

**A STUDY ON DEPOSIT MOBILIZATION
OF
COMMERCIAL BANK
(NABIL BANK LIMITED, EVEREST BANK LIMITED AND
HIMALAYAN BANK LIMITED)**



**A Thesis submitted to
Office of the Dean
Faculty of Management
Tribhuvan University**

By:

PUNITA RAI

Post Graduate Campus

Biratnagar

T.U. Reg. No. : 7-1-3-1523-98



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

Biratnagar, Nepal

JUNE 25, 2011



**TRIBHUVAN UNIVERSITY
POST GRADUATE CAMPUS**

Biratnagar
Morang, Nepal

Ref. No. : -

Tel. No. : 021-526327
021-522204

RECOMMENDATION

This is to certify that the thesis:

Submitted By:

Punita Rai

Entitled

A STUDY ON DEPOSIT MOBILIZATION

OF

COMMERCIAL BANK

(NABIL BANK, EVEREST BANK AND HIMALAYAN BANK)

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

Supervisor

Head of Department

Signature: _____

Signature: _____

(Mr. Ram Prakash Upadhyay)

(Prof. Dr. Khagendra Acharya)

Campus Chief

Signature: _____

(Dr. Harihar Bhandari)

Date:



**TRIBHUVAN UNIVERSITY
POST GRADUATE CAMPUS**

Biratnagar
Morang, Nepal

Ref. No. : -

Tel. No. : 021-526327
021-522204

VIVA – VOCE SHEET

We have conducted the Viva-Voce Examination of the thesis presented by

PUNITA RAI

Entitled

**A STUDY ON DEPSIT MOBILIZATION
OF COMMERCIAL BANK
(NABIL BANK, EVEREST BANK AND HIMALAYAN BANK)**

*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 the requirement for
Master's Degree in Business Studies (M.B.S.)*

Viva-Voice Committee

Chairperson, Research Committee:
(Prof. Dr. Khagendra Acharya)

Member (Thesis Supervisor)
(Mr. Ram Prakash Upadhyay)

Member (External Expert)

Date:

DECLARATION

I hereby declare that the work reported in this thesis "A study on deposit mobilization of commercial bank NABIL Bank Limited, Everest Bank Limited and Himalayan Bank Limited" submitted to office of the Dean, faculty of management, Tribhuvan University, is my original work. It is done in the form of partial fulfillment of the requirement for the Master's Degree in Business Studies (M.B.S.) under the supervision and guideline of Mr. Ram Prakash Upadhyay, lecturer of P.G. Campus, Biratnagar.

Date:

Punita Rai

ACKNOWLEDGEMENT

This dissertation is a product of an active support from different individuals and institutions that are highly appreciated and I, therefore, would like to acknowledge their intellectual dealings with a sense of respect.

First of all, I would like to extend my sincere gratitude to my guide teacher Mr. Ram Prakash Upadhaya, lecturer of P.G. Campus, Faculty of Management, Post Graduate Campus, Biratnagar for providing me his valuable time and genuine effort to guide and help for successful completion of this thesis.

I owe my thanks to Dr. Harihar Bhandari (campus chief, P.G. campus, Biratnagar), and all my respected teachers and staffs of Department of Management and cannot forget the name of Mr. Gopal Prasad Ghimire and Mr. Mohan Koirala from administration department.

Lots of thanks go to managers and staffs of NABIL Bank Limited, Everest Bank Limited and Himalayan Bank Limited, for providing me valuable information, official data and their kind cooperation.

My special thanks goes to Bikram Shrestha, (Treasurer, Free Student Union) of P.G. Campus for their valuable cooperation and support in every steps of thesis writing and sharing my household responsibilities during the research work. Without his support and cooperation, the completion of this thesis work is almost impossible.

Date:

Punita Rai

TABLE OF CONTENTS

Viva Voice Sheet

Recommendation Letter

Declaration

Acknowledgement

Abbreviation

CHAPTER – I INTRODUCTION

1.1	Background of the Study	1
1.2	Banking History in Nepal	4
1.3	Role of Joint Venture Bank in Nepal	8
1.4	Profile of the Concerned Banks	10
1.4.1	Nabil Bank Limited (NBL) : An overview	10
1.4.2	Everest Bank Limited (EBL): An overview	12
1.4.3	Himalayan Bank Limited (HBL) : An Overview	13
1.5	Statement of the Problem	15
1.6	Objectives of the Study	17
1.7	Significance of the Study	17
1.8	Limitation of the Study	18
1.9	Organization of the Study	18

