

**A STUDY ON FUND MOBILIZATION OF
COMMERCIAL BANK IN NEPAL
(With Reference To NBBL and EBL Bank Ltd.)**

A THESIS

**Submitted to:
Office of the Dean
Faculty of Management
Tribhuvan University**

**Submitted by:
RITA CHAUDHARY
T.U. Regd. No: 7-1-239-373-99
Roll No: 307/063-064
Central Department of Management**

**In Partial Fulfilment of the Requirements for the Degree of
Master of Business Studies (M.B.S.)**

**Nepal
June, 2013**



TRIBHUVAN UNIVERSITY

CENTRAL DEPARTMENT OF MANAGEMENT

Office of Head of the Department
Birtipur, Kathmandu, Nepal

RECOMMENDATION

This is to certify that the thesis

Submitted By:

RITA CHAUDHARY

Entitled:

**A STUDY ON FUND MOBILIZATION OF COMMERCIAL BANK IN
NEPAL**

(With Reference To NBBL and EBL Bank Ltd.)

Has been prepared as approved by this Department in the prescribed format of the faculty of management. This thesis is forwarded for examination.

.....
Mr. Rameshwor Acharya
(Thesis Supervisor)

.....
Prof. Dr. Bal Krishna Shrestha
(Chairperson of Research Committee)

&

Head of Department

Date:



TRIBHUVAN UNIVERSITY

CENTRAL DEPARTMENT OF MANAGEMENT

Office of Head of the Department
Kirtipur, Kathmandu, Nepal

VIVA – VOCE SHEET

We have conducted the viva- voce of the thesis presented

Submitted By:

RITA CHAUDHARY

Entitled:

**A STUDY ON FUND MOBILIZATION OF COMMERCIAL BANK IN
NEPAL**

(With Reference To NBBL and EBL Bank Ltd.)

And found the thesis to be original work of the student and written according to the prescribed format. We recommended the thesis to be accepted as partial fulfillment of the requirements for the degree of Master of Business Studies.

Viva-Voce Committee

Chairman, Research Committee

Member (Thesis Supervisor)

Member (CDM)

Member (External Expert)

Date:

DECLARATION

I hereby declare that the work reported in this thesis entitled **A Study on Fund Mobilization of Commercial Bank in Nepal (With Reference to NBBL and EBL Bank Ltd.)** submitted to Central Department of Management, Faculty of Management, Tribhuvan University, is my original work done in the form of partial fulfillment of requirement for the Master's Degree in Business Studies (M.B.S) under the supervision of **Mr. Rameshwor Acharya** of Central Department of Management.

.....

Rita Chaudhary

Researcher

Central Department of Management

T.U. Regd. No: 7-1-239-373-99

Roll No: 307/063-064

ACKNOWLEDGEMENTS

First of all I thank god for granting me sound health and wisdom throughout the time.

I gratefully express my sense of indebtedness to my respected supervisor Mr. Rameshwor Acharya for his guidance, supervision and inspection during the preparation of this dissertation and made me realized that he is my mentor for the whole life for any type of research studies.

I express my thanks to Prof. Dr. Bal Krishna Shrestha, Head of Department, Central Department of Management, T.U., Kirtipur, Mr. Rishi Raj Dawadi, Mukund Rimal and all staffs of Central Department of Management, T.U.

I feel much credit for this research work goes to all my family members for the economic support, respiration, support and perpetual kind of cooperation. I am obliged to my brother and sister for their encouragement and valuable knowledge.

Last but not least, my sincere thanks to Nirmala V.K. who morally supported me during the preparation of this dissertation. I am also thankful to Durka Man Maharjan of Durka Computer System, Kirtipur for computer typing and printing.

June, 2013

Rita Chaudhary

TABLE OF CONTENTS

	Page No.
Recommendation	i
Viva-Voce Sheet	ii
Declaration	iii
Acknowledgements	iv
Table of Contents	v
List of Tables	vii
List of Figures	viii
CHAPTER – I: INTRODUCTION	1-13
1.1 Background of the Study	1
1.1.1 History of the Bank	3
1.1.2 Present Status of Banking Industry	5
1.1.3 Corporate Vision & Mission	8
1.2 Statement of the Problem	9
1.3 Objective of the Study	10
1.4 Significance of the Study	11
1.5 Limitations of the Study	12
1.6 Organization of the Study	12
CHAPTER – II: REVIEW OF LITERATURE	14-37
2.1 Conceptual Frame Work	14
2.1.1 Commercial Bank	14
2.1.2 Joint Venture .	17
2.1.3 Investment	19
2.1.4 Features of a Sound Lending and Investment Policy	19
2.1.5 Meaning of Some Important Terminology.	21
2.2 Review of Related Studies	26
2.2.1 Review of Books	26

2.2.2	Review of Research Works	30
2.2.3	Review of Articles	35
CHAPTER - III: RESEARCH METHODOLOGY		38-48
3.1	Research Design	38
3.2	Population and Sample	38
3.3	Data Collection Techniques	39
3.4	Data Analysis Tools	39
CHAPTER- IV: PRESENTATIONS AND ANALYSIS OF DATA		49-94
4.1	Data Presentations and Analysis	49
4.2	Financial Tools	49
4.3	Statistical Tools	77
4.4	Major Findings of the Study	90
CHAPTER – V: SUMMARY, CONCLUSION AND RECOMMENDATION		95-101
5.1	Summary and Conclusion	95
5.2	Recommendations	97
BIBLIOGRAPHY		i-v
APPENDICES		vi-xxiv

LIST OF TABLES

	Page no.
Table No 1 : Current Ratio (Times)	50
Table No.2 : Cash and Bank Balance to Total Deposit Ratio	52
Table No.3 : Cash & Bank Balance to Current Assets Ratio	54
Table No.4 : Investment in Government Securities to Current Assets Ratio	57
Table No. 5 : Investment in Government Securities to Current Assets Ratio	59
Total No. 6 : Loan & Advances to Total Working Fund Ratio	60
Table No. 7 : Investment on Government Securities to Total Working Fund Ratio	61
Table No. 8 : Investment on Share & Debenture to Total Working Fund Ratio	63
Table No. 9 : Return on Loan and Advances	65
Table No. 10 : Return on Total Working Fund Ratio	66
Table No. 11 : Total Interest Earned to Total Assets Ratio	68
Table No. 12 : Total Interest Earned to Total Operating Income Ratio	69
Table No. 13 : Total Interest Paid to Total Working Fund Ratio	70
Table No. 14 : Total Interest Paid to Total Working Fund Ratio	72
Table No. 15 : Credit Risk Ratio	73
Table No. 16 : Growth ratio of Total Deposit	74
Table No. 17 : Growth Ratio of Loan & Advances	75
Table No. 18 : Growth Ratio of Total Investment	75
Table No. 19 : Growth Ratio of Net Profit	75
Table No. 20 : Correlation between Deposit and LOAN & advances	77
Table No. 21 : Correlation between Deposit and Total Investment	79
Table No. 22 : Correlation between Outside Assets and Net Profit	80
Table No. 23 : Correlation between Outside Assets and Net Profit	82
Trend No. 24 : Correlation between Outside Assets and Net Profit	84

Table No. 25 : Correlation between Outside Assets and Net Profit	85
Table No. 26 : Correlation between Outside Assets and Net Profit	87

LIST OF FIGURES

	Page No.
Figure No.1 : Current Ratio	51
Figure No.2 : Cash and Bank Balance to Total Deposit Ratio	53
Figure No.3 : Cash & Bank Balance to Current Assets Ratio	55
Figure No.4 : Cash & Bank Balance to Current Assets Ratio	57
Figure No.5 : A pie chart showing Average Percentage of Cash and Bank Balance Loan and Advances and Total Investment of NBBL	64
Figure No. 6 : A pie chart showing Average Percentage of Cash and Bank Balance Loan and Advances and Total Investment of EBL	64
Figure No. 7 : Trend Value of Total Deposit of NBBL & EBLII.	83
Figure No. 8 : Trend value of Loan & Advances to NBBL and EBL	84
Figure No. 9 : Trend Value of Total Investment to NBBL and EBL	86
Figure No.10: Trend value of Net profit of NBBL and EBL	87