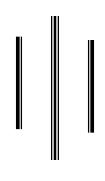
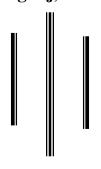
PROFIT PLANNING AND CONTROL "A Case Study of Agricultural Development Bank Ltd."



$\mathbf{B}\mathbf{y}$

Mohan Kumar Yadav Campus Roll No.:- 22/063 T. U. Regd. No.: 7-1-14-1193-97 Thakur Ram Multiple Campus Birgunj, Parsa



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

In partial fulfillment of the requirement for the Degree of Master of Business Studies (MBS)

Birgunj, Parsa (Nepal)

RECOMMENDATION

This is to certify that the thesis submitted by Mr. Mohan Kumar Yadav

Entitled

PROFIT PLANNING AND CONTROL
"A Case Study of Agricultural Development Bank Ltd."

Has been prepared as approved by this department in the prescribed format of Faculty of Management. This thesis is forwarded for examination.

(Avinash Pd. Singh)
Thesis Supervisor & Associate Professor of Thakur Ram Multiple Campus, Campus, Birgunj

Campus Chief
Thakur Ram Multiple Campus
Birgunj, Parsa

Cavinash Pd. Singh)
(Rajeshwar Pd. Acharya)
Chairperson of Research Committee
Thakur Ram Multiple Campus,
Birgunj

VIVA - VOCE SHEET

We have conducted the VIVA - VOCE Examination of the thesis presented $$\operatorname{By}$$

Mohan Kumar Yadav

Entitled

Profit Planning & Control "A Case Study of Agricultural Development Bank Ltd." and found the thesis to be the original work of the student and written according to the prescribed format. We recommend the thesis to be accepted as partial fulfillment of Master's Degree in Business Studies (M.B. S.)

VIVA - VOCE Committee

Head of Research Department
Member (Thesis Supervisor)
Member (External Expert)
Date:

DECLARATION

I hereby declare that the work reported in this thesis entitled **Profit Planning and Control**"A Case Study of Agricultural Development Bank Ltd." submitted to Office of the Dean,
Faculty of Management, Tribhuvan University is my independent work done in the form of
partial fulfillment of the requirement for the degree of Master in Business Studies under the
supervision of Mr. Avinash Pd. Singh, Associate Professor of Thakur Ram Multiple Campus,
Tribhuvan University.

.....

Mohan Kumar Yadav

Researcher

Thakur Ram Multiple Campus, Birgunj

ACKNOWLEDGEMENT

This is a thesis prepared for analyzing the Profit Panning and Control "A case study of

Agricultural Development Bank Ltd.". This thesis is prepared as a part of partial

fulfillment required by Tribhuvan University as a MBS dissertation.

Firstly, a lots of thanks to Department of Management of T.U. for providing a basis of

practical knowledge through research on different subject matters, I would like to express my

sincere gratitude to my respected thesis guide Mr. Avinash Pd. Singh, Reader of TRM

Campus.

The credit goes to him for his warm encouragement and suggestion in spite of his busy

schedule. I shall ever indebted of him for his valuable direction and useful suggestion. Also I

would like to express my sincere thanks to my respected teachers Mr. Rajeshwar Pd. Acharya

(Reader), Mr. K.K. Sah (Reader), Mr. Sanjay Shrestha (Lecturer) of Thakur Ram Multiple

Campus for their hearty Co-operation and guide.

I can't remain thanking all staffs of Agricultural Dev. Bank Ltd for their great support

providing valuable data and information while preparing this thesis.

The special thanks goes to my parents and all my family members and who always initiate

and help me in every step of my study directly and indirectly and provided their valuable

contribution to earn this thesis into a grand success.

Finally, I would like to thank Mr. Pramod Chaudhary, Mr. Niranjan Mahoto, Mr. Brijesh

Padit, Mr. Anand Yadav, Mr. Uttam Chaudhary of Samiksha Communication for such a nice

computer typing, thesis setting and designing in presentable manner.

.....

Mohan Kumar Yadav

TABLE OF CONTENTS

RECON	\mathbf{M}	IED	A	TI	ON	V
-------	--------------	------------	---	----	----	---

VIVA-VOCE SHEET

DECLARATION

ACKNOWLEDGEMENT

TABLE OF CONTENTS

LIST OF TABLES

ABBREVIATIONS

CHAPTER - ONE

			Page No.
1.	Introdu	action	1
	1.1	Back ground of the Study	2
	1.1.	1 Organization and Management of ADBL	3
	1.1.	2 Objectives of ADBL	5
	1.1.	3 Areas of lending	5
	1.1.4	4 Main functions of ADBL	6
	1.1.	5 Commercial Banking Activities of the Bank	6
	1.2	Statement of the Problems	7
	1.3	Significance of the Study	8
	1.4	Objectives of the Study	8
	1.5	Limitations of the Study	9
	1.6	Organization of the Study	9

CHAPTER - TWO

2.	Review	Review of Literature						
	2.1 H	Background	10					
	2.2	Conceptual Framework	11					
	2.2.1	Concept and Meaning of Development Bank	11					
	2.2.2	2 Different Development Bank in Nepal	11					
	2.2.3	3 Origin and Evolution of Development Bank	12					
	2.2.4	Nepalese Context	13					
	2.2.5	5 Profit: The Basic Element of the Plan	14					
	2.2.6	6 Planning: The Basic Foundation of Profit Management	14					
	2.2.7	Forecasting V/S Planning	16					
	2.2.8	3 Types of Planning	16					
	2	2.2.8.1 Long Range planning	16					
	2	2.2.8.2 Medium Range planning	17					
	2	2.2.8.3 Sort Range planning	17					
	2.2.9	Profit planning	17					
	2.:	2.9.1 Advantage and Disadvantages of PP	18					
	2.2	2.9.2 Basic Assumption and Limitation of PP	20					
	2.2.10	Budgetary Control	22					
	2.2.1	0.1 Meaning of Budgeting and Budget	22					
	2.2.1	0.2 Budgeting: As a Device of profit plan	23					
	2.2.1	0.3 Essentials of Effective Budgeting	24					
	2.2.1	10.4 Classification of Budget	26					

		2.2.10.4.1 Classification according to time factor	26				
		2.2.10.4.2 Function Classification	27				
	2.2.10.4.3 Classification according to flexibility						
	2.2.1	1 Flexible Budget	29				
	2.2.1	2 Profit Planning and Control	30				
		2.2.12.1 The fundamentals of PPC	31				
		2.2.12.2 Purposes of PPC	35				
		2.2.12.3 Development of profit plan & Control in the Bank	36				
		2.2.12.3.1Resources Mobilization plan or Budget	36				
		2.2.12.3.2 Resources Deployment Plan or Budget	37				
		2.2.12.3.3 Planning for Non-funded Business Activities	38				
		2.2.12.3.4 Expenditure Planning	39				
		2.2.12.3.5 Revenue Planning	40				
		2.2.12.4 Performance Report	41				
	2.3	Review of previous related studies	42				
		CHAPTER - THREE					
3.	Resea	arch Methodology	50				
	3.1	Introduction	50				
	3.2	Research Design	50				
	3.3	Sources of Data Collection	50				
	3.4	Method of data Analysis	50				
	3.5	Analytical Tools Used	51				

	3.5.1 Financial Tools					
	3.5.1.1 Ratio Analysis					
	3.5.1.2 Cash Flow Analysis					
	3.5.1.3 Cost Volume Profit Analysis					
		3.5.1.4 Different Functional Budget	53			
		3.5.1.5 Other Aspects of PPC	54			
		3.5.2 Statistical tools	55			
		3.5.2.1 Standard Deviation	55			
		3.5.2.2 Coefficient of Variance	55			
		3.5.2.3 Correlation of Coefficient	55			
		3.5.2.4 Co-Efficient of Determination	56			
		3.5.2.5 Probable Error	56			
		3.5.2.6 Regression Analysis	56			
		3.5.2.7 Graphical Presentation	57			
		CHAPTER - FOUR				
4.	Data	Presentation and Analysis	58			
	4.1	Introduction	58			
	4.2	Analysis of Financial Ratio	58			
		4.2.1 Liquidity Ratio	58			
		4.2.2 Turnover Ratio	59			
		4.2.2.1 Total Assets Turnover Ratio	59			
		4.2.2.2 Fixed Asset Turnover Ratio	60			
		4.2.2.3 Current Assets Turnover Ratio	61			

BIBLI	OGRAI	PHY		
	5.3	Recom	nmendation	85
	5.2	Conclu	usion	84
	5.1	Summ	ary	83
5.	Sumn	ary, Co	onclusion & Recommendations	83
			CHAPTER - FIVE	
			4.2.7.2 Balance Sheet	81
			4.2.7.1 Profit and Loss A/C	79
		4.2.7	Other Aspects of PPC	79
			4.2.6.3 Administrative Expanses Budget	78
			4.2.6.2 Human Resources Budget	77
			4.2.6.1 Sales (Revenue) Budget	74
		4.2.6	Differential Functional Budget	74
		4.2.5	Cash Flow Planning of ADBL	71
		4.2.4	Cost Volume Profit Analysis	67
			4.2.3.6 Dividend per Share	67
			4.2.3.5 Earning Per Share	66
			4.2.3.4 Return on Shareholder's Fund	65
			4.2.3.3 Return on Total Assets	64
			4.2.3.2 Net Profit margin	63
			4.2.3.1 Gross Operation Profit Margin	62
		4.2.3	Profitability Ratio	62

ANNEXES

LIST OF TABLES

S. N.	Name of Table	page No.
1	Calculation of Current Ratio	59
2	Calculation of Total Assets Turnover Ratio	60
3	Fixed Assets Turnover Ratio	61
4	Current Assets Turnover Ratio	62
5	Gross Operating Profit Margin	63
6	Net Profit Margin	64
7	Return on Total Assets	65
8	Return on Shareholder's fund	66
9	Earning Per Shares	67
10	Expenses Variability of ADBL	70
11	Cash Flow Statement	71
12	Revenue Target and Achievement	74
13	Summary of Revenue Target and Achievement	76
14	Human Resources Budget	78
15	Administrative Expenses Budget	79
16	Profit and Loss Account	80
17	Balance Sheet	82

ABBREVIATIONS

ADBL : Agriculture Development Bank Limited

ATM : Automatic Teller Machine

BAFIO : Bank and Financial Institution Ordinance

BEP : Break Even Point

B/G : Band Guarantee

B.S. : Bikram Sambat

C/D RATIO : Credit Deposit Ratio

CEO : Chief Executive Officer

CIT : Central Training Institute

COD : Cost of Deposit

CRR : Cost Reserve Ratio

CVP ANALYSIS : Cost, Volume & Profit Analysis

DP : Dividend Payout

F.Y. : Fiscal Year

GDP : Gross Domestic Product

ICC : International Chamber of Commerce

IFICI BANK : International Finance Investment & Commerce

Bank

L/C : Letter of Credit

MD : Managing Director

NIDC : Nepal Industrial Development Corporation

NRB : Nepal Rastra Bank

O/S : Outstanding Liability

PO BOX : Post Office Box

PP : Profit Planning

PPC : Profit Planning and Control

RBB : Rastriya Banijya Bank

RDB : Regional Rural Development Bank

ROA : Return on Assets

ROs : Regional Offices

RTCs : Regional Training Centers

YOF : Yield on Fund

VDC : Village Development Committee

SFDB : Small Farmers Development Bank

SFDP : Small Farmer Development Program