CHAPTER – II REVIEW OF LITERATURE

2.1	Conceptual Framework	20
2.2	Types of Banks	21
2.3	Concept of Commercial Bank	23
2.4	Function of Commercial Banks	26
2.5	Role of Commercial Banks	28
2.6	Deposit Mobilization	31
2.7	Need for Deposit Mobilization	34
2.8	Advantage of Deposit Mobilization	35
2.9	Review of Related Studies	38
2.9.1	Review of Journals and Books	38
2.9.2	Review of Articles	40
2.9.3	Review from Thesis	45

2.10	Research Gap	58
CHAPTER – III RESEARCH METHODOLOGY		
3.1	Research Design	60
3.2	Nature and Sources of Data	60
3.3	Population and Sampling Design	61
3.4	Data collection Procedure	61
3.5	Data Analysis Procedure	61
	3.5.1 Financial Tools	62
	3.5.2 Statistical Tools	78
CHAPTER – IV PRESENTATION AND ANALYSIS OF DATA		
4.1	Presentation and Analysis of Data	86
	A. Ratio Analysis	86
	a. Liquidity Ratios	87
) Cash and Bank Balance to Total Deposit Ratio	89
) Cash and Bank Balance to Current Assets Ratio	90
	b. Activity Ratio/Assets Management Ratio	92
) Loan and Advance to total Deposit Ratio	92
) Investment on Government securities to Total Deposit Ratio	94
	c. Profitability Ratios	95
) Net Profit to Total Assets Ratio	96
) Net Profit to Total Deposit Ratio	97
) Total Interest earned to Total Working Fund Ratio	99
) Total Interest Paid to Total Working Fund Ratio	100
	d. Leverage Ratio	102
) Debt Assets Ratio	102
) Debt Equity Ratio	104
	B. Statistical Analysis	106
	1. Coefficient of Correlation Analysis	107
	2. Coefficient of Correlation between Deposits and Loans and Advances	107
	3. Coefficient of Correlation between Deposits and Investment	108
	4. Coefficient of Correlation between Investment and Net Profit	109
	5. Coefficient of Correlation between Loan and Advances and Net Profit	111

C. Trend line Analysis:	113
1. Trend Line Analysis of Total Deposit	113
2. Trend Line Analysis of Loan and Advances	115
3. Trend Line Analysis of Investment	116
4. Trend Line Analysis of Net Profit	118
4.2 Major Finding of the study	119
CHAPTER- V SUMMARY, CONCLUSION AND ECOMMENDATIONS	
5.1 Summary	126
5.2 Conclusion	127
5.3 Recommendations	130
Bibliography	
Appendix	

List of Tables

S.No.	Particulars	Pg. No.
1	Current Ratio	87
2	Cash and Bank Balance to Total Deposit Ratio	89
3	Cash and Bank Balance to Current Assets Ratio	90
4	Loan and Advance to Total deposit Ratio	92
5	Investment on Govt. Securities to total Deposit Ratio	94
6	Net Profit to Total Assets Ratio	96
7	Net Profit to Total Deposit Ratio	98
8	Total Interest Earned to Total Working Fund Ratio	99
9	Total Interest Paid to Total Working Fund Ratio	101
10.	Debt Assets Ratio	103
11.	Debt Equity Ratio	104
12	Growth Ratio of Net Profit, Earning per share and Dividend per share Ratio	106
13	Coefficient of Correlation Between Deposits and Loan and Advance	107
14	Coefficient of correlation between Deposits and Investment	109
15	Coefficient of Correlation between Investment and Net Profit	110
16	Coefficient of Correlation between Loan and Advances and Net Profit	112
17	Trend Line Analysis of Total deposit	114
18	Trend Line Analysis of Loan and Advances	115
19	Trend Line Analysis of Investment	117
20	Trend Line Analysis of Net Profit	118

List of Figures

S.No.	Particulars	Pg. No.
1	Current Ratio	89
2	Cash and Bank Balance to Total Deposit Ratio	90
3	Cash and Bank Balance to Current Assets Ratio	92
4	Loan and Advance to Total deposit Ratio	94
5	Investment on Govt. Securities to total Deposit Ratio	95
6	Net Profit to Total Assets Ratio	97
7	Net Profit to Total Deposit Ratio	99
8	Total Interest Earned to Total Working Fund Ratio	100
9	Total Interest Paid to Total Working Fund Ratio	101
10.	Debt Assets Ratio	104
11.	Debt Equity Ratio	105
12.	Trend Line Analysis of Total Deposit	114
13	Tend Line Analