 2061/62

The percentage of loan collection to disbursement on cereal and cash crops purpose are 83.66%, 104.97%, 115.38%, 124.19%, 147.86% from FY 2059/60 to FY 2063/64 respectively .The lowest percentage of loan collection to disbursement is 83.66% in FY 2059/60 and highest is 147.86% in FY 2063/64.

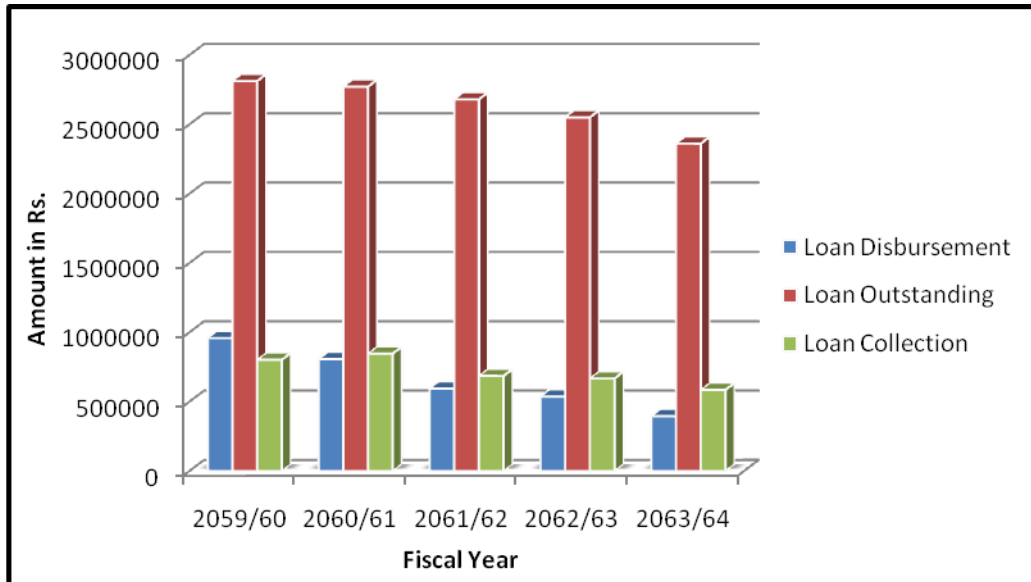
Similarly , percentage of loan collection to outstanding on Agri –Tools and irrigation

crops purpose are 29%,31%,26%,26%,25% from FY 2059/60 to FY 2063/64 respectively. The lowest percentage of loan collection to outstanding is 25% in FY 2063/64 and 29% in FY 2059/60. The Coefficient of Correlation value calculated between loan disbursement and loan Collection is (See Appendix 3) 0.92 which is Strong positive correlated. Coefficient of Determination i.e r^2 is 0.85. indicates that 85% of total variation in loan collection on Agri Tools and Irrigation (Y) is explained by the loan disbursement on Argo Tools and Irrigation (X). The tabulated critical value of t at 5 % level of significance of 2 tailed test at 5 degree of Freedom is 2.571..... Which is lesser then the calculated value $t^*= 4.18$ Therefore the coefficient of correlation is significant or shows the significant relation ship between loan collection and outstanding of Agri –Tools and irrigation

The Coefficient of Correlation value calculated between loan outstanding and loan Collection is (See Appendix 4) 0.92. Which is Strong positive correlated Coefficient of Determination i.e. r^2 is 0.85 indicates that 85% of total variation in loan collection on Agri Tools and Irrigation (Y) is explained by the loan disbursement on Agri Tools and Irrigation (X) The tabulated critical value of t at 5 % level of significance of 2 tailed test at 5 degree of Freedom is 2.571..... Which is lesser then the calculated value $t^*= 4.18$ Therefore the coefficient of correlation is significant or shows the significant relation ship between loan collection and outstanding of Agri Tools and irrigation

Figure 4.7

Actual Loan Disbursement, Outstanding and Collection on Agro-Tools and Irrigation



4.3.1.3 Actual Loan Disbursement, Outstanding and Collection on Livestock Purpose

Table 4.8

Actual Loan Disbursement, Outstanding and Collection on Livestock Purpose

In “000”

F/Y	Loan Disbursement		Loan Outstanding		Loan Collection		% of Collection	
	Amount	Growth	Amount	Growth	Amount	Growth	To Disbursement	To Outstanding
2059/60	1570117		3531911		1024762		65.27	29.01
2060/61	1634038	4.07	3798031	7.53	1367918	33.49	83.71	36.02
2061/62	1594604	-2.41	3929584	3.46	1463051	6.95	91.75	37.23
2062/63	1814717	13.8	4092568	4.15	1651715	12.9	91.02	40.36
2063/64	1872723	3.2	418559	-89.77	1779750	7.75	95.04	425.21

Source :ADBL,MIS Division

In the above table Loan Disbursement is in increasing trend. The lowest actual Loan disbursement is Rs 1570177 in FY 2059/60 and the highest Loan disbursement is Rs 1872723 in FY 2063/64. The lowest growth rate is -2.41% in FY 2061/62.

Loan outstanding is in decreasing trend. The lowest actual Loan outstanding is Rs 418559 in FY 2063/64 and the highest Loan outstanding is Rs 4092568 in FY 2062/63. The lowest growth rate is -89.77 in FY 2063/64 and highest growth rate is 7.53% in FY 2060/61. Loan collection is in fluctuating trend.

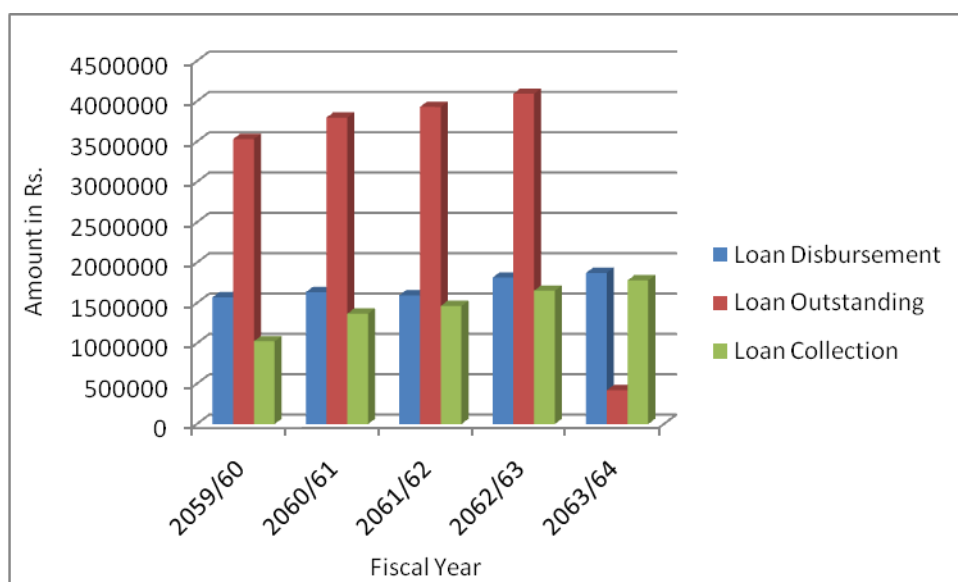
The lowest actual Loan Collection is Rs 1024762 in FY 2059/60 and the highest Loan Collection is Rs 1779750 in FY 2063/64. The lowest growth rate is 6.95 in FY 2059/60 and highest growth rate is 33.49% in FY 2063/64. The percentage of loan collection to disbursement on livestock purpose are 65.27%, 83.71%, 91.75%, 91.02%, 95.04 from FY 2059/60 to FY 2063/64 respectively. The lowest percentage of loan collection to disbursement is 65.27% in FY 2059/60 and highest is 95.04% in FY 2063/64. Similarly, percentage of loan collection to outstanding on livestock purpose are 01%, 36.02%, 37.23%, 40.36%, 425.21% from FY 2059/60 to FY 2063/64 respectively. The lowest percentage of loan collection to outstanding is 29% in FY 2059/60.

The Coefficient of Correlation value calculated between loan disbursement and loan Collection is (See Appendix 5) 0.88 which is Strong positive correlated. Coefficient of determination i.e r^2 is 0.77% indicates that 77% of total variation in loan collection on Live Stock (Y) is explained by the loan disbursement on Live Stock (X) The tabulated critical value of t at 5 % level of significance of 2 tailed test at 5 degree of Freedom is 2.571..... Which is lesser than the calculated value $t^* = 3.14$ Therefore the coefficient of correlation is significant or shows the significant relationship between loan collection and outstanding of live stock live stock purpose.

The Coefficient of Correlation value calculated between loan outstanding and loan Collection is (See Appendix 6) -0.51. which is Weak negative correlated. Coefficient of Determination i.e r^2 is 0.26 indicates that 26% of total variation in loan collection on Live Stock (Y) is explained by the loan disbursement on Live Stock (X) The tabulated critical value of t at 5 % level of significance of 2 tailed test at 5 degree of Freedom is 2.571..... Which is lesser than the calculated value $t^* = 3.42$ The tabulated critical value of t at 5 % level of significance of 2 tailed test at 5 degree of Freedom is 2.571..... Which is higher than the calculated value $t^* = 1.04$ Therefore the coefficient of correlation is insignificant or shows the insignificant relationship between loan collection and outstanding of live stock

Figure 4.8

Actual Loan Disbursement, Outstanding and Collection on Livestock Purpose



4.3.1.4 Actual Loan Disbursement, Outstanding and Correlation on Agro - Cottage Industries

Table 4.9

Actual Loan Disbursement, Outstanding and Correlation on Agro -Cottage Industries

In “000”

F/Y	Loan Disbursement		Loan Outstanding		Loan Collection		% of Collection	
	Amount	Growth	Amount	Growth	Amount	Growth	To Disbursement	To Outstanding
2059/60	1615447		2604143		1374889		85	53
2060/61	1929612	19	3002434	15	1531321	11.38	79	51
2061/62	1698831	-12	3095088	3	1606177	4.89	95	52
2062/63	1519802	-11	3078466	-1	1536424	-4.34	101	50
2063/64	1581416	4	3103300	1	1556582	1.31	98	50

Source :ADBL, MIS Division

In the above table Loan Disbursement is in fluctuating decreasing trend. The lowest actual Loan disbursement is Rs 1519802 in FY 2062/63 and the highest Loan disbursement is Rs 1929612 in FY 2060/61. The lowest growth rate is -12% in FY 2061/62 and highest growth rate is 19 % in 2061/62.

Loan outstanding is in fluctuating trend. The lowest actual Loan outstanding is Rs. 2604143 in 2059/60 and the highest Loan outstanding is Rs 3103300 in FY 2063/64.

The lowest growth rate is -1 in FY 2062/63 and highest growth rate is 15% in FY 2060/61.

Loan collection is in fluctuating trend. The lowest actual Loan Collection is Rs 1374889 in FY 2059/60 and the highest Loan Collection is Rs 1606177 in FY 2061/62. The lowest growth rate is -4.3% in FY 2062/63 and highest growth rate is 11.38% in FY 2060/61.

The percentage of loan collection to disbursement on Agro -Cottage Industries are 85% ,79%,95%,101%,98% from FY 2059/60 to FY 2063/64 respectively .The lowest percentage of loan collection to disbursement is 79% in FY 2060/61 and highest is 101% in FY 2062/63.

Similarly, percentage of loan collection to outstanding on Agro -Cottage Industries purpose are 53%,51%,52%,50%,50% from FY 2059/60 to FY 2063/64 respectively. The lowest percentage of loan collection to outstanding is 50% in FY 2062/63

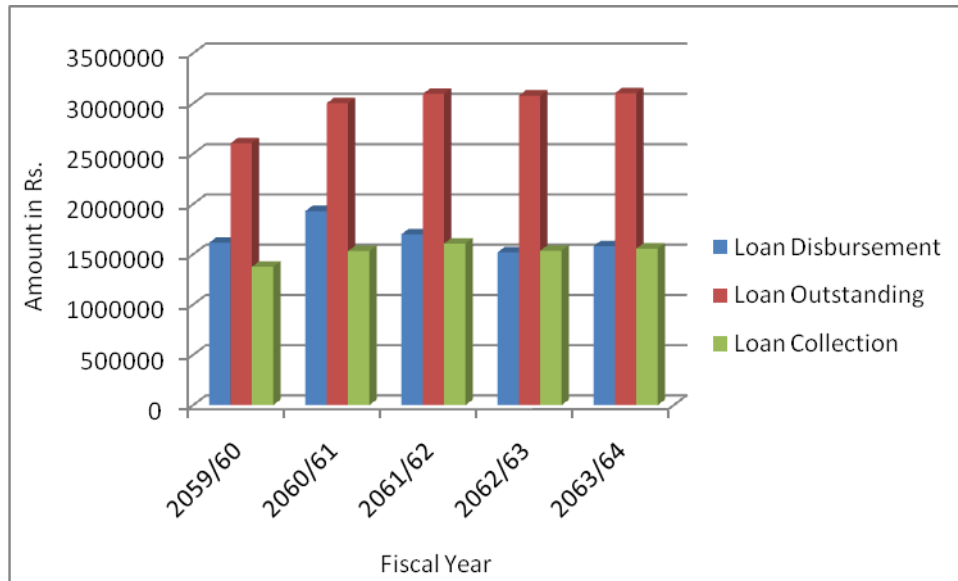
The Coefficient of Correlation value calculated between loan disbursement and loan Collection is (See Appendix 7) 0.03 which is Weak positive correlated. Coefficient of Determination i.e. r^2 is 0.001% indicates that 1% of total variation in loan collection on Agro -Cottage Industries (Y) is explained by the loan disbursement on Agro -Cottage Industries (X) The tabulated critical value of t at 5 % level of significance of 2 tailed test at 5 degree of Freedom is 2.571..... Which is higher then the calculated value $t^* = 0.057$ Therefore the coefficient of correlation is insignificant or shows the insignificant relation ship between loan collection and outstanding of Agro-Cottage industries.

The Coefficient of Correlation value calculated between loan outstanding and loan Collection is (See Appendix 8) 0.96 which is Strong positively correlated. Coefficient of Determination i.e. r^2 is 0.92 indicates that 92% of total variation in loan collection on Agro -Cottage Industries Live Stock (Y) is explained by the loan disbursement on Agro -Cottage Industries Live Stock (X) The tabulated critical value of t at 5 % level of significance of 2 tailed test at 5 degree of Freedom is 2.571..... Which is lesser then the calculated value $t^* = 6.4$ Therefore the coefficient of correlation is significant or shows the significant relation ship between loan collection and

outstanding of Agro Collate Industries.

Figure 4.9

Actual Loan Disbursement, Outstanding and Correlation on Agro -Cottage Industries



4.3.1.5 Actual Loan Disbursement, Outstanding and Correlation on Bio-Gas Industries

Table 4.10

Actual Loan Disbursement, Outstanding and Correlation on Bio-Gas Industries

In “000”

F/Y	Loan Disbursement		Loan Outstanding		Loan Collection		% of Collection	
	Amount	Growth	Amount	Growth	Amount	Growth	To Disbursement	To Outstanding
2059/60	77912		275955		95384	0	122.43	34.57
2060/61	96847	24.3	264672	-4.09	108130	13.36	111.65	40.85
2061/62	65075	-32.8	240343	-9.19	89404	-17.32	137.39	37.2
2062/63	74532	14.53	231041	-3.87	83834	-6.23	112.48	36.29
2063/64	39670	-46.8	193667	-16.18	77044	-8.1	194.21	39.78

Source: ADBL, MIS Division

In the above table Loan Disbursement is in fluctuating decreasing trend. The lowest actual Loan disbursement is Rs 39670. In FY 2063/64 and the highest Loan disbursement is Rs 96847 in FY 2060/61. The lowest growth rate is -46.77% in FY

2063/64 and highest growth rate is 24.30% in 2060/61 .

Loan outstanding is in fluctuating trend. The lowest actual Loan outstanding is Rs 193667 in 2063/64 and the highest Loan outstanding is Rs 275955 in FY 2059/60. The lowest growth rate is -16.18% in FY 2063/64.

Loan collection is in fluctuating trend. The lowest actual Loan Collection is Rs 77044 in FY 2063/64 and the highest Loan Collection is Rs 108130 in FY 2060/61. The lowest growth rate is -17.32% in FY 2061/62 and highest growth rate is 13.36% in FY 2060/61. The percentage of loan collection to disbursement on Bio -Gas industries are 122.43%, 111.65%, 137.39%, 112.48%, 194.21% from FY 2059/60 to FY 2063/64 respectively. The lowest percentage of loan collection to disbursement is 111.65% in FY 2060/61 and highest is 194% in FY 2063/64.

Similarly , percentage of loan collection to outstanding on Bio -Gas industries purpose are 34.57%,40.85%,37.20%,36.29%,39.78% from FY 2059/60 to FY 2063/64 respectively. The lowest percentage of loan collection to outstanding is 34.57% in FY 2059/60.

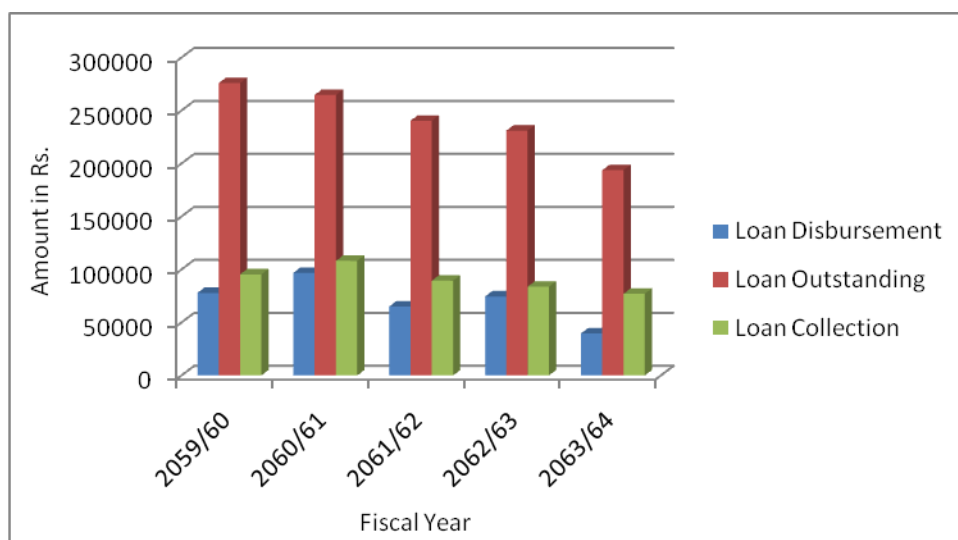
The Coefficient of Correlation value calculated between loan disbursement and loan Collection is (See Appendix 9)0.90 which is Strong correlated. Coefficient of Determination i.e. r^2 is 0.81% indicates that 81% of total variation in loan collection on Bio -Gas Industries (Y) is explained by the loan disbursement on Bio -Gas Industries (X) The tabulated critical value of t at 5 % level of significance of 2 tailed test at 5 degree of Freedom is 2.571..... Which is lesser then the calculated value $t^*=15$ Therefore the coefficient of correlation is significant or shows the significant relation ship between loan collection and outstanding of Bio Gas.

The Coefficient of Correlation value calculated between loan outstanding and loan Collection is (See Appendix 10) 0.85 which is Strong positively correlated. Coefficient of Determination i.e. r^2 is 0.72 indicates that 72% of total variation in loan collection on Bio -Gas Industries (Y) is explained by the loan disbursement on Bio -Gas Industries (X) The tabulated critical value of t at 5 % level of significance

of 2 tailed test at 5 degree of Freedom is 2.571..... Which is lesser than the calculated value $t^* = 2.83$ Therefore the coefficient of correlation is significant or shows the significant relation ship between loan collection and outstanding of Bio - Gas

Figure 4.10

Actual Loan Disbursement, Outstanding and Correlation on Bio-Gas Industries



4.3.1.6 Actual Loan Disbursement, Outstanding and Correlation on Land Development and Housing

Table 4.11

Actual Loan Disbursement, Outstanding and Correlation on Land Development and Housing

In “000”

F/Y	Loan Disbursement		Loan Outstanding		Loan Collection		% of Collection	
	Amount	Growth	Amount	Growth	Amount	Growth	To Disbursement	To Outstanding
2059/60	12120		63141		10638		87.77	16.85
2060/61	20502	69.16	63105	-0.06	20538	93.06	100.18	32.55
2061/62	5819	-71.62	61229	-2.97	7695	-62.53	132.24	12.57
2062/63	4225	-27.39	50434	-17.63	15020	95.19	355.5	29.78
2063/64	8529	101.87	47581	-5.66	11382	-24.22	133.45	23.92

Source :ADBL, MIS Division

In the above table Loan Disbursement is in fluctuating trend. The lowest actual Loan disbursement is Rs 4225 in FY 2062/63 and the highest Loan disbursement is Rs. 20502 in FY 2060/61. The lowest growth rate is 71.62% in FY 2061/62 and highest growth rate is 101.87% in 2063/64

Loan outstanding is in decreasing trend. The lowest actual Loan outstanding is Rs 47581 in 2063/64 and the highest Loan outstanding is Rs 63141 in FY 2059/60 2059/60.

Loan collection is in fluctuating trend. The lowest actual Loan Collection is Rs 7695 in FY 2061/62 and the highest Loan Collection is Rs 11382 in FY 2063/64.

The percentage of loan collection to disbursement on land Development and housing are 7.77%,100.18%,132.24%,355.50%,133.45% from FY 2059/60 to FY 2063/64 respectively .The lowest percentage of loan collection to disbursement is 7.77% in FY 2059/60 and highest is 355% in FY 2062/63.

Similarly , percentage of loan collection to outstanding on land Development and housing purpose are 16.85%,32.55%,12.57%,29.78%,23.928% from FY 2059/60 to FY 2063/64 respectively. The lowest percentage of loan collection to outstanding is 12.57% in FY 2061/62.

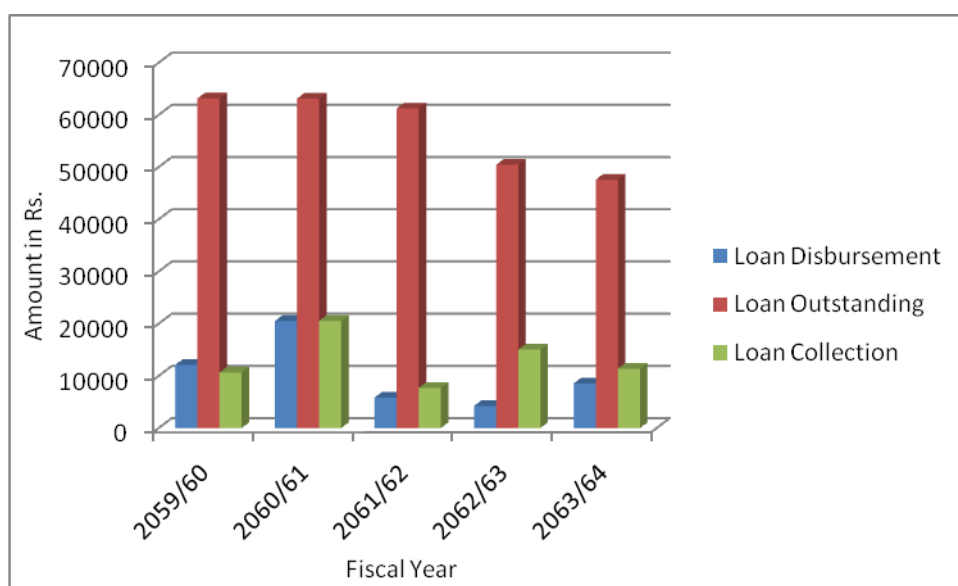
The Coefficient of Correlation value calculated between loan disbursement and loan Collection is (See Appendix 11) 0.68. Which is Weak positive correlated. Coefficient of Determination i.e. r^2 is 0.46% indicates that 46% of total variation in loan collection on land Development and housing (Y) is explained by the loan disbursement on land Development and housing Industries (X). The tabulated critical value of t at 5 % level of significance of 2 tailed test at 5 degree of Freedom is 2.571..... Which is higher then the calculated value $t^*= 1.61$ Therefore the coefficient of correlation is insignificant or shows the insignificant relation ship between loan collection and outstanding of land Development and housing.

The Coefficient of Correlation value calculated between loan outstanding and loan Collection is (See Appendix 12) 0.075 which is Strong positive correlated.

Coefficient of Determination i.e. r^2 is 0.0056 indicates that 0.5% of total variation in loan collection on land Development and housing (Y) is explained by the loan disbursement on land Development and housing (X) The tabulated critical value of t at 5 % level of significance of 2 tailed test at 5 degree of Freedom is 2.571..... Which is lesser then the calculated value $t^* = 0.13$ Therefore the coefficient of correlation is insignificant or shows the insignificant relation ship between loan collection and outstanding of Land Development and housing.

Figure 4.11

Actual Loan Disbursement, Outstanding and Correlation on Land Development and Housing



4.3.1.7 Actual Loan Disbursement, Outstanding and Correlation on Horticulture

Table 4. 12

Actual Loan Disbursement, Outstanding and Correlation on Horticulture

In “000”

F/Y	Loan Disbursement		Loan Outstanding		Loan Collection		% of Collection	
	Amount	Growth	Amount	Growth	Amount	Growth	To Disbursement	To Outstanding
2059/60	38163		238061		40020		104.87	16.81
2060/61	48227	26.37	236802	-0.53	49486	23.65	102.61	20.9
2061/62	32633	-32.33	228751	-3.4	40684	-17.79	124.67	17.79
2062/63	34912	6.98	217473	-4.93	46190	13.53	132.3	21.24
2063/64	31909	-8.6	197452	-9.21	51930	12.43	162.74	26.3

Source :ADBL ,MIS Division

In the above table Loan Disbursement is in fluctuating trend. The lowest actual Loan disbursement is Rs 32633 in FY 2061/62 and the highest Loan disbursement is Rs 48227 in FY 2060/61. The lowest growth rate is 32.33% in FY 2061/62 and highest growth rate is 26.37% in 2060/61 Loan outstanding is in decreasing trend.

The lowest actual Loan outstanding is Rs 197452 in 2063/64 and the highest Loan outstanding is Rs 238061 in FY 2059/60.

Loan collection is in fluctuating trend. The lowest actual Loan Collection is Rs 40020 in FY 2059/60 and the highest Loan Collection is Rs 51930 in FY 2063/64. The percentage of loan collection to disbursement on Horticulture are 04.87%, 102.61%, 124.67%, 132.30%, 162.74% from FY 2059/60 to FY 2063/64 respectively. The lowest percentage of loan collection to disbursement is 102.61% in FY 2060/61 and highest is 162% in FY 2063/64.

Similarly, percentage of loan collection to outstanding on Horticulture purpose are 16.81%, 20.90%, 17.79%, 21.24%, 26.30% from FY 2059/60 to FY 2063/64 respectively. The lowest percentage of loan collection to outstanding is 16.81% in FY 2059/60 and the highest is 26.30 in FY 2063/64.

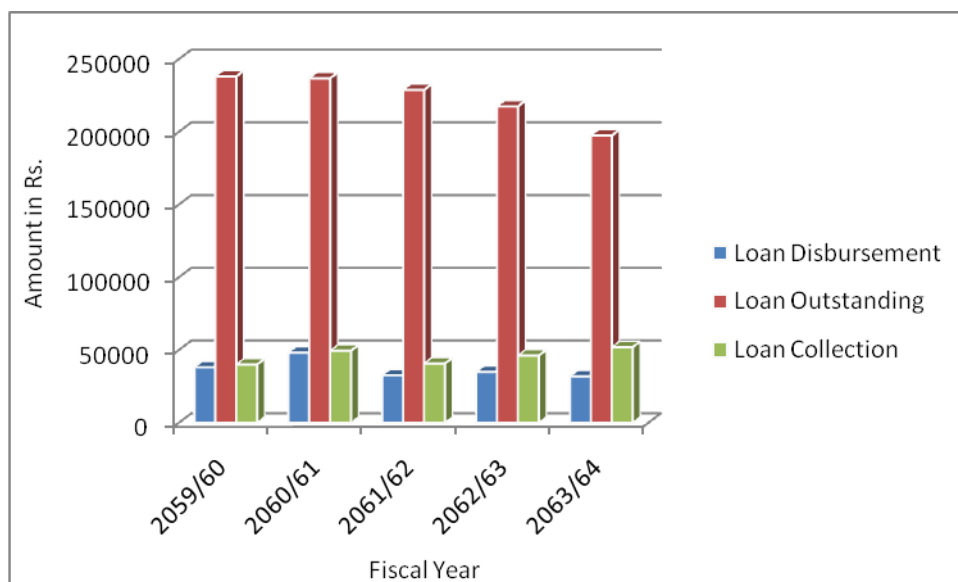
The Coefficient of Correlation value calculated between loan disbursement and loan Collection is (See Appendix 13) 0.18 which is Weak positively correlated. Coefficient of Determination i.e. r^2 is 0.032 indicates that 3.2% of total variation in loan collection on Horticulture (Y) is explained by the loan disbursement on Horticulture (X). The tabulated critical value of t at 5% level of significance of 2 tailed test at 5 degree of Freedom is 2.571..... Which is higher than the calculated value $t^* = 0.31$ Therefore the coefficient of correlation is insignificant or shows the insignificant relationship between loan collection and outstanding of horticulture.

The Coefficient of Correlation value calculated between loan outstanding and loan Collection is (See Appendix 14) -0.63 which is negatively correlated. Coefficient of Determination i.e. r^2 is 0.40 indicates that 40% of total variation in loan collection on Horticulture (Y) is explained by the loan disbursement on Horticulture (X). The

tabulated critical value of t at 5 % level of significance of 2 tailed test at 5 degree of Freedom is 2.571..... Which is higher then the calculated value $t^* = 1.43$ Therefore the coefficient of correlation is insignificant or shows the insignificant relation ship between loan collection and outstanding of horticulture.

Figure 4.12

Actual Loan Disbursement, Outstanding and Correlation on Horticulture



4.3.1.8 Actual Loan Disbursement, Outstanding and Collection of on God-down and Cold Storage

Table 4.13

Actual Loan Disbursement, Outstanding and Collection of on God-down and Cold Storage

In “000”

F/Y	Loan Disbursement		Loan Outstanding		Loan Collection		% of Collection	
	Amount	Growth	Amount	Growth	Amount	Growth	To Disbursement	To Outstanding
2059/60	70647		281183		25658		36.32	9.13
2060/61	49090	-30.5	292529	4.04	37744	47.1	76.89	12.9
2061/62	62282	26.87	310707	6.21	44104	16.85	70.81	14.19
2062/63	14924	-76	296368	-4.61	29263	-33.7	196.08	9.87
2063/64	38714	159.4	323354	9.11	11728	-59.9	30.29	3.63

Source : ADBL, MIS Division

In the above table Loan Disbursement is in fluctuating trend. The lowest actual Loan disbursement is Rs 14924 in FY 2062/63 and the highest Loan disbursement is Rs 70647 in FY 2059/60. The lowest growth rate is 76.04% in FY 2062/63 and highest growth rate is 159.41% in 2063/64.

Loan outstanding is in fluctuating trend . The lowest actual Loan outstanding is Rs 281183 in 2059/60 and the highest Loan outstanding is Rs 310707 in FY 2061/62.

Loan collection is in fluctuating trend. The lowest actual Loan Collection is Rs 11728 in FY 2063/64 and the highest Loan Collection is Rs 44104 in FY 2061/62.

The percentage of loan collection to disbursement on God-down and cold storage are 36.32%, 76.89%, 70.81%, 196.08%, 30.29% from FY 2063/64 to FY 2063/64 respectively .The lowest percentage of loan collection to disbursement is 30.29% in FY 2063/64 and highest is 196.08% in FY 2062/63. Similarly, percentage of loan collection to outstanding on God-down and cold storage purpose are 9.13%,12.90%,14.19%,9.87%3.63% from FY 2059/60 to FY 2063/64 respectively. The lowest percentage of loan collection to outstanding is 9.13% in FY 2059/60 and the highest is 14.19 in FY 2063/64.

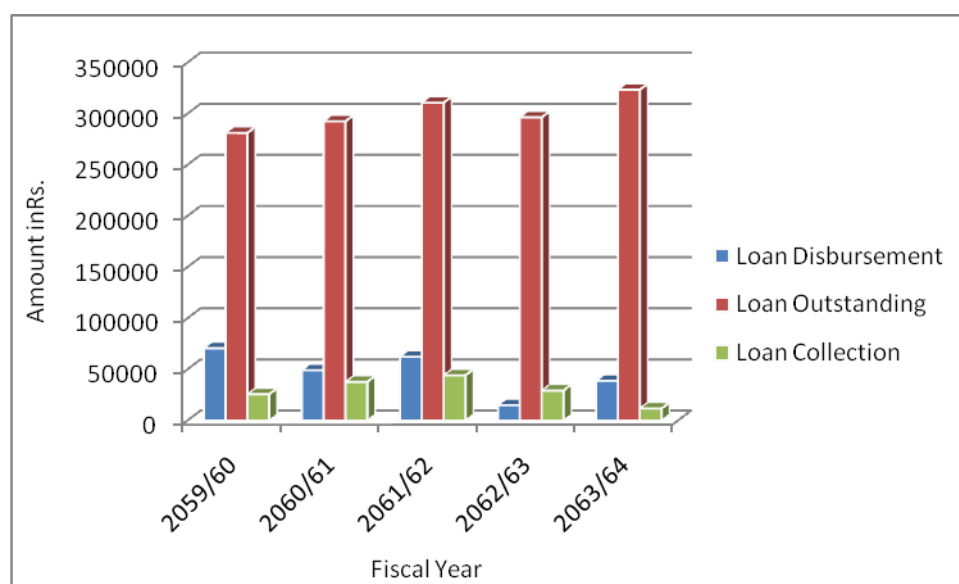
The Coefficient of Correlation value calculated between loan disbursement and loan Collection is (See Appendix 15)0.28 which is Weak positive correlated. Coefficient of Determination i.e. r^2 is 0.08 indicates that 8% of total variation in loan collection on God-down and cold storage (Y) is explained by the loan disbursement on God-down and cold storage (X) The tabulated critical value of t at 5 % level of significance of 2 tailed test at 5 degree of Freedom is 2.571..... Which is lesser then the calculated value $t^*= 5.72$ Therefore the coefficient of correlation is significant or shows the significant relation ship between loan collection and outstanding of God-Down and Cold Storage.

The Coefficient of Correlation value calculated between loan outstanding and loan Collection is (See Appendix 16)-0.31 which is Weak negative correlated. Coefficient of Determination i.e. r^2 is 0.10 indicates that 10% of total variation in loan collection on God-down and cold storage (Y) is explained by the loan disbursement on God-

down and cold storage (X). The tabulated critical value of t at 5 % level of significance of 2 tailed test at 5 degree of Freedom is 2.571..... Which is higher then the calculated value $t^* = 0.57$ Therefore the coefficient of correlation is insignificant or shows the insignificant relation ship between loan collection and outstanding of God-Down and Cold Storage.

Figure 4.13

Actual Loan Disbursement, Outstanding and Collection of on God-down and Cold Storage



4.3.1.9 Actual Loan Disbursement, Outstanding and Collection of on Tea/Coffee

Table 4.14

Actual Loan Disbursement, Outstanding and Collection of on Tea/Coffee

In “000”

F/Y	Loan Disbursement		Loan Outstanding		Loan Collection		% of Collection	
	Amount	Growth	Amount	Growth	Amount	Growth	To Disbursement	To Outstanding
2059/60	97461	0	505225		15937		16.35	3.15
2060/61	52119	-46.52	531465	5.19	25877	62.37	49.65	4.87
2061/62	40804	-21.71	558541	5.09	17730	-31.48	43.45	3.17
2062/63	37979	-6.92	569107	1.89	27413	54.61	72.18	4.82
2063/64	23560	-37.97	564854	-0.75	27813	1.46	118.05	4.92

Source :ADBL, MIS Division

0In the above table Loan Disbursement is in decreasing trend. The lowest actual Loan disbursement is Rs 23560 in FY 2063/64 and the highest Loan disbursement is Rs 97461 in FY 2059/60 The lowest growth rate is -46.52 in FY 2060/61.

Loan outstanding is in fluctuating trend. The lowest actual Loan outstanding is Rs 505225 in FY 59/60 and the highest Loan outstanding is Rs 564854 in FY 2063/64.

Loan collection is in fluctuating trend. The lowest actual Loan Collection is Rs 15937 in 2059/60 in FY 2063/64 and the highest Loan Collection is Rs 27813 in FY 2063/64. The percentage of loan collection to disbursement on Tea and Coffee are 16.35%, 49.65, 43.45%, 72.18%, 118.05 from FY 2063/64 to FY 2063/64 respectively .The lowest percentage of loan collection to disbursement is 16.35% in FY 2059/60 and highest is 1118.05% in FY 2063/64.

Similarly , percentage of loan collection to outstanding on Tea and Coffee purpose are 3.15%,4.87%,3.17%4.82%,4.92 From FY 2059/60 to FY 2063/64 respectively. The lowest percentage of loan collection to outstanding is 3.15% in FY 2059/60 and the highest is ,4.92 in FY 2063/64.

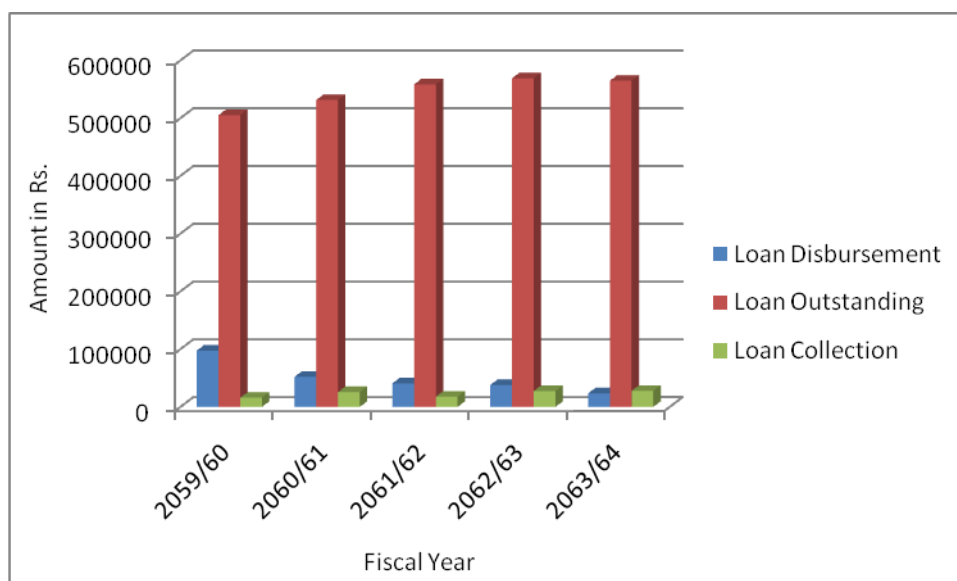
The Coefficient of Correlation value calculated between loan disbursement and loan Collection is (See Appendix 17)-0.72 which is Strong negatively correlated. Coefficient of Determination i.e. r^2 is 0.52 indicates that 5% of total variation in loan collection on Tea and Coffee (Y) is explained by the loan disbursement on Tea and Coffee (X) The tabulated critical value of t at 5 % level of significance of 2 tailed test at 5 degree of Freedom is 2.571..... Which is higher then the calculated value $t^*=1.83$ Therefore the coefficient of correlation is insignificant or shows the insignificant relation ship between loan collection and outstanding of Tea/Coffee.

The Coefficient of Correlation value calculated between loan outstanding and loan Collection is (See Appendix 18) 0.611 which is Weak positively correlated. Coefficient of Determination i.e. r^2 is 0.37 indicates that 37% of total variation in loan collection on God-down and cold storage (Y) is explained by the loan disbursement on God-down and cold storage (X) The tabulated critical value of t at 5 % level of significance of 2 tailed test at 5 degree of Freedom is 2.571..... Which is higher then the calculated value $t^*=1.35$ Therefore the coefficient of correlation is

insignificant or shows the insignificant relation ship between loan collection and outstanding of Tea and Coffee.

Figure 4.14

Actual Loan Disbursement, Outstanding and Collection of on Tea/Coffee



4.3.1.10 Actual Loan Disbursement ,outstanding and Collection of on Marketing

Table 4.15

Actual Loan Disbursement, Outstanding and Collection of on Marketing

In “000”

F/Y	Loan Disbursement		Loan Outstanding		Loan Collection		% of Collection	
	Amount	Growth	Amount	Growth	Amount	Growth	To Disbrusment	To Outstanding
2059/60	2464065		2862119		1829263		74.24	63.91
2060/61	2889373	17.26	3533371	23.45	2218121	21.26	76.77	62.78
2061/62	3139002	8.64	3991532	12.97	2680841	20.86	85.4	67.16
2062/63	4260547	35.73	4779619	19.74	3472460	29.53	81.5	72.65
2063/64	4970247	16.66	5451825	14.06	4298041	23.78	86.48	78.84

Source :ADBL, MIS Division

In the above table Loan Disbursement is in increasing trend. The lowest actual Loan disbursement is Rs 2464065 in FY 2059/60 and the highest Loan disbursement is Rs 4970247 in FY 2063/64. The lowest growth rate is 8.64 in FY 2061/62.

Loan outstanding is in increasing trend. The lowest actual Loan outstanding is Rs 2862119 in FY 59/60 and the highest Loan outstanding is Rs 5451825 in FY 2063/64.

Loan collection is in increasing trend. The lowest actual Loan Collection is Rs 1829263 in 2059/60 and the highest Loan Collection is Rs 4298041 in FY 2063/64. The percentage of loan collection to disbursement on marketing are 74.24 %, 76.77%, 85.40%, 81.50%, 86.48% from FY 2063/64 to FY 2063/64 respectively. The lowest percentage of loan collection to disbursement is 74.24% in FY 2059/60 and highest is 86.48% in FY 2063/64.

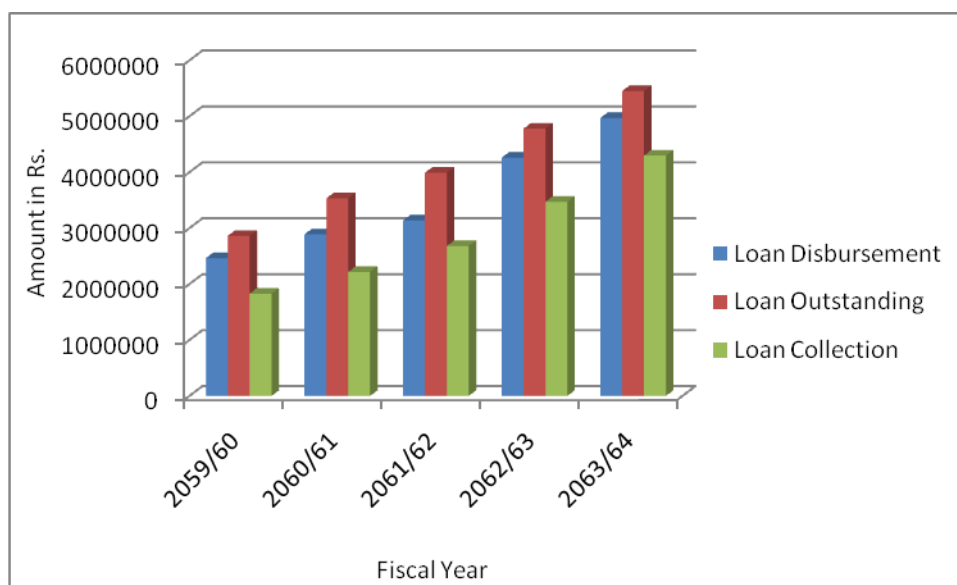
Similarly, percentage of loan collection to outstanding on Marketing purpose are 63.91%, 62.78, 67.16, 72, 65, 78.84 from FY 2059/60 to FY 2063/64 respectively.

The Coefficient of Correlation value calculated between loan disbursement and loan Collection is (See Appendix 19) 0.99 which is Strong positive correlated. Coefficient of Determination i.e. r^2 is 0.98 indicates that 9% of total variation in loan collection on Marketing (Y) is explained by the loan disbursement on Marketing (X) The tabulated critical value of t at 5 % level of significance of 2 tailed test at 5 degree of Freedom is 2.571..... Which is lesser than the calculated value $t^* = 11.81$ Therefore the coefficient of correlation is significant or shows the significant relationship between loan collection and outstanding of marketing.

The Coefficient of Correlation value calculated between loan outstanding and loan Collection is (See Appendix 20) 0.99 which is Strong positive correlated. Coefficient of Determination i.e. r^2 is 0.98 indicates that 98% of total variation in loan collection on Marketing (Y) is explained by the loan disbursement on Marketing (X) The tabulated critical value of t at 5 % level of significance of 2 tailed test at 5 degree of Freedom is 2.571..... Which is lesser than the calculated value $t^* = 11.81$ Therefore the coefficient of correlation is significant or shows the significant relationship between loan collection and outstanding of Marketing

Figure 4.15

Actual Loan Disbursement, Outstanding and Collection of on Marketing



4.3.1.11 Actual Loan Disbursement, Outstanding and Collection of on Non Agricultural Loan

Table 4.16

Actual Loan Disbursement, Outstanding and Collection of on Non Agricultural Loan

In “000”

F/Y	Loan Disbursement		Loan Outstanding		Loan Collection		% of Collection	
	Amount	Growth	Amount	Growth	Amount	Growth	To Disbursement	To Outstanding
2059/60	92329	0	74671	0	17658	0	19.13	23.65
2060/61	446582	383.7	386381	417.4	134872	663.8	30.2	34.91
2061/62	1069157	139.4	758764	96.38	696774	416.6	65.17	91.83
2062/63	1557808	45.7	1393040	83.59	923532	32.54	59.28	66.3
2063/64	2093529	34.39	1854932	33.16	1631637	76.67	77.94	87.96

Source :ADBL, MIS Division

In the above table Loan Disbursement is in increasing trend. The lowest actual Loan disbursement is Rs 92329 in FY 2059/60 and the highest Loan disbursement is Rs 2093529 in FY 2063/64 The lowest growth rate is 34.39 FY 2063/64 .

Loan outstanding is in increasing trend. The lowest actual Loan outstanding is Rs 74671 in FY 59/60 and the highest Loan outstanding is Rs 1854932 in FY 2063/64. Loan collection is in increasing trend. The lowest actual Loan Collection is Rs 17658 in 2059/60 and the highest Loan Collection is Rs 163163 in FY 2063/64.

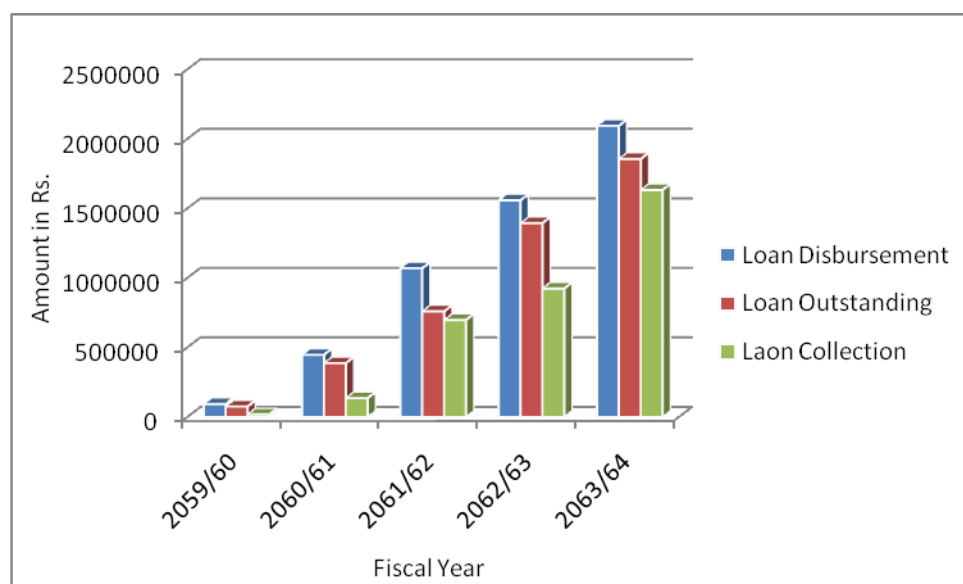
The percentage of loan collection to disbursement on Non- Agricultural loan are 19.13%.30.20%,65.17%,59.28% ,77.94% from FY 2063/64 to FY 2063/64 respectively .The lowest percentage of loan collection to disbursement is 19.13%.%in FY 2059/60 and highest is 77.94 in FY 2063/64. Similarly, percentage of loan collection to outstanding on Non –Agricultural loan are 23.65%, 34.91%, 91.83%, 66.30%, 87.96% from FY 2059/60 to FY 2063/64 respectively. The lowest percentage of loan collection to outstanding is 23.65 is FY 2059/60 and highest is 87.94 in FY 2063/64.

The Coefficient of Correlation value calculated between loan disbursement and loan Collection is (See Appendix 22)0.98 which is Strong positive correlated. Coefficient of Determination i.e. r^2 is 0.96 indicates that 96% of total variation in loan collection on Non- Agricultural loan (Y) is explained by the loan disbursement on Non- Agricultural loan (X) The tabulated critical value of t at 5 % level of significance of 2 tailed test at 5 degree of Freedom is 2.571..... Which is lesser then the calculated value $t^*= 8.9$ Therefore the coefficient of correlation is significant or shows the significant relation ship between loan collection and outstanding of Non Agricultural Loan.

The Coefficient of Correlation value calculated between loan outstanding and loan Collection is (See Appendix 23)0.98 which is Strong positive correlated. Coefficient of Determination i.e r^2 is 0.96 indicates that 96% of total variation in loan collection on Non Agricultural Loan (Y) is explained by the loan disbursement on Non – Agricultural loan(X) The tabulated critical value of t at 5 % level of significance of 2 tailed test at 5 degree of Freedom is 2.571..... Which is lesser then the calculated value $t^*= 8.9$ Therefore the coefficient of correlation is significant or shows the significant relation ship between loan collection and outstanding of Non Agricultural Loan

Figure 4.16

Actual Loan Disbursement, Outstanding and Collection of on Non Agricultural Loan



4.3.1.12 Actual Loan Disbursement, Outstanding and Collection of on Tourism

Table 4.17

Actual Loan Disbursement, Outstanding and Collection of on Tourism

In “000”

F/Y	Loan Disbursement		Loan Outstanding		Loan Collection		% of Collection	
	Amount	Growth	Amount	Growth	Amount	Growth	To Disbursement	To Outstanding
2059/60	0		0	0	0	0	0	0
2060/61	20772	0	7829	0	12943	0	62.31	165.32
2061/62	0	-100	7829	0	0	-100	0	0
2062/63	0	0	0	0	7829	0	0	0
2063/64	0	0	0	0	0	0	0	0

Source :ADBL, MIS Division

In the above table Loan Disbursement is in fluctuating trend. The lowest actual Loan disbursement is Rs 92329 in FY 2059/60 and the highest Loan disbursement is Rs 2093529 in FY 2063/64. The lowest growth rate is 34.39 FY 2063/64 The loan outstanding is in increasing trend . The lowest actual Loan outstanding is Rs. 74671 in FY 59/60 and the highest Loan outstanding is Rs 1854932 in FY 2063/64. Loan

collection is in increasing trend. The lowest actual Loan Collection is Rs 17658 in 2059/60 and the highest.

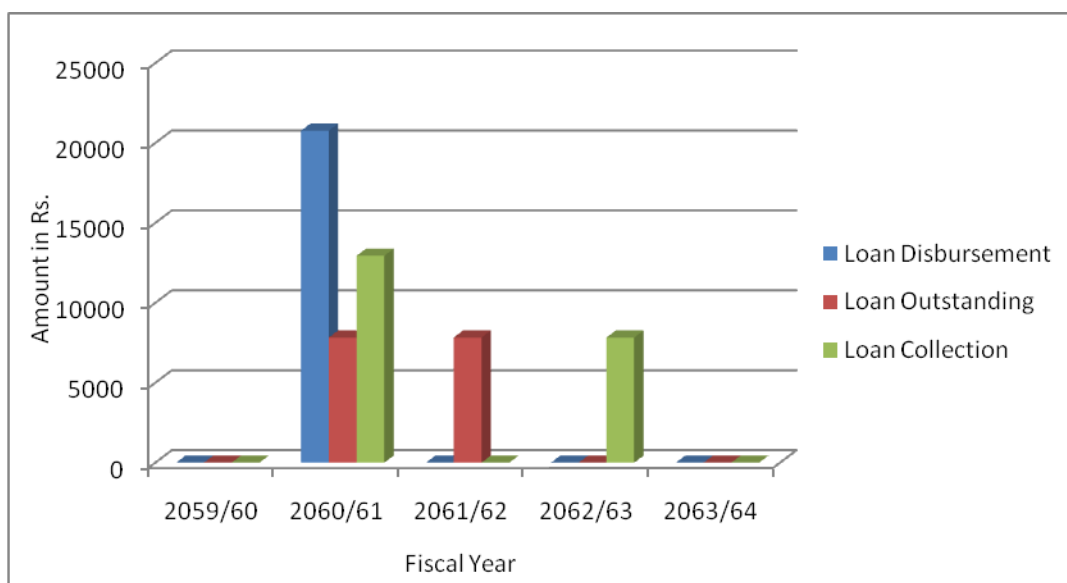
Loan Collection is Rs 163163 in FY 2063/64. The percentage of loan collection to disbursement on Tourism is 19.13%, 30.20%, 65.17%, 59.28%, 77.94% from FY 2063/64 to FY 2063/64 respectively. The lowest percentage of loan collection to disbursement is 19.13%. In FY 2059/60 and highest are 77.94 in FY 2063/64. Similarly, percentage of loan collection to outstanding on Tourism purpose are 23.65%, 34.91%, 91.83%, 66.30%, 87.96% from FY 2059/60 to FY 2063/64 respectively. The lowest percentage of loan collection to outstanding is 23.65 is FY 2059/60 and highest is 87.94 in FY 2063/64.

The Coefficient of Correlation value calculated between loan disbursement and loan Collection is (See Appendix 24)0.98 which is Strong positive correlated. Coefficient of Determination i.e. r^2 is 0.96 indicates that 96% of total variation in loan collection on Tourism (Y) is explained by the loan disbursement on Tourism (X) The tabulated critical value of t at 5 % level of significance of 2 tailed test at 5 degree of Freedom is 2.571..... Which is lesser than the calculated value $t^* = 8.9$ Therefore the coefficient of correlation is significant or shows the significant relationship between loan collection and outstanding of Tourism.

The Coefficient of Correlation value calculated between loan outstanding and loan Collection is (See Appendix 25)0.98 which is Strong positively correlated. Coefficient of Determination i.e. r^2 is 0.96 indicates that 96% of total variation in loan collection on tourism (Y) is explained by the loan disbursement on tourism (X) The tabulated critical value of t at 5 % level of significance of 2 tailed test at 5 degree of Freedom is 2.571..... Which is lesser than the calculated value $t^* = 8.9$ Therefore the coefficient of correlation is significant or shows the significant relationship between loan collection and outstanding of tourism

Figure 4.17

Actual Loan Disbursement, Outstanding and Collection of on Tourism



4.3.2 Term wise Loan Disbursement

There are various types of loan basic on time ADBL has invested resources by different term wise short term, Medium Term and Long Term .

- a) Short Term Loan (Below 1 to 2 years) 8.5% to 10.80% interest rate
- b) Medium -Term Loan (3 to 7 Years) 10% to 12.5% interest rate
- c) Long Term Loan (3 to 7 Years) 120% to 16 A% interest rate

4.3.2.1 Actual Loan Disbursement, Outstanding and Collection of on Short Term

Table 4.18

Actual Loan Disbursement, Outstanding and Collection of on Short Term

In “000”

F/Y	Loan Disbursement		Loan Outstanding		Loan Collection		% of Collection	
	Amount	Growth	Amount	Growth	Amount	Growth	To Disbursement	To Outstanding
2059/60	4355957		6286975		3456193		79.3	55
2060/61	5457464	25.29	7646441	21.62	4172669	20.73	76.5	55
2061/62	6053780	10.93	8573861	12.13	5126360	22.86	84.7	60
2062/63	7756532	28.13	10086655	17.64	6243738	21.8	80.5	62
2063/64	8863264	14.27	11209693	11.13	7740226	23.97	87.3	69

Source :ADBL, MIS Division

In the above table Loan Disbursement is in increasing trend. The lowest actual Loan disbursement is Rs 4355957 in FY 2059/60 and the highest Loan disbursement is Rs 8863264 in FY 2063/64 The lowest growth rate is 10.93 FY 2061/62 The loan outstanding is in increasing trend . The lowest actual Loan outstanding is Rs 62869751 in FY 59/60 and the highest Loan outstanding is Rs 11209693 in FY 2063/64.

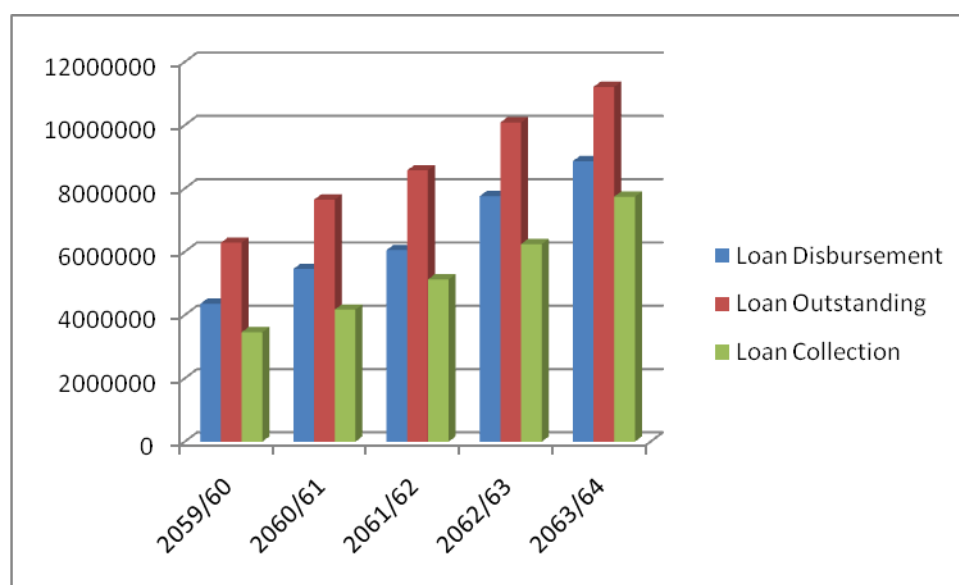
Loan collection is in increasing trend. The lowest actual Loan Collection is Rs 3456193 in 2059/60 and the highest Loan Collection is Rs 7740226 in FY 2063/64. The percentage of loan collection to disbursement on Short term loan are 79.34%,76.46,84.68,80.50,87.33% from FY 2063/64 to FY 2063/64 respectively .The lowest percentage of loan collection to disbursement is 76.46% in FY 2060/61 and highest is 87.33 in FY 2063/64. Similarly, percentage of loan collection to outstanding on Short term are 54.97%, 54.57%, 59.79%, 61.90%, 69.05% from FY 2059/60 to FY 2063/64 respectively. The lowest percentage of loan collection to outstanding is 54.57% is FY 2060/61 and highest is 87.33 in FY 2063/64.

The Coefficient of Correlation value calculated between loan disbursement and loan Collection is (See Appendix 26)0.99 which is Strong positively correlated. Coefficient of Determination i.e. r^2 is 0.98 indicates that 98% of total variation in loan collection on Short term loan (Y) is explained by the loan disbursement on Short term loan (X) The tabulated critical value of t at 5 % level of significance of 2 tailed test at 5 degree of Freedom is 2.571..... Which is lesser then the calculated value $t^*= 11.81$ Therefore the coefficient of correlation is significant or shows the significant relationship between loan collection and outstanding of short term.

The Coefficient of Correlation value calculated between loan outstanding and loan Collection is (See Appendix 27) 0.99 .which is strong positively correlated. Coefficient of Determination i.e r^2 is 0.98 indicates that 98% of total variation in loan collection on short term loan (Y) is explained by the loan disbursement short term loan (X) The tabulated critical value of t at 5 % level of significance of 2 tailed test at 5 degree of Freedom is 2.571..... Which is lesser then the calculated value $t^*= 11.81$ Therefore the coefficient of correlation is significant or shows the significant relationship between loan collection and outstanding of short term.

Figure 4.18

Actual Loan Disbursement, Outstanding and Collection of on Short Term



4.3.2.2 Actual Loan Disbursement, Outstanding and Collection of on Medium Term

Table 4.19

Actual Loan Disbursement, Outstanding and Collection of on Medium Term

In “000”

F/Y	Loan Disbursement			Loan Outstanding			Loan Collection			% of Collection	
	Amount	Index	Growth	Amount	Index	Growth	Amount	Index	Growth	To Disbursement	To Outstanding
2059/60	4326633	100.00		9353125	100.00		3459592	100.00	0.00	79.96	36.99
2060/61	4508371	104.20	4.20	9899379	105.84	5.84	3887446	112.37	12.37	86.23	39.27
2061/62	3959070	92.02	-12.18	10005912	106.92	1.08	3852537	111.47	-0.90	97.31	38.50
2062/63	3950768	91.81	-0.21	10003410	106.89	-0.03	3953270	114.08	2.61	100.06	39.52
2063/64	3898096	90.47	-1.33	9891599	105.77	-1.12	4009907	115.52	1.43	102.87	40.54

Source :ADBL, MIS Division

In the above table Loan Disbursement is in decreasing trend. The lowest actual Loan disbursement is Rs 3898096 FY 2063/64 and the highest Loan disbursement is Rs 4508371 in FY 2060/61. The lowest growth rate is -12.18 in FY 2061/62.

Loan outstanding is in increasing trend. The lowest actual Loan outstanding is Rs 9353125 in FY 59/60 and the highest Loan outstanding is Rs 10003410 in FY 2062/63.

Loan collection is in fluctuating trend. The lowest actual Loan Collection is Rs 3459592 in 2059/60 and the highest Loan Collection is Rs 4009907 in FY 2063/64. The percentage of loan collection to disbursement on Medium term loan are 79.96%, 86.23, 97.31, 100.06%, 102.87 from FY 2063/64 to FY 2063/64 respectively. The lowest percentage of loan collection to disbursement is 79.96% ,in FY 2059/60 and highest is 102.87 in FY 2063/64.

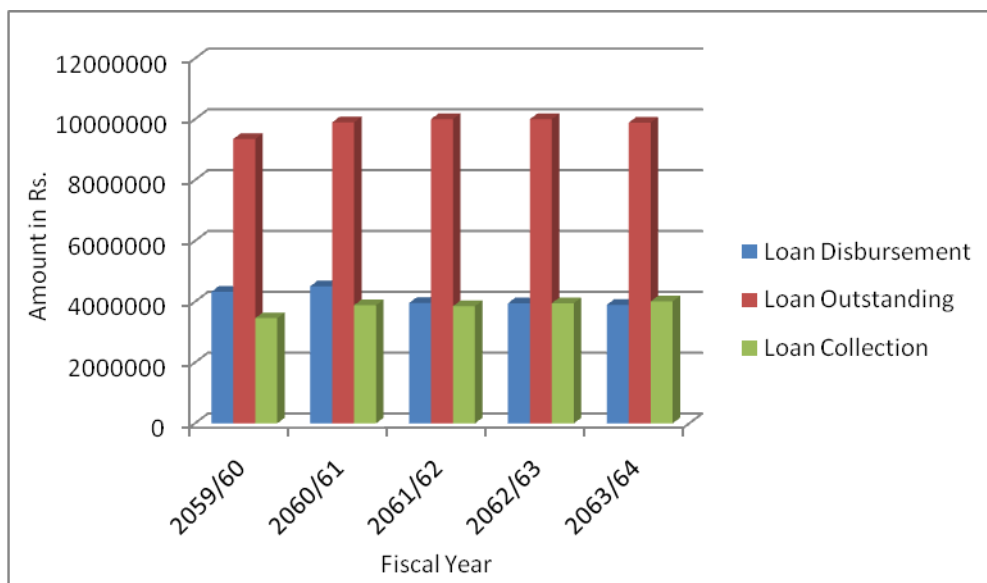
Similarly, percentage of loan collection to outstanding on Short term purpose are 36.99%, 39.27%, 38.50%, 39.52%, 40.54% from FY 2059/60 to FY 2063/64 respectively. The lowest percentage of loan collection to outstanding is 36.99% is FY 2059/60 and highest is 40.54% in FY 2063/64.

The Coefficient of Correlation value calculated between loan disbursement and loan Collection is (See Appendix 29)-0.50. which is Weak negative correlated. Coefficient of Determination i.e. r^2 is 0.25 indicates that 25% of total variation in loan collection on medium term loan (Y) is explained by the loan disbursement on medium term loan (X) . The tabulated critical value of t at 5 % level of significance of 2 tailed test at 5 degree of Freedom is 2.571..... Which is higher then the calculated value $t^* = -1$ Therefore the coefficient of correlation is insignificant or shows the insignificant relationship between loan collection and outstanding of medium term.

The Coefficient of Correlation value calculated between loan outstanding and loan Collection is (See Appendix 30)0.92 .which is Strong positively correlated. Coefficient of Determination i.e r^2 is 0.85 indicates that 85% of total variation in loan collection on medium term loan (Y) is explained by the loan disbursement medium term loan (X). The tabulated critical value of t at 5 % level of significance of 2 tailed test at 5 degree of Freedom is 2.571..... Which is lesser then the calculated value $t^* = 4.18$ Therefore the coefficient of correlation is significant or shows the significant relationship between loan collection and outstanding of Medium term.

Figure 4.19

Actual Loan Disbursement, Outstanding and Collection of on Medium Term



4.3.2.3 Actual Loan Disbursement ,Outstanding and Collection of on Long Term

Table 4.20

Actual Loan Disbursement, Outstanding and Collection of on Long Term

In “000”

F/Y	Loan Disbursement			Loan Outstanding			Loan Collection			% of Collection	
	Amount	Index	Growth	Amount	Index	Growth	Amount	Index	Growth	To Disbursement	To Outstanding
2059/60	206271	100.00		1033636	100.00		81732	100.00		39.62	7
2060/61	149436	72.45	-27.55	1069855	103.50	3.50	113217	138.52	38.52	75.76	10
2061/62	135719	63.27	-9.18	1107056	106.98	3.48	98518	125.54	-12.98	72.59	8
2062/63	87815	27.97	-35.30	1082948	104.80	-2.18	111923	139.15	13.61	127.45	10
2063/64	94183	35.22	7.25	1085660	105.05	0.25	91471	120.87	-18.27	97.12	8

Source :ADBL,MIS Division

In the above table Loan Disbursement is in decreasing trend. The lowest actual Loan disbursement is Rs 94183 FY 2063/64 and the highest Loan disbursement is Rs 206271 in FY 2059/60 The lowest growth rate is -35.30% in FY 2062/63. The loan outstanding is in fluctuating trend . The lowest actual Loan outstanding is Rs 1033636 in FY 59/60 and the highest Loan outstanding is Rs 1107056 in FY 2061/62.

Loan collection is in fluctuating trend. The lowest actual Loan Collection is Rs 81732 in 2059/60 and the highest Loan Collection is Rs 111923 in FY 2062/63. The percentage of loan collection to disbursement on long term loan are 39.62%,75.76%,72.59,127.45%,97.12% from FY 2063/64 to FY 2063/64 respectively .The lowest percentage of loan collection to disbursement is 39.62%, in FY 2059/60 and highest is 127.45 in FY 2062/63.

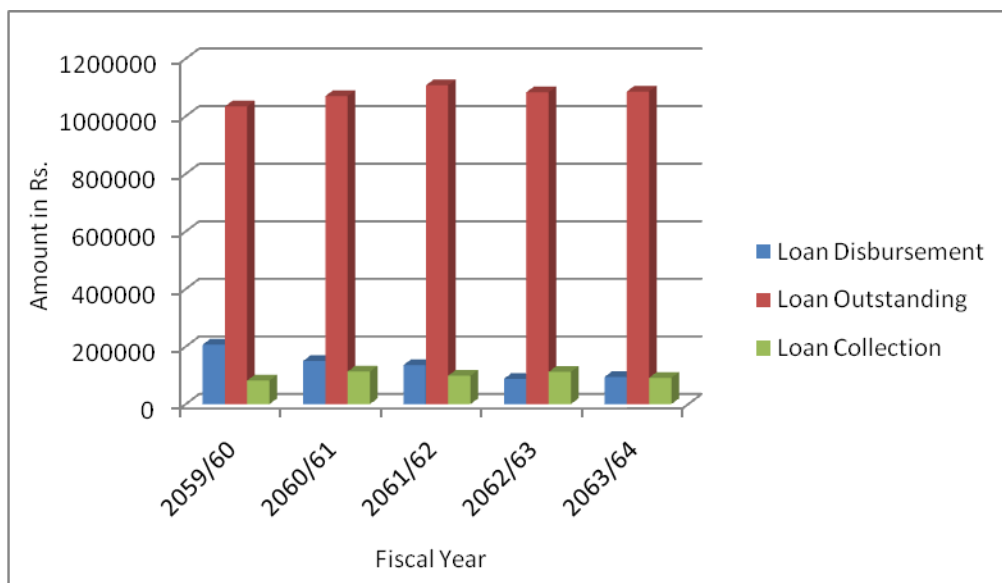
Similarly , percentage of loan collection to outstanding on long term purpose are 7.91%,10.58%,8.90%,10.34%,8.43% from FY 2059/60 to FY 2063/64 respectively. The lowest percentage of loan collection to outstanding is 7.91% is FY 2059/60 and highest is 40.54% in FY 2063/64.

The Coefficient of Correlation value calculated between loan disbursement and loan Collection is (See Appendix 31)- 0.52. which is weak negative correlated. Coefficient of Determination i.e. r^2 is 0.27 indicates that 27% of total variation in loan collection on long term loan (Y) is explained by the loan disbursement on long term loan (X) The tabulated critical value of t at 5 % level of significance of 2 tailed test at 5 degree of Freedom is 2.571..... Which is lesser then the calculated value $t^* = -1$ Therefore the coefficient of correlation is insignificant or shows the insignificant relation ship between loan collection and outstanding of Long term.

The Coefficient of Correlation value calculated between loan outstanding and loan Collection is (See Appendix 32)0.44 which is Weak positive correlated. Coefficient of Determination i.e r^2 is 0.19 indicates that 19% of total variation in loan collection on long term loan (Y) is explained by the loan disbursement long term loan (X) The tabulated critical value of t at 5 % level of significance of 2 tailed test at 5 degree of Freedom is 2.571..... Which is more then the calculated value $t^* = 0.86$ Therefore the coefficient of correlation is insignificant or shows the insignificant relation ship between loan collection and outstanding of long term.

Figure 4.20

Actual Loan Disbursement, Outstanding and Collection of on Long Term



4.4 Total Loan Disbursement by Purpose

Table 4.21

Total Loan Disbursement by Purpose

In “000”

Purpose	Fiscal Year					Total
	2059/60	2060/61	2061/62	2062/63	2063/64	
Cereal and Cash Crops	1891892	2121509	1845621	1938177	1799488	9596687
Agri-Tools and Irrigation	958708	806600	594741	537492	395758	3293299
Live Stock Purpose	1570117	1634038	1594604	1814717	1872723	8486199
Agro- Cottage Industries	1615447	1929612	1698831	1519802	1581416	8345108
Bio-Gas Industries	77912	96847	65075	74532	39670	354036
Land Development and Housing	12120	20502	5819	4225	8529	51195
Horticulture	38163	48227	32633	34912	31909	185844
Goddown and Cold Storage	70647	49090	62282	14924	38714	235657
Tea/Coffee	97461	52119	40804	37979	23560	251923
Marketing Purpose	2464065	2889373	3139002	4260547	4970247	17723234
Non-Agriculture Loan	92329	446582	1069157	1557808	2093529	5259405
Tourism	0	20772	0	0	0	20772
	8888861	10115271	10148569	11795115	12855543	53803359
Growth Rate		13.80	0.33	16.22	8.99	

Source :ADBL, MIS Division

In above table loan disbursement is Rs 8888861 in 2059/60 .The total loan of disbursement is in increasing trend .The growth rate is 13.80%,0.33%,16.22%,8.99 % in FY 2060/61 to FY 2063/64 respectively .The highest growth rate is 13.80 in FY 2060/61 and the lowest growth rate in 0.33 in FY 2061/62 .Total highest loan disbursement is in marketing purpose Rs 17723234 and lowest loan disbursement is in Livestock Purpose from 2059/60 to 2063/64.

4.5 Total Loan Collection by Purpose

Table 4.22

Total Loan Collection By Purpose

In “000”

		2059/60	2060/61	2061/62	2062/63	2063/64	Total
1	Cereal and Cash Crops	1626930	1819676	1748745	1847746	1810548	8853645
2	Agri-Tools and Irrigation Purpose	802020	846706	686210	667505	585149	3587590
3	Live Stock Purpose	1159120	1367918	1463051	1651715	1779750	7421554
4	Agro- Cottage Industries	1374889	1531321	1606177	1536424	1556582	7605393
5	Bio-Gas Industries	95384	108130	89404	83834	77044	453796
6	Land Development and Housing	10638	20538	7695	15020	11382	65273
7	Horticulture	40020	49486	40684	46190	51930	228310
8	Goddown and Cold Storage	25658	37744	44104	29263	11728	148497
9	Tea/Coffee	15937	25877	17730	27413	27813	114770
10	Marketing	1829263	2218121	2680841	3472460	4298041	14498726
11	Non-Agriculture Loan	17658	134872	696774	923532	1631637	3404473
12	Tourism	0	12943	0	7829	0	20772
		6997517	8173332	9081415	10308931	11841604	46402799
	Growth Rate		16.80	11.11	13.52	14.87	

Source :ADBL,MIS Division

Loan Collection is in increasing trend .The total loan collection in 2059/60 is Rs 6997517. The growth rate is 16.80% in 2060/61,11.11 % in 2061/62,13.52% in 2062/63 ,14.87% in 2063/64. The highest growth rate is 16.80 in 2060/61 and the lowest growth rate is 11.11 in 2061/62 .The highest loan collection is by marketing

4.6 Loan Outstanding by purpose

Table 4.23

Loan Outstanding by purpose

In “000”

		2059/60	2060/61	2061/62	2062/63	2063/64
1	Cereal and Cash Crops	3424856	3726689	3823565	3913996	3902936
2	Agri-Tools and Irrigation Purpose	2812471	2772365	2680896	2550883	2361492
3	Live Stock Purpose	3531911	3798031	3929584		
4	Agro- Cottage Industries	2604143	3002434	3095088	3078466	3103300
5	Bio-Gas Industries	275955	264672	240343	231041	193667
6	Land Development and Housing	63141	63105	61229	50434	47581
7	Horticulture	238061	236802	228751	217473	197452
8	Goddown and Cold Storage	281183	292529	310707	296368	323354
9	Tea/Coffee	505225	531465	558541	569107	564854
10	Marketing	2862119	3533371	3991532	4779619	5451825
11	Non-Agriculture Loan	74671	386381	758764	1393040	1854932
12	Tourism	0	7829	7829	0	0
		16673736	18615673	19686829	17080427	18001393
	Growth Rate		11.65	5.75	-13.24	5.39

Source :ADBL,MIS Division

The loan outstanding is fluctuating trend .The highest loan outstanding is 12.79 in 2060/61 and the lowest outstanding by purpose is -13.24 in 2062/63. The highest loan Outstanding is in marketing and there is no outstanding loan in tourism .

4.7 Loan Disbursement by Term

Table 4.24

Loan Disbursement by Term

In “000”

	Short	Medium	Long	Total	Growth Rate
2059/60	4355957	4326633	206271	8888861	
2060/61	5457464	4508371	149436	10115271	13.80
2061/62	6053780	3959070	135719	10148569	0.33
2062/63	7756532	3950768	87815	11795115	16.22
2063/64	8863264	3898096	94183	12855543	8.99

Source :ADBL,MIS Division

Total loan disbursement increasing every year. Loan disbursement in short term is highest then the other term after Short term bank preferred to provide loan in middle term .Loan disbursement in short term is increasing every year while loan disbursement on middle term and long term is decreasing every years

4.8 Loan Collection by Term

Table 4.25
Loan Collection by Term

In “000”

	Short	Medium	Long	Total	Growth Rate
2059/60	3456193	3459592	81732	6997517	
2060/61	4172669	3887446	113217	8173332	16.80
2061/62	5126360	3852537	98518	9077415	11.06
2062/63	6243738	3953270	111923	10308931	13.57
2063/64	7740226	4009907	91471	11841604	14.87

Source :ADBL, MIS Division

Total loan Collection short term is highest then the other term then Short term bank. Loan Collection in short term is increasing every year while loan disbursement on middle term and long term is decreasing every years

4.9 Loan outstanding By Term

Table 4.26
Loan Outstanding By Term

In “000”

	Short	Medium	Long	Total	Growth Rate
2059/60	6286975	9353125	1033636	16673736	
2060/61	7646441	9899379	1069855	18615675	11.65
2061/62	8573861	10005912	1107056	19686829	5.75
2062/63	10086655	10003410	1082948	21173013	7.55
2063/64	11209693	9891599	1085660	22186952	4.79

Source :ADBL, MIS Division

Total loan outstanding in medium term is increase in 2060/61 then after it is in stable position . Loan outstanding in short term is highest then the other term after Short term. Loan outstanding in long term is a stable .

4.10 Portfolio of Loan Disbursement, Loan Collection and Outstanding of ADBL by Purpose

Table 4.27

Portfolio of Loan Disbursement, Loan Collection and Outstanding of ADBL by Purpose

In “000”

Year	Total Disbursement	Total Collection	Total Outstanding
2059/60	8888861	6997517	16673736
2060/61	10115271	8173332	18615673
2061/62	10148569	9081415	19686829
2062/63	11795115	10308931	17080427
2063/64	12855543	11841604	18001393

Source :ADBL, MIS Division

In all the years, the amount of outstanding loan is more than the disbursement as well as the collection .It depicts that the bank has not been able to lessen the idle amount of loans but they are increasing every years.

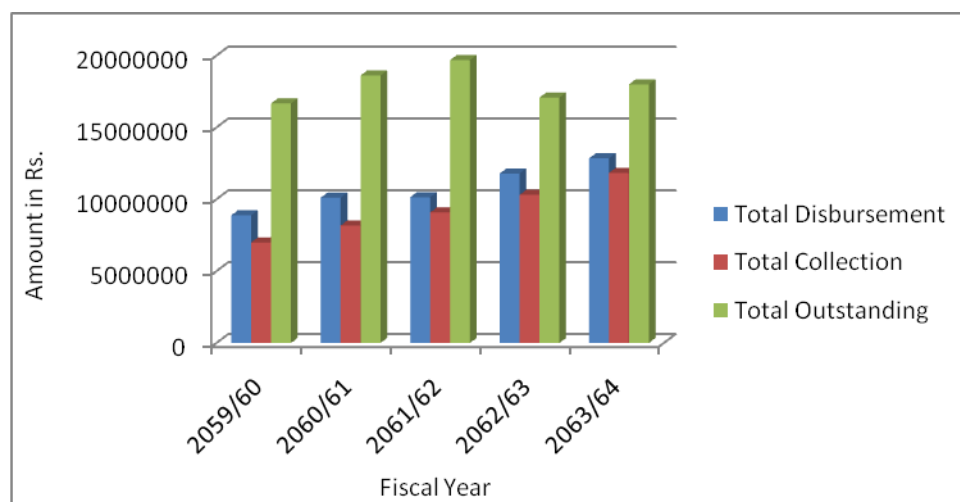
The Coefficient of Correlation value calculated between loan disbursement and loan Collection is (See Appendix 33)0.98 which is Strong positive correlated. Coefficient of Determination i.e r^2 is 0.96 indicates that 96% of total variation in loan collection (Y) is explained by the loan disbursement (X). The tabulated critical value of t at 5 % level of significance of 2 tailed test at 5 degree of Freedom is 2.571..... Which is lesser then the calculated value $t^*=8.9$ Therefore the coefficient of correlation is significant or shows the significant relation ship between total loan collection and disbursement for 2059/60 and 2063/64.

The Coefficient of Correlation value calculated between loan outstanding and loan Collection is (See Appendix 34)0.12 which is positively correlated. Coefficient of Determination i.e. r^2 is 0.01 indicates that 1% of total variation in loan collection (Y) is explained by the loan (X) The tabulated critical value of t at 5 % level of significance of 2 tailed test at 5 degree of Freedom is 2.571..... Which is lesser then the calculated value $t^*=0.21$ Therefore the coefficient of correlation is insignificant or

shows the insignificant relation ship between loan collection and outstanding .

Figure 4.21

Portfolio of Loan Disbursement, Loan Collection and Outstanding of ADBL by Purpose



4.11 Portfolio of Loan Disbursement, Loan Collection and Outstanding of ADBL by Term

Table 4.28

Portfolio of Loan Disbursement, Loan Collection and Outstanding of ADBL by Term

In "000"

Year	Loan Disbursement	Collection	Outstanding
2059/60	206271	81732	1033636
2060/61	149436	113217	1069855
2061/62	135719	98518	1107056
2062/63	87815	111923	1082948
2063/64	94183	91471	1085660

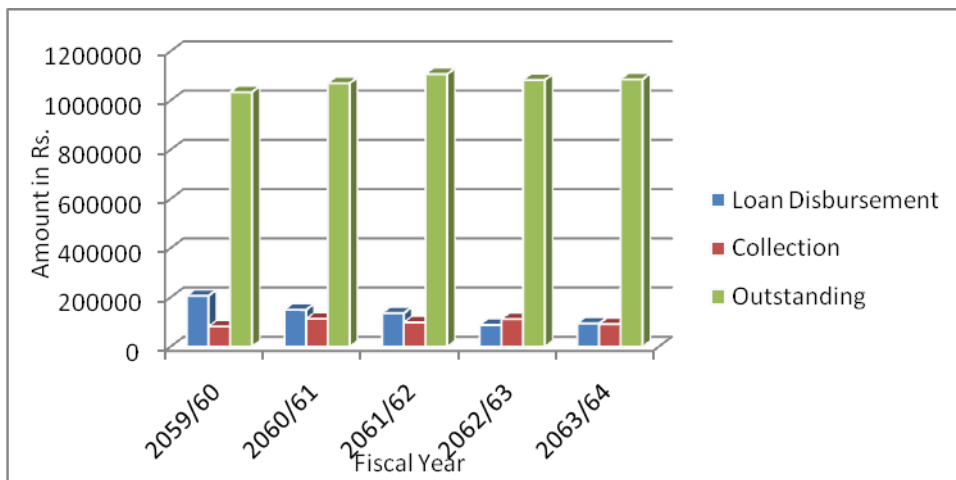
Source :ADBL, MIS Division

Loan Disbursement by term is decreasing every year .Loan Collection is also in decreasing trend and outstanding loan is increasing every year .In 2063/64 the loan outstanding is Rs 1085660000 .In all the years, the amount of outstanding loan is more than the disbursement as well as the collection .It depicts that the bank has not been able to lessen the idle amount of loans but they are increasing every years.

The Coefficient of Correlation value calculated between loan disbursement and loan Collection is (See Appendix 35) -0.50 which is Weekly Negative correlated. Coefficient of Determination i.e r^2 is 0.27 indicates that 96% of total variation in loan collection (Y) is explained by the loan disbursement (X). The tabulated critical value of t at 5 % level of significance of 2 tailed test at 5 degree of Freedom is 2.571..... Which is lesser then the calculated value $t^*=-1$ Therefore the coefficient of correlation is insignificant or shows the insignificant relation ship between total loan collection and disbursement for 2059/60 and 2063/64.

The Coefficient of Correlation value calculated between loan outstanding and loan Collection is (See Appendix 36) 0.44 which is Week positively correlated. Coefficient of Determination i.e. r^2 is 0.19 indicates that 1% of total variation in loan collection (Y) is explained by the loan (X) The tabulated critical value of t at 5 % level of significance of 2 tailed test at 5 degree of Freedom is 2.571..... Which is lesser then the calculated value $t^*=0.86$ Therefore the coefficient of correlation is insignificant or shows the insignificant relation ship between loan collection and outstanding .

Figure 4.22
Portfolio of Loan Disbursement, Loan Collection and Outstanding of ADBL by Term



4.12 Major Findings of the Study

4.12.1 Finding from Purpose Wise Total Loan Disbursement, Collection and Outstanding

Cash and Cereal Crops

- Loan disbursement is in fluctuating trend .Loan disbursement is 18,91,892 Thousand in FY 2059-60 and the loan is 1799488 thousand in FY 2063-64.Loan Disbursement is increased in FY 2060-61 to 12.14% but after then loan disbursement is decreasing every year .
- Loan Outstanding is also fluctuating trend. The amount outstanding is 34,24,856 thousand in FY 2059-60 and in 2063-64 loan outstanding is 39,02,936 thousand.
- Loan Collection is fluctuating trend .The loan collection is increased in 2060-61 to 11.85 but after that loan collection is decreasing.
- Total percentage of collection to disbursement is increasing .It is 85.99% in FY 2059-60 and the % is increased to 100.61 % in 2063/64.
- The Coefficient of Correlation value calculated between loan disbursement and loan Collection is positively correlated .The Coefficient of Correlation value calculated between loan outstanding and loan Collection is also positively correlated.

Agri-Tools and Irrigation

- In the above table Loan Disbursement and is in decreasing trend. Loan outstanding is in decreasing trend where as Loan collection is in fluctuating trend. The Loan disbursement is 9,58,708 Thousand in 2059-60 but the loan disbursement is only 3,95,758 Thousand in 2063-64 .Loan disbursement is decreased to 26.37 in 2063-64.Loan collection is increased in 2060-61 to 5.57 but in 2063-64 loan collections is decreased to 12.34%.

Live stock Purpose

- Loan Disbursement is increasing every year. Total loan disbursement in Live stock is 15,70,117 Thousand in 2059-60 and in 2063-64 the amount is 18,72,723 thousand. The increment rate is 3.20 % in 2063/64.Loan collection

is also increasing .Loan collection increment rate is high in 2060-61 but then after growth rate is decreased .The growth rate is 33.49 in 2060-61 but the growth rate is only 7.75 % in 2063-64.Loan outstanding is fluctuating trend .Loan outstanding is increased in 2060-61 by 7.53 but in 2063/64 the loan is decreased to 89.77 .

- The Coefficient of Correlation value calculated between loan disbursement and loan Collection is positively correlated .The Coefficient of Correlation value calculated between loan outstanding and loan Collection is also negatively correlated.

Agro -Cottage Industries

- Loan Disbursement , Loan outstanding, Loan collection is in fluctuating trend. Loan Disbursement is Rs 16,15,447 Thousand in 2059-60 and Rs 15,81,416 Thousand in 2063/64.
- Loan collection is 13,74,889 thousand in 2059-60 and Rs 15,56,582 Thousand in 2063-64 .The increment growth rate is 11.38% in 2060-61 but the increment growth rate is only 1.31 in 2063-64 .
- The Coefficient of Correlation value calculated between loan disbursement and loan Collection is positively correlated. The Coefficient of Correlation value calculated between loan outstanding and loan Collection is (See Appendix)0.96 which is highly positively correlated.

Bio-Gas Industries

- Loan Disbursement is in fluctuating decreasing trend. Loan outstanding is in fluctuating trend. Loan collection is in fluctuating trend. The Coefficient of Correlation value calculated between loan disbursement and loan Collection is 0.90 which is positively correlated. The Coefficient of Correlation value calculated between loan outstanding and loan Collection is (See Appendix) 0.85 which is highly positively correlated.

Land Development and housing

- Loan Disbursement is in fluctuating trend. Loan outstanding is in decreasing trend. Loan collection is in fluctuating trend. The Coefficient of Correlation

value calculated between loan disbursement and loan Collection is (See Appendix) 0.68. which is positively correlated. The Coefficient of Correlation value calculated between loan outstanding and loan Collection is (See Appendix)0.075 which is positively correlated

Horticulture

- Loan Disbursement is in fluctuating trend. Loan outstanding is in decreasing trend. Loan collection is in fluctuating trend. The Coefficient of Correlation value calculated between loan disbursement and loan Collection is (See Appendix)0.18 which is positively correlated. The Coefficient of Correlation value calculated between loan outstanding and loan Collection is (See Appendix)-0.63 which is negatively correlated.

Goddown and Cold Storage

- Loan Disbursement is in fluctuating trend. Loan outstanding is in fluctuating trend. Loan collection is in fluctuating trend. The Coefficient of Correlation value calculated between loan disbursement and loan Collection is (See Appendix) 0.28 which is positively correlated.
- The Coefficient of Correlation value calculated between loan outstanding and loan Collection is (See Appendix)-0.31 which is negatively correlated.

Tea/Coffee

- Loan Disbursement is in decreasing trend. Loan outstanding is in fluctuating trend. Loan collection is in fluctuating trend.
- The Coefficient of Correlation value calculated between loan disbursement and loan Collection is (See Appendix)-0.72 which is negatively correlated. The Coefficient of Correlation value calculated between loan outstanding and loan Collection is (See Appendix)0.611 which is positively correlated.

Marketing

- Loan Disbursement is in increasing trend. Loan outstanding is in increasing trend. Loan collection is in increasing trend. The Coefficient of Correlation value calculated between loan disbursement and loan Collection is (See

Appendix)0.99 which is positively correlated. The Coefficient of Correlation value calculated between loan outstanding and loan Collection is (See Appendix)0.99 which is positively correlated.

Non Agricultural Loan

- Loan Disbursement is in increasing trend. Loan outstanding is in increasing trend .Loan collection is in increasing trend.
- The Coefficient of Correlation value calculated between loan disbursement and loan Collection is (See Appendix)0.98 which is positively correlated. The Coefficient of Correlation value calculated between loan outstanding and loan Collection is (See Appendix) 0.98 which is positively correlated.

Livestock Purpose

- Loan Disbursement is in increasing trend .Loan outstanding is in decreasing trend .Loan collection is in fluctuating trend.
- The Coefficient of Correlation value calculated between loan disbursement and loan Collection is (See Appendix) 0.88 which is highly positively correlated. The Coefficient of Correlation value calculated between loan outstanding and loan Collection is (See Appendix) -0.51. Which is highly negatively correlated.
- Total loan disbursement is increased from Rs 8888861000/- in 2059/60 to Rs 12855543 in FY 2063/64 and the growth rate is 44.63 .The highest investment by ADBL is in marketing purpose and the lowest investment by purpose is in tourism The total Collection is increased from 6997517000 in 2059/60 to Rs 11841604000 in FY 2063/64 and the growth rate is 69.43. The highest collection by ADBL is in marketing purpose and the lowest collection is by purpose is in tourism .
- The total Collection is increased from 16673736000 in 2059/60 to Rs 16673736 in FY 2063/64 and the growth rate is 7.96. The highest outstanding by ADBL is in marketing purpose and followed by cash and cereal crops and Agro –Cottage industries. there is no outstanding loan on tourism the lowest outstanding loan is by purpose is in land Development and housing .Loan Collection to disbursement is satisfactory level .

Tourism

- Loan Disbursement is in fluctuating trend. Loan outstanding is in increasing trend. Loan collection is in increasing trend. The Coefficient of Correlation value calculated between loan disbursement and loan Collection is (See Appendix) 0.98 which is highly positively correlated. The Coefficient of Correlation value calculated between loan outstanding and loan Collection is (See Appendix) 0.98 which is positively correlated.

4.12.2 Finding from term purpose wise Total Loan Disbursement, Collection and Outstanding

Short Term

- Loan Disbursement is in increasing Short Term L
- Loan Disbursement is in increasing trend. Loan outstanding is in increasing trend. Loan collection is in increasing trend. The Coefficient of Correlation value calculated between loan disbursement and loan Collection is (See Appendix) 0.99 which is positively correlated. The Coefficient of Correlation value calculated between loan outstanding and loan Collection is (See Appendix) 0.99 which is positively correlated. L

Medium Term

Loan Disbursement is in decreasing trend. Loan outstanding is in increasing trend. Loan collection is in fluctuating trend. The Coefficient of Correlation value calculated between loan disbursement and loan Collection is (See Appendix) - 0.50 which is negatively correlated. The Coefficient of Correlation value calculated between loan outstanding and loan Collection is (See Appendix) 0.92 which is positively correlated.

Long Term

- Loan Disbursement is in decreasing trend. Loan outstanding is in fluctuating trend. Loan collection is in fluctuating trend.
- Loan Outstanding is also fluctuating trend.

- The amount is increased to 11.80% in 2060-61 but after then it is decreasing trend .Total percentage of collection to disbursement is increasing .It is 85.99% in FY 2059-60 and the % is increased
- The Coefficient of Correlation value calculated between loan disbursement and loan Collection is positively correlated
- he Coefficient of Correlation value calculated between loan outstanding and loan Collection is 0.89(See Appendix)Which is positively correlated

CHAPTER - V

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

Agriculture is the most important occupation in Nepal and it plays the vital role in Nepalese economy. Still 68 % of total population is depends upon agriculture and agro based industries. The sector alone contribute 38.80 % of GDP. But the farmers who dealing in the agricultural sector is still under the poverty line. It is because of low productivity of land. The productivity of and can be increased by introducing new technology but majority of people engaged on this sector cant afford modern tools and techniques. To develop the agriculture sector, they must emphasize the financial facility through different institution.

Tenth plan & program is conducted as campaign and concluded to 31 % poverty reduction. ADBL is a sole financial institution in the country executing its activities by three major windows namely Developing, commercial banking and small farmers development. Government has also determined fixed priority sector on agriculture such as chemical fertilizer, agri-business etc including seventy nine sub-heading. In addition micro credit will be provided and ultra poor through SFCLs, SFDB and NGO/INGO.

In 196 a co-operative bank was established under the cooperative bank Act 1963. The Co-operative bank only provide loan to Co-operative and there was no provision to extend loan to the individuals out side the Co-operatives. The role of Co-operative was limited there fore the Government changed Co-operatives bank into Agricultural development bank in 1968 under the Agricultural Development bank Act 1967.

Similarly another institution was established as "Land reform Saving Corporation." (LRSC) in 1966 as a part of land Reformed program Lunched by Nepal Government in 1964. Its function and objectives was the same as ADBL in the field of agriculture financing. As a result the LRSC was merged with ADBL in order to remove the dual and over financing to agriculture farmers.

The first chapter deals with the meaning and historical background of bank ,introduction of ADBL, Mission ,vision ,objectives of ADBL, Statement of Problem ,Objectives ,limitation of study research methodology and scheme of study .

During the research various books, literatures, past thesis and journals have been studied. Review of literature and reviews of various books are compiled in chapter 2 titled review of Literature.

Various research methodologies are used in this thesis and are mentioned in chapter 3 of this thesis.

In chapter 4 Data collected from various sources are managed, analyzed using various financial and statistical tools. Interpretation and explanations of results are made wherever necessary. Financial tool used in this study is mainly analysis. Statistical tools used in this study are trend analysis and correlation analysis. Similarly the test of variance analysis is also used in this study.

Finally he summary and recommendation are made for this study is presented in this chapter.

5.2 Conclusions

This thesis main aim is to study resource mobilization of ADBL bank. The study shows investment of the resources in terms of purpose and term.

Conclusion from purpose wise loan disbursement, outstanding and Collection

Actual loan disbursement of marketing ,Live stock purpose ,Non Agricultural loan has continuous increasing trend whereas loan disbursement from Cereal crops, Tea and coffee, Gas industries, Argo Tools and irrigation, Horticulture, Go dawn and Cold storage, Tourism and Agro Cottage industries, Land Development and housing are Fluctuating .ADBL actual investment by purpose cereal crops ,tea coffee horticulture loan is decreasing. Loan Disbursement in Cash and Cereal Crops are in decreasing trend .

Conclusion from term wise loan disbursement, outstanding and Collection

Actual loan disbursement from short term is higher than the medium term loan and long term loan. Short term loan is less risky than long term loan so bank is preferred to provide short term loan then long term loan.

5.3 Recommendations

- From the finding it is found that loan disbursement in cash and cereal crops are decreasing every year. Hence it is the essential agricultural loan for the development of agriculture so ADBL should increase its investment in Cash and Cereal crops.
- Very low investment in irrigation is also a problem in the development of the agricultural sector. So ADBL should prioritize the sector of development based on crucial and this will make an increase in investment on the development sector.
- From the finding it is found that loan investment in tea/coffee is decreasing trend. It is also an important agricultural loan for the farmer to generate money so ADBL should invest more in tea and coffee.
- From the finding it is found that loan disbursement on tourism is decreasing every year. There is also a finding that there is no outstanding loan so ADBL also should invest more in tourism.
- Long Term Loan Disbursement is decreasing trend whereas outstanding is increasing trend which is another worried side of bank. Long term loan is used for industrial purpose and decreasing so long term loan may cause a serious problem. So bank should increase loan in long term.
- Loan Collection has been in poor condition as compared to loan disbursement. Loan outstanding amount and loan disbursement amount is higher than loan collection. This type of condition might be extremely vital for the bank in the insuring period. Bank must examine the borrowers' past repayment records and corrective action must be taken immediately to restrict those borrowers who are able but not repay their due loans. In other hand, borrowers who are really unable to repay their dues

,repayment schedule must be rearranged after scrutinizing the exact cause if loan outstanding

- One of the worried sides of the study is having incremental trend of loan outstanding for all sampled purpose except agro-tools and irrigation ,bio gas and horticulture .some effective action need to be taken from the team of management to reduce the incremental trend of pending over dues year upon years bad debt of the investment .
- Loan outstanding has increasing every year and growth rate is in fluctuating trend so percent of loan collection to outstanding is very low .Hence ADBL should decrease outstanding by setting standard in a certain level and by setting performance standard ratio.
- Poor recovery is the cause of week supervision, high interest and other charges laid by the bank ,poor liquidity of the borrowers .So it is recommended that the recovery policy and procedure must be exercised strictly.

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APPENDIX 1

Correlation Coefficient between loan disbursement & Collection on cereal crops & cash Crops

Let,

X = Loan Disbursement Variable

Y = Loan Collection Variable

Here

"Rs In Crore"

F/Y	X	Y	X ²	Y ²	XY
2059/60	189.19	162.69	35792.5534	26469.01	30779.75852
2060/61	212.15	181.97	45008.0044	33112.21	38604.59011
2061/62	184.56	174.87	34063.1688	30581.09	32275.20496
2062/63	193.82	184.77	37565.3008	34141.65	35812.58799
2063/64	179.95	181.05	32381.5706	32780.84	32580.59399
Sum	959.6687	885.3645	184810.598	157084.8	170052.7356

$$r = \frac{n \sum xy - (\sum x)(\sum Y)}{\sqrt{n(\sum x^2) - (\sum x)^2} \sqrt{n(\sum y^2) - (\sum y)^2}}$$

$$r = \frac{5 \times 170052.73 - 959.66 \times 885.36}{\sqrt{5 \times 184810.59 - 959.66^2} \sqrt{5 \times 157084.80 - 885.36^2}}$$

$$r = 0.28$$

∴ Coefficient of Determination $r^2 = 0.078$

$$t^* = \frac{r}{\sqrt{\frac{1-r^2}{n-2}}}$$

$$t^* = 5.72$$

APPENDIX 2

Correlation Coefficient between loan Outstanding & Collection on cereal Crops & Cash Crops

Let,

X = Loan Outstanding Variable

Y = Loan Collection Variable

Here

"Rs In Crore"

F/Y	X	Y	X ²	Y ²	XY
2059/60	342.4856	162.69	117296.39	26469.01	55720.01
2060/61	372.6689	181.97	138882.11	33112.21	67813.67
2061/62	382.3565	174.87	146196.49	30581.09	66864.40
2062/63	391.3996	184.77	153193.65	34141.65	72320.70
2063/64	390.2936	181.05	152329.09	32780.84	70664.53
Sum	1879.2042	885.3645	707897.73	157084.8	333383.3

$$r = \frac{n \sum xy - (\sum x)(\sum Y)}{\sqrt{n(\sum x^2) - (\sum x)^2} \sqrt{n(\sum y^2) - (\sum y)^2}}$$

$$r = \frac{5 \times 333383.3 - 1879.20 \times 885.36}{\sqrt{5 \times 707897.73 - 1879.20^2} \sqrt{5 \times 157084.80 - 885.36^2}}$$

$$r = 0.89$$

∴ Coefficient of Determination $r^2 = 0.79$

∴ Coefficient of Determination r^2

$$t^* = \frac{r}{\sqrt{\frac{1-r^2}{n-2}}}$$

$$t^* = 3.42$$

APPENDIX 3

Correlation Coefficient between loan disbursement & Collection on Agro -Tools & Irrigation

Let,

X =Loan Disbursement Variable

Y =Loan Collection Variable

"Rs In Crore"

F/Y	X	Y	X ²	Y ²	XY
2059/60	95.8708	80.202	9191.2103	6432.36	7689.03
2060/61	80.66	84.671	6506.0356	7169.11	6829.53
2061/62	59.4741	68.621	3537.1686	4708.84	4081.17
2062/63	53.7492	66.751	2888.9765	4455.63	3587.79
2063/64	39.5758	58.515	1566.2439	3423.99	2315.77
Sum	329.3299	358.759	23689.635	26189.9	24503.3

$$r = \frac{n \sum xy - (\sum x)(\sum Y)}{\sqrt{n(\sum x^2) - (\sum x)^2} \sqrt{n(\sum y^2) - (\sum y)^2}}$$

$$r = \frac{5 \times 24503.3 - 329.32 \times 358.75}{\sqrt{5 \times 23689.63 - 329.32^2} \sqrt{5 \times 26189.90 - 358.75^2}}$$

$$r = 0.92$$

$$r^2 = 0.85$$

∴ Coefficient of Determination r^2

$$t^* = \frac{r}{\sqrt{\frac{1-r^2}{n-2}}}$$

$$t^* = 4.18$$

APPENDIX 4

Correlation Coefficient between loan Outstanding & Collection on Agro -Tools & Irrigation

Let,

X =Loan Outstanding Variable

Y =Loan Collection Variable

"Rs In Crore"

F/Y	X	Y	X ²	Y ²	XY
2059/60	281.2471	80.2	79099.93	6432.36	22556.58
2060/61	277.2365	84.67	76860.08	7169.11	23473.78
2061/62	268.0896	68.62	71872.03	4708.84	18396.58
2062/63	255.0883	66.75	65070.04	4455.63	17027.27
2063/64	236.1492	58.51	55766.44	3423.99	13818.25
Sum	1317.8107	358.759	348668.5	26189.9	95272.5

$$r = \frac{n \sum xy - (\sum x)(\sum Y)}{\sqrt{n(\sum x^2) - (\sum x)^2} \sqrt{n(\sum y^2) - (\sum y)^2}}$$

$$r = \frac{5 \times 95272.52 - 1317.81 \times 358.75}{\sqrt{5 \times 348668.5 - 1317.81^2} \sqrt{5 \times 26189.90 - 358.75^2}}$$

$$r = 0.92$$

$$r^2 = 0.85$$

∴ Coefficient of Determination r^2

$$t^* = \frac{r}{\sqrt{\frac{1-r^2}{n-2}}}$$

$$t^* = 4.18$$

APPENDIX 5

Correlation Coefficient between loan disbursement & Collection on Livestock

Purpose

Let,

X = Loan Disbursement Variable

Y = Loan Collection Variable

F/Y	X	Y	X ²	Y ²	XY
2059/60	157.0117	102.4762	24652.67	10501.37	16089.96
2060/61	163.4038	136.7918	26700.8	18712	22352.30
2061/62	159.4604	146.3051	25427.62	21405.18	23329.87
2062/63	181.4717	165.1715	32931.98	27281.62	29973.95
2063/64	187.2723	177.975	35070.91	31675.1	33329.79
Sum	848.6199	728.7196	144784	109575.3	125075.9

$$r = \frac{n \sum xy - (\sum x)(\sum Y)}{\sqrt{n(\sum x^2) - (\sum x)^2} \sqrt{n(\sum y^2) - (\sum y)^2}}$$

$$r = \frac{5 \times 125075.90 - 848.61 \times 728.71}{\sqrt{5 \times 144784 - 848.62^2} \sqrt{5 \times 109575.30 - 728.71^2}}$$

$$r = 0.88$$

$$r^2 = 0.77\%$$

∴ Coefficient of Determination r^2

$$t^* = \frac{r}{\sqrt{\frac{1-r^2}{n-2}}}$$

$$t^* = 3.14$$

APPENDIX 6

Correlation Coefficient between loan Outstanding & Collection on Livestock Purpose

Let,

X = Loan Outstanding Variable

Y = Loan Collection Variable

F/Y	X	Y	X ²	Y ²	XY
2059/60	353.2	102.5	124744	10501.4	36193.68
2060/61	379.8	136.8	144250.4	18712	51953.95
2061/62	393	146.3	154416.3	21405.2	57491.82
2062/63	409.3	165.2	167491.1	27281.6	67597.56
2063/64	41.86	178	1751.916	31675.1	7449.30
Sum	1577.07	728.72	592653.7	109575	220686.3

$$r = \frac{n \sum xy - (\sum x)(\sum Y)}{\sqrt{n(\sum x^2) - (\sum x)^2} \sqrt{n(\sum y^2) - (\sum y)^2}}$$

$$r = \frac{5 \times 220686.30 - 1577.07 \times 728.71}{\sqrt{5 \times 592653.7 - 1577.07^2} \sqrt{5 \times 109575.30 - 728.71^2}}$$

$$r = -0.51$$

$$r^2 = 0.77\%$$

∴ Coefficient of Determination r^2

$$t^* = \frac{r}{\sqrt{\frac{1-r^2}{n-2}}}$$

$$t^* = 1.04$$

APPENDIX 7

Correlation Coefficient between loan disbursement & Collection on Agro-Cottage Industries

Let,

X = Loan Disbursement Variable

Y = Loan Collection Variable

F/Y	X	Y	X ²	Y ²	XY
2059/60	161.54	137.49	26096.69	18903.2	22210.60
2060/61	192.96	153.13	37234.02	23449.4	29548.55
2061/62	169.88	160.62	28860.27	25798	27286.23
2062/63	151.98	153.64	23097.98	23606	23350.60
2063/64	158.14	155.66	25008.77	24229.5	24616.04
Sum	834.5108	760.5393	140297.7	115986	127012.0

$$r = \frac{n \sum xy - (\sum x)(\sum Y)}{\sqrt{n(\sum x^2) - (\sum x)^2} \sqrt{n(\sum y^2) - (\sum y)^2}}$$

$$r = \frac{5 \times 220686.30 - 1577.07 \times 728.71}{\sqrt{5 \times 140297.7 - 834.51^2} \sqrt{5 \times 115986 - 760.54^2}}$$

$$r = 0.03$$

∴ Coefficient of Determination r^2

$$t^* = \frac{r}{\sqrt{\frac{1-r^2}{n-2}}}$$

$$t^* = 0.01$$

APPENDIX 8

Correlation Coefficient between loan Outstanding & Collection on Agro-Cottage Industries

Let,

X =Loan Outstanding Variable

Y =Loan Collection Variable

F/Y	X	Y	X ²	Y ²	XY
2059/60	260.41	137.49	67815.61	18903.20	35804.08
2060/61	300.24	153.13	90146.10	23449.44	45976.90
2061/62	309.51	160.62	95795.70	25798.05	49712.59
2062/63	307.85	153.64	94769.53	23605.99	47298.29
2063/64	310.33	155.66	96304.71	24229.48	48305.41
Sum	1488.34	760.54	444831.64	115986.15	227097.27

$$r = \frac{n \sum xy - (\sum x)(\sum Y)}{\sqrt{n(\sum x^2) - (\sum x)^2} \sqrt{n(\sum y^2) - (\sum y)^2}}$$

$$r = \frac{5 \times 227097.27 - 1488.34 \times 760.54}{\sqrt{5 \times 1488.34 - 444831.64} \sqrt{5 \times 115986 - 760.54^2}}$$

$$r = 0.96$$

∴ Coefficient of Determination $r^2 = 0.92$

$$t^* = \frac{r}{\sqrt{\frac{1-r^2}{n-2}}}$$

$$t^* = 6.4$$

APPENDIX 9

Correlation Coefficient between loan disbursement & Collection on Bio-Gas

Industries

Let,

X = Loan Disbursement Variable

Y = Loan Collection Variable

F/Y	X	Y	X ²	Y ²	XY
2059/60	7.791	9.54	60.70	90.9811	74.32
2060/61	9.685	10.81	93.79	116.921	104.72
2061/62	6.508	8.94	42.35	79.9308	58.18
2062/63	7.453	8.38	55.55	70.2814	62.48
2063/64	3.967	7.70	15.74	59.3578	30.56
Sum	35.40	45.38	268.13	417.47	330.26

$$r = \frac{n \sum xy - (\sum x)(\sum Y)}{\sqrt{n(\sum x^2) - (\sum x)^2} \sqrt{n(\sum y^2) - (\sum y)^2}}$$

$$r = \frac{5 \times 330.26 - 35.40 \times 45.38}{\sqrt{5 \times 268.13 - 35.40^2} \sqrt{5 \times 417.47 - 45.38^2}}$$

$$r = 0.90$$

∴ Coefficient of Determination $r^2 = 0.81\%$

$$t^* = \frac{r}{\sqrt{\frac{1-r^2}{n-2}}}$$

$$t^* = 15$$

APPENDIX 10

Correlation Coefficient between loan Outstanding & Collection on Bio-Gas Industries

Let,

X =Loan Outstanding Variable

Y =Loan Collection Variable

F/Y	X	Y	X ²	Y ²	XY
2059/60	27.60	9.54	761.51	90.98	263.22
2060/61	26.47	10.81	700.51	116.92	286.19
2061/62	24.03	8.94	577.65	79.93	214.88
2062/63	23.10	8.38	533.80	70.28	193.69
2063/64	19.37	7.70	375.07	59.36	149.21
Sum	120.57	45.38	2948.54	417.47	1107.18

$$r = \frac{n \sum xy - (\sum x)(\sum Y)}{\sqrt{n(\sum x^2) - (\sum x)^2} \sqrt{n(\sum y^2) - (\sum y)^2}}$$

$$r = \frac{5 \times 1107.18 - 120.57 \times 45.38}{\sqrt{5 \times 2948.54 - 120.57^2} \sqrt{5 \times 417.47 - 45.38^2}}$$

$$r = 0.85$$

∴ Coefficient of Determination $r^2 = 0.72$

$$t^* = \frac{r}{\sqrt{\frac{1-r^2}{n-2}}}$$

$$t^* = 2.83$$

APPENDIX 11

Correlation Coefficient between loan disbursement & Collection on Land
Development and Housing

Let,

X = Loan Disbursement Variable

Y = Loan Collection Variable

F/Y	X	Y	X ²	Y ²	XY
2059/60	1.21	1.06	1.47	1.13	1.29
2060/61	2.05	2.05	4.20	4.22	4.21
2061/62	0.58	0.77	0.34	0.59	0.45
2062/63	0.42	1.50	0.18	2.26	0.63
2063/64	0.85	1.14	0.73	1.30	0.97
Sum	5.12	6.53	6.92	9.49	7.55

$$r = \frac{n \sum xy - (\sum x)(\sum Y)}{\sqrt{n(\sum x^2) - (\sum x)^2} \sqrt{n(\sum y^2) - (\sum y)^2}}$$

$$r = \frac{5 \times 7.55 - 5.12 \times 6.53}{\sqrt{5 \times 6.92 - 5.12^2} \sqrt{5 \times 9.49 - 6.53^2}}$$

$$r = 0.68$$

∴ Coefficient of Determination $r^2 = 0.46$

$$t^* = \frac{r}{\sqrt{\frac{1-r^2}{n-2}}}$$

$$t^* = 1.61$$

APPENDIX 12

Correlation Coefficient between loan Outstanding & Collection on Land
Development and Housing

Let,

X = Loan Outstanding Variable

Y = Loan Collection Variable

F/Y	X	Y	X ²	Y ²	XY
2059/60	6.31	1.06	39.87	1.13	6.72
2060/61	6.31	2.05	39.82	4.22	12.96
2061/62	6.12	0.77	37.49	0.59	4.71
2062/63	5.04	1.50	25.44	2.26	7.58
2063/64	4.76	1.14	22.64	1.30	5.42
Sum	28.55	6.53	165.26	9.49	37.38

$$r = \frac{n \sum xy - (\sum x)(\sum Y)}{\sqrt{n(\sum x^2) - (\sum x)^2} \sqrt{n(\sum y^2) - (\sum y)^2}}$$

$$r = \frac{5 \times 37.38 - 28.55 \times 6.53}{\sqrt{5 \times 165.26 - 28.55^2} \sqrt{5 \times 9.49 - 6.53^2}}$$

$$r = 0.075$$

∴ Coefficient of Determination $r^2 = 0.0056$

$$t^* = \frac{r}{\sqrt{\frac{1-r^2}{n-2}}}$$

$$t^* = 0.13$$

APPENDIX 13

Correlation Coefficient between loan disbursement & Collection on Horticulture

Let,

X = Loan Disbursement Variable

Y = Loan Collection Variable

F/Y	X	Y	X ²	Y ²	XY
2059/60	3.82	4.00	14.56	16.02	15.27
2060/61	4.82	4.95	23.26	24.49	23.87
2061/62	3.26	4.07	10.65	16.55	13.28
2062/63	3.49	4.62	12.19	21.34	16.13
2063/64	3.19	5.19	10.18	26.97	16.57
Sum	18.58	22.83	70.84	105.36	85.11

$$r = \frac{n \sum xy - (\sum x)(\sum Y)}{\sqrt{n(\sum x^2) - (\sum x)^2} \sqrt{n(\sum y^2) - (\sum y)^2}}$$

$$r = \frac{5 \times 85.11 - 18.58 \times 22.83}{\sqrt{5 \times 70.84 - 18.58^2} \sqrt{5 \times 105.36 - 22.83^2}}$$

$$r = 0.18$$

∴ Coefficient of Determination $r^2 = 0.032$

$$t^* = \frac{r}{\sqrt{\frac{1-r^2}{n-2}}}$$

$$t^* = 0.31$$

APPENDIX 14

Correlation Coefficient between loan Outstanding & Collection on Horticulture

Let,

X = Loan Outstanding Variable

Y = Loan Collection Variable

F/Y	X	Y	X ²	Y ²	XY
2059/60	23.81	4.00	566.73	16.02	95.27
2060/61	23.68	4.95	560.75	24.49	117.18
2061/62	22.88	4.07	523.27	16.55	93.07
2062/63	21.75	4.62	472.95	21.34	100.45
2063/64	19.75	5.19	389.87	26.97	102.54
Sum	111.85	22.83	2513.57	105.36	508.51

$$r = \frac{n \sum xy - (\sum x)(\sum Y)}{\sqrt{n(\sum x^2) - (\sum x)^2} \sqrt{n(\sum y^2) - (\sum y)^2}}$$

$$r = \frac{5 \times 508.51 - 111.85 \times 22.83}{\sqrt{5 \times 2513.57 - 111.85^2} \sqrt{5 \times 105.36 - 22.83^2}}$$

$$r = -0.63$$

∴ Coefficient of Determination $r^2 = 0.40$

$$t^* = \frac{r}{\sqrt{\frac{1-r^2}{n-2}}}$$

$$t^* = 1.43$$

APPENDIX 15

Correlation Coefficient between loan disbursement & Collection on Godown and Cold Storage

Let,

X = Loan Disbursement Variable

Y = Loan Collection Variable

F/Y	X	Y	X ²	Y ²	XY
2059/60	7.06	2.57	49.91	6.58	18.13
2060/61	4.91	3.77	24.10	14.25	18.53
2061/62	6.23	4.41	38.79	19.45	27.47
2062/63	1.49	2.93	2.23	8.56	4.37
2063/64	3.87	1.17	14.99	1.38	4.54
Sum	23.57	14.85	130.01	50.22	73.03

$$r = \frac{n \sum xy - (\sum x)(\sum Y)}{\sqrt{n(\sum x^2) - (\sum x)^2} \sqrt{n(\sum y^2) - (\sum y)^2}}$$

$$r = \frac{5 \times 73.03 - 23.57 \times 14.85}{\sqrt{5 \times 130.01 - 23.57^2} \sqrt{5 \times 50.22 - 14.85^2}}$$

$$r = 0.28$$

∴ Coefficient of Determination $r^2 = 0.08$

$$t^* = \frac{r}{\sqrt{\frac{1-r^2}{n-2}}}$$

$$t^* = 5.72$$

APPENDIX 16

Correlation Coefficient between loan Outstanding & Collection on Goddown

Let,

X = Loan Outstanding Variable

Y = Loan Collection Variable

F/Y	X	Y	X ²	Y ²	XY
2059/60	28.12	2.57	790.64	6.58	72.15
2060/61	29.25	3.77	855.73	14.25	110.41
2061/62	31.07	4.41	965.39	19.45	137.03
2062/63	29.64	2.93	878.34	8.56	86.73
2063/64	32.34	1.17	1045.58	1.38	37.92
Sum	150.41	14.85	4535.68	50.22	444.24

$$r = \frac{n \sum xy - (\sum x)(\sum Y)}{\sqrt{n(\sum x^2) - (\sum x)^2} \sqrt{n(\sum y^2) - (\sum y)^2}}$$

$$r = \frac{5 \times 444.24 - 150.41 \times 14.85}{\sqrt{5 \times 4535.68 - 150.41^2} \sqrt{5 \times 50.22 - 14.85^2}}$$

$$r = -0.31$$

∴ Coefficient of Determination $r^2 = 0.10$

$$t^* = \frac{r}{\sqrt{\frac{1-r^2}{n-2}}}$$

$$t^* = 0.57$$

APPENDIX 17

Correlation Coefficient between loan Disbursement & Collection on Tea and Coffee

Let,

X = Loan Outstanding Variable

Y = Loan Collection Variable

F/Y	X	Y	X ²	Y ²	XY
2059/60	9.75	1.59	94.99	2.54	15.53
2060/61	5.21	2.59	27.16	6.70	13.49
2061/62	4.08	1.77	16.65	3.14	7.23
2062/63	3.80	2.74	14.42	7.51	10.41
2063/64	2.36	2.78	5.55	7.74	6.55
Sum	25.19	11.48	158.77	27.63	53.22

$$r = \frac{n \sum xy - (\sum x)(\sum Y)}{\sqrt{n(\sum x^2) - (\sum x)^2} \sqrt{n(\sum y^2) - (\sum y)^2}}$$

$$r = \frac{5 \times 53.22 - 25.19 \times 11.48}{\sqrt{5 \times 158.77 - 25.19^2} \sqrt{5 \times 27.63 - 11.48^2}}$$

$$r = -0.72$$

∴ Coefficient of Determination $r^2 = 0.52$

$$t^* = \frac{r}{\sqrt{\frac{1-r^2}{n-2}}}$$

$$t^* = 1.83$$

APPENDIX 18

Correlation Coefficient between loan Outstanding & Collection on Tea and Coffee

Let,

X = Loan Outstanding Variable

Y = Loan Collection Variable

F/Y	X	Y	X ²	Y ²	XY
2059/60	50.52	1.59	2552.52	2.54	80.52
2060/61	53.15	2.59	2824.55	6.70	137.53
2061/62	55.85	1.77	3119.68	3.14	99.03
2062/63	56.91	2.74	3238.83	7.51	156.01
2063/64	56.49	2.78	3190.60	7.74	157.10
Sum	272.92	11.48	14926.18	27.63	630.19

$$r = \frac{n \sum xy - (\sum x)(\sum Y)}{\sqrt{n(\sum x^2) - (\sum x)^2} \sqrt{n(\sum y^2) - (\sum y)^2}}$$

$$r = \frac{5 \times 630.19 - 272.92 \times 11.48}{\sqrt{5 \times 14926.18 - 272.92^2} \sqrt{5 \times 27.63 - 11.48^2}}$$

$$r = 0.99$$

∴ Coefficient of Determination $r^2 = 0.98$

$$t^* = \frac{r}{\sqrt{\frac{1-r^2}{n-2}}}$$

$$t^* = 1.35$$

APPENDIX 19

Correlation Coefficient between loan Disbursement & Collection on Marketing Coffee

Let,

X = Loan Disbursement Variable

Y = Loan Collection Variable

F/Y	X	Y	X ²	Y ²	XY
2059/60	246.41	182.93	60716.16	33462.03	45074.23
2060/61	288.94	221.81	83484.76	49200.61	64089.79
2061/62	313.90	268.08	98533.34	71869.08	84151.65
2062/63	426.05	347.25	181522.61	120579.78	147945.79
2063/64	497.02	429.80	247033.55	184731.56	213623.25
Sum	1772.32	1449.87	671290.42	459843.07	554884.72

$$r = \frac{n \sum xy - (\sum x)(\sum Y)}{\sqrt{n(\sum x^2) - (\sum x)^2} \sqrt{n(\sum y^2) - (\sum y)^2}}$$

$$r = \frac{5 \times 554884.72 - 1772.32 \times 1449.87}{\sqrt{5 \times 671290.42 - 1772.32^2} \sqrt{5 \times 459843.07 - 1449.87^2}}$$

$$r = 0.99$$

$$r^2 = 0.98$$

∴ Coefficient of Determination r^2

$$t^* = \frac{r}{\sqrt{\frac{1-r^2}{n-2}}}$$

$$t^* = 11.81$$

APPENDIX 20

Correlation Coefficient between loan Outstanding & Collection on Marketing

Let,

X = Loan Outstanding Variable

Y = Loan Collection Variable

F/Y	X	Y	X ²	Y ²	XY
2059/60	286.21	182.93	81917.25	33462.03	52355.68
2060/61	353.34	221.81	124847.11	49200.61	78374.44
2061/62	399.15	268.08	159323.28	71869.08	107006.63
2062/63	477.96	347.25	228447.58	120579.78	165970.36
2063/64	545.18	429.80	297223.96	184731.56	234321.67
Sum	2061.85	1449.87	891759.17	459843.07	638028.79

$$r = \frac{n \sum xy - (\sum x)(\sum Y)}{\sqrt{n(\sum x^2) - (\sum x)^2} \sqrt{n(\sum y^2) - (\sum y)^2}}$$

$$r = \frac{5 \times 638028.79 - 2061.85 \times 1449.87}{\sqrt{5 \times 891759.17 - 2061.85^2} \sqrt{5 \times 459843.07 - 1449.87^2}}$$

$$r = 0.99$$

$$r^2 = 0.98$$

∴ Coefficient of Determination r^2

$$t^* = \frac{r}{\sqrt{\frac{1-r^2}{n-2}}}$$

$$t^* = 11.81$$

APPENDIX 22

Correlation Coefficient between loan Disbursement & Collection on Non -
Agricultural Loan

Let,

X = Loan Disbursement Variable

Y = Loan Collection Variable

F/Y	X	Y	X ²	Y ²	XY
2059/60	9.23	1.77	85.25	3.12	16.30
2060/61	44.66	13.49	1994.35	181.90	602.31
2061/62	106.92	69.68	11430.97	4854.94	7449.61
2062/63	155.78	92.35	24267.66	8529.11	14386.86
2063/64	209.35	163.16	43828.64	26622.39	34158.79
Sum	525.94	340.45	81606.86	40191.47	56613.87

$$r = \frac{n \sum xy - (\sum x)(\sum Y)}{\sqrt{n(\sum x^2) - (\sum x)^2} \sqrt{n(\sum y^2) - (\sum y)^2}}$$

$$r = \frac{5 \times 56613.87 - 525.94 \times 340.45}{\sqrt{5 \times 81606.86 - 525.94^2} \sqrt{5 \times 40191.47 - 340.45^2}}$$

$$r = 0.98$$

$$r^2 = 0.96$$

∴ Coefficient of Determination r^2

$$t^* = \frac{r}{\sqrt{\frac{1-r^2}{n-2}}}$$

$$t^* = 8.9$$

APPENDIX 23

Correlation Coefficient between loan Outstanding & Collection on Non-Agricultural Loan

Let,

X = Loan Outstanding Variable

Y = Loan Collection Variable

F/Y	X	Y	X ²	Y ²	XY
2059/60	7.47	1.77	55.76	3.12	13.19
2060/61	38.64	13.49	1492.90	181.90	521.12
2061/62	75.88	69.68	5757.23	4854.94	5286.87
2062/63	139.30	92.35	19405.60	8529.11	12865.17
2063/64	185.49	163.16	34407.73	26622.39	30265.76
Sum	446.78	340.45	61119.22	40191.47	48952.10

$$r = \frac{n \sum xy - (\sum x)(\sum Y)}{\sqrt{n(\sum x^2) - (\sum x)^2} \sqrt{n(\sum y^2) - (\sum y)^2}}$$

$$r = \frac{5 \times 48952.10 - 446.78 \times 340.45}{\sqrt{5 \times 61119.22 - 446.78^2} \sqrt{5 \times 40191.47 - 340.45^2}}$$

$$r = 0.98$$

$$r^2 = 0.96$$

∴ Coefficient of Determination r^2

$$t^* = \frac{r}{\sqrt{\frac{1-r^2}{n-2}}}$$

$$t^* = 8.9$$

APPENDIX 24

Correlation Coefficient between loan Disbursement & Collection on Tourism

Let,

X = Loan Disbursement Variable

Y = Loan Collection Variable

F/Y	X	Y	X ²	Y ²	XY
2059/60	0.00	0.00	0.00	0.00	0.00
2060/61	2.08	1.29	4.31	1.68	2.69
2061/62	0.00	0.00	0.00	0.00	0.00
2062/63	0.00	0.78	0.00	0.61	0.00
2063/64	0.00	0.00	0.00	0.00	0.00
Sum	2.08	2.08	4.31	2.29	2.69

$$r = \frac{n \sum xy - (\sum x)(\sum Y)}{\sqrt{n(\sum x^2) - (\sum x)^2} \sqrt{n(\sum y^2) - (\sum y)^2}}$$

$$r = \frac{5 \times 2.69 - 2.08 \times 2.08}{\sqrt{5 \times 4.31 - 2.08^2} \sqrt{5 \times 2.29 - 2.08^2}}$$

$$r = 0.98$$

$$r^2 = 0.96$$

∴ Coefficient of Determination r^2

$$t^* = \frac{r}{\sqrt{\frac{1-r^2}{n-2}}}$$

$$t^* = 8.9$$

APPENDIX 25

Correlation Coefficient between loan Outstanding & Collection on Tourism

Let,

X = Loan Outstanding Variable

Y = Loan Collection Variable

F/Y	X	Y	X ²	Y ²	XY
2059/60	0.00	0.00	0.00	0.00	0.00
2060/61	0.78	1.29	0.61	1.68	1.01
2061/62	0.78	0.00	0.61	0.00	0.00
2062/63	0.00	0.78	0.00	0.61	0.00
2063/64	0.00	0.00	0.00	0.00	0.00
Sum	1.57	2.08	1.23	2.29	1.01

$$r = \frac{n \sum xy - (\sum x)(\sum Y)}{\sqrt{n(\sum x^2) - (\sum x)^2} \sqrt{n(\sum y^2) - (\sum y)^2}}$$

$$r = \frac{5 \times 1.01 - 1.57 \times 2.08}{\sqrt{5 \times 1.23 - 1.57^2} \sqrt{5 \times 2.29 - 2.08^2}}$$

$$r = 0.98$$

$$r^2 = 0.96$$

∴ Coefficient of Determination r^2

$$t^* = \frac{r}{\sqrt{\frac{1-r^2}{n-2}}}$$

$$t^* = 8.9$$

APPENDIX 26

Correlation Coefficient between loan Disbursement & Collection on Short Term

Let,

X =Loan Disbursement Variable

Y =Loan Collection Variable

F/Y	X	Y	X ²	Y ²	XY
2059/60	435.60	345.62	189743.61	119452.70	150550.28
2060/61	545.75	417.27	297839.13	174111.67	227721.91
2061/62	605.38	512.64	366482.52	262795.67	310338.56
2062/63	775.65	624.37	601637.89	389842.64	484297.54
2063/64	886.33	774.02	785574.49	599110.99	686036.66
Sum	3248.70	2673.92	2241277.64	1545313.66	1858944.95

$$r = \frac{n \sum xy - (\sum x)(\sum Y)}{\sqrt{n(\sum x^2) - (\sum x)^2} \sqrt{n(\sum y^2) - (\sum y)^2}}$$

$$r = \frac{5 \times 1858944.95 - 3248.70 \times 2673.92}{\sqrt{5 \times 2241277.64 - 3248.70^2} \sqrt{5 \times 1545313.66 - 2673.92^2}}$$

$$r = 0.99$$

$$r^2 = 0.98$$

∴ Coefficient of Determination r^2

$$t^* = \frac{r}{\sqrt{\frac{1-r^2}{n-2}}}$$

$$t^* = 11.81$$

APPENDIX 27

Correlation Coefficient between loan Outstanding & Collection on Short Term

Let,

X = Loan Outstanding Variable

Y = Loan Collection Variable

F/Y	X	Y	X ²	Y ²	XY
2059/60	628.70	345.62	395260.55	119452.70	217289.99
2060/61	764.64	417.27	584680.60	174111.67	319060.67
2061/62	857.39	512.64	735110.92	262795.67	439526.98
2062/63	1008.67	624.37	1017406.09	389842.64	629784.31
2063/64	1120.97	774.02	1256572.17	599110.99	867655.57
Sum	4380.36	2673.92	3989030.33	1545313.66	2473317.53

$$r = \frac{n \sum xy - (\sum x)(\sum Y)}{\sqrt{n(\sum x^2) - (\sum x)^2} \sqrt{n(\sum y^2) - (\sum y)^2}}$$

$$r = \frac{5 \times 2473317.53 - 4380.36 \times 2673.92}{\sqrt{5 \times 3989030.33 - 4380.36^2} \sqrt{5 \times 1545313.66 - 2673.92^2}}$$

$$r = 0.99$$

$$r^2 = 0.98$$

∴ Coefficient of Determination r^2

$$t^* = \frac{r}{\sqrt{\frac{1-r^2}{n-2}}}$$

$$t^* = 11.81$$

APPENDIX 29

Correlation Coefficient between loan Disbursement & Collection on Middle Term

X =Loan Disbursement Variable

Y =Loan Collection Variable

F/Y	X	Y	X ²	Y ²	XY
2059/60	432.66	345.96	187197.53	119687.77	149683.85
2060/61	450.84	388.74	203254.09	151122.36	175260.49
2061/62	395.91	385.25	156742.35	148420.41	152524.64
2062/63	395.08	395.33	156085.68	156283.44	156184.53
2063/64	389.81	400.99	151951.52	160793.54	156310.02
Sum	2064.29	1916.28	855231.18	736307.52	789963.52

$$r = \frac{n \sum xy - (\sum x)(\sum Y)}{\sqrt{n(\sum x^2) - (\sum x)^2} \sqrt{n(\sum y^2) - (\sum y)^2}}$$

$$r = \frac{5 \times 789963.52 - 2064.29 \times 1916.28}{\sqrt{5 \times 855231.18 - 2064.29^2} \sqrt{5 \times 736307.52 - 1916.28^2}}$$

$$r = -0.50$$

$$r^2 = 0.25$$

∴ Coefficient of Determination r^2

$$t^* = \frac{r}{\sqrt{\frac{1-r^2}{n-2}}}$$

$$t^* = -1$$

APPENDIX 30

Correlation Coefficient between loan Outstanding & Collection on Middle Term

Let,

X = Loan Outstanding Variable

Y = Loan Collection Variable

F/Y	X	Y	X ²	Y ²	XY
2059/60	935.31	345.96	874809.47	119687.77	323579.96
2060/61	989.94	388.74	979977.05	151122.36	384833.01
2061/62	1000.59	385.25	1001182.75	148420.41	385481.46
2062/63	1000.34	395.33	1000682.12	156283.44	395461.81
2063/64	989.16	400.99	978437.31	160793.54	396643.92
Sum	4915.34	1916.28	4835088.69	736307.52	1886000.17

$$r = \frac{n \sum xy - (\sum x)(\sum Y)}{\sqrt{n(\sum x^2) - (\sum x)^2} \sqrt{n(\sum y^2) - (\sum y)^2}}$$

$$r = \frac{5 \times 1886000.17 - 4915.34 \times 1916.28}{\sqrt{5 \times 4835088.69 - 4915.34^2} \sqrt{5 \times 736307.52 - 1916.28^2}}$$

$$r = 0.92$$

$$r^2 = 0.85$$

∴ Coefficient of Determination r^2

$$t^* = \frac{r}{\sqrt{\frac{1-r^2}{n-2}}}$$

$$t^* = 4.18$$

APPENDIX 31

Correlation Coefficient between loan Disbursement & Collection on Long Term

X =Loan Disbursement Variable

Y =Loan Collection Variable

F/Y	X	Y	X ²	Y ²	XY
2059/60	20.63	8.17	425.48	66.80	168.59
2060/61	14.94	11.32	223.31	128.18	169.19
2061/62	13.57	9.85	184.20	97.06	133.71
2062/63	8.78	11.19	77.11	125.27	98.29
2063/64	9.42	9.15	88.70	83.67	86.15
Sum	67.34	49.69	998.80	500.98	655.92

$$r = \frac{n \sum xy - (\sum x)(\sum Y)}{\sqrt{n(\sum x^2) - (\sum x)^2} \sqrt{n(\sum y^2) - (\sum y)^2}}$$

$$r = \frac{5 \times 655.92 - 67.34 \times 49.69}{\sqrt{5 \times 998.80 - 67.34^2} \sqrt{5 \times 500.98 - 49.69^2}}$$

$$r = -0.52$$

$$r^2 = 0.27$$

∴ Coefficient of Determination r^2

$$t^* = \frac{r}{\sqrt{\frac{1-r^2}{n-2}}}$$

$$t^* = -1$$

APPENDIX 32

Correlation Coefficient between loan Outstanding & Collection on Long Term

Let,

X =Loan Outstanding Variable

Y =Loan Collection Variable

F/Y	X	Y	X ²	Y ²	XY
2059/60	103.36	8.17	10684.03	66.80	844.81
2060/61	106.99	11.32	11445.90	128.18	1211.26
2061/62	110.71	9.85	12255.73	97.06	1090.65
2062/63	108.29	11.19	11727.76	125.27	1212.07
2063/64	108.57	9.15	11786.58	83.67	993.06
Sum	537.92	49.69	57900.00	500.98	5351.85

$$r = \frac{n \sum xy - (\sum x)(\sum Y)}{\sqrt{n(\sum x^2) - (\sum x)^2} \sqrt{n(\sum y^2) - (\sum y)^2}}$$

$$r = \frac{5 \times 5351.85 - 537.92 \times 49.69}{\sqrt{5 \times 57900.00 - 537.92^2} \sqrt{5 \times 500.98 - 49.69^2}}$$

$$r = 0.44$$

$$r^2 = 0.19$$

∴ Coefficient of Determination r^2

$$t^* = \frac{r}{\sqrt{\frac{1-r^2}{n-2}}}$$

$$t^* = 0.86$$

APPENDIX 33

Loan Disbursement ,Loan Collection ADBI by purpose

F/Y	X	Y	X2	Y2	XY
2059/60	888.89	699.75	790118.50	489652.44	621999.56
2060/61	1011.53	817.33	1023187.07	668033.56	826754.68
2061/62	1014.86	908.14	1029934.53	824720.98	921633.67
2062/63	1179.51	1030.89	1391247.38	1062740.58	1215950.27
2063/64	1285.55	1184.16	1652649.86	1402235.85	1522302.49
Sum	5380.34	4640.28	5887137.34	4447383.42	5108640.67

$$r = \frac{n \sum xy - (\sum x)(\sum Y)}{\sqrt{n(\sum x^2) - (\sum x)^2} \sqrt{n(\sum y^2) - (\sum y)^2}}$$

$$r = \frac{5 \times 5108640.67 - 5380.34 \times 4640.28}{\sqrt{5 \times 5887137.34 - 5380.34^2} \sqrt{5 \times 4447383.42 - 4640.28^2}}$$

$$r = 0.98$$

$$r^2 = 0.96$$

∴ Coefficient of Determination r^2

$$t^* = \frac{r}{\sqrt{\frac{1-r^2}{n-2}}}$$

$$t^* = 8.9$$

APPENDIX 34

Portfolio of Loan Collection and Outstanding of ADBI by purpose

F/Y	X	Y	X ²	Y ²	XY
2059/60	1667.37	699.75	2780134.72	489652.44	1166747.51
2060/61	1861.57	817.33	3465432.81	668033.56	1521520.76
2061/62	1968.68	908.14	3875712.36	824720.98	1787842.64
2062/63	1708.04	1030.89	2917409.87	1062740.58	1760809.43
2063/64	1800.14	1184.16	3240501.50	1402235.85	2131653.67
Sum	9005.81	4640.28	16279191.26	4447383.42	8368574.02

$$r = \frac{n \sum xy - (\sum x)(\sum Y)}{\sqrt{n(\sum x^2) - (\sum x)^2} \sqrt{n(\sum y^2) - (\sum y)^2}}$$

$$r = \frac{5 \times 8368574.02 - 9005.81 \times 4640.28}{\sqrt{5 \times 16279191.26 - 9005.81^2} \sqrt{5 \times 4447383.42 - 4640.28^2}}$$

$$r = 0.12$$

$$r^2 = 0.01$$

∴ Coefficient of Determination r^2

$$r^* = \frac{r}{\sqrt{1 - r^2}}$$

$$r^* = 0.21$$

APPENDIX 35

Portfolio of Loan Disbursement ,loan Collection of ADBI by Term

F/Y	X	Y	X ²	Y ²	XY
2059/60	20.63	8.17	425.48	66.80	168.59
2060/61	14.94	11.32	223.31	128.18	169.19
2061/62	13.57	9.85	184.20	97.06	133.71
2062/63	8.78	11.19	77.11	125.27	98.29
2063/64	9.42	9.15	88.70	83.67	86.15
Sum	67.34	49.69	998.80	500.98	655.92

$$r = \frac{n \sum xy - (\sum x)(\sum Y)}{\sqrt{n(\sum x^2) - (\sum x)^2} \sqrt{n(\sum y^2) - (\sum y)^2}}$$

$$r = \frac{5 \times 655.92 - 67.34 \times 49.69}{\sqrt{5 \times 998.80 - 67.34^2} \sqrt{5 \times 500.98 - 49.69^2}}$$

$$r = -0.50$$

$$r^2 = 0.27$$

∴ Coefficient of Determination r^2

$$r^* = \frac{r}{\sqrt{1 - r^2}}$$

$$r^* = -1$$

APPENDIX 35

Portfolio of Loan Disbursement and Outstanding of ADBI by

F/Y	X	Y	X ²	Y ²	XY
2059/60	103.36	8.17	10684.03	66.80	844.81
2060/61	106.99	11.32	11445.90	128.18	1211.26
2061/62	110.71	9.85	12255.73	97.06	1090.65
2062/63	108.29	11.19	11727.76	125.27	1212.07
2063/64	108.57	9.15	11786.58	83.67	993.06
Sum	537.92	49.69	57900.00	500.98	5351.85

$$r = \frac{n \sum xy - (\sum x)(\sum Y)}{\sqrt{n(\sum x^2) - (\sum x)^2} \sqrt{n(\sum y^2) - (\sum y)^2}}$$

$$r = \frac{5 \times 5351.85 - 537.92 \times 49.69}{\sqrt{5 \times 57900.00 - 537.92^2} \sqrt{5 \times 500.98 - 49.69^2}}$$

$$r = 0.44$$

$$r^2 = 0.19$$

∴ Coefficient of Determination r^2

$$r^* = \frac{r}{\sqrt{\frac{1-r^2}{n-2}}}$$

$$r^* = 0.86$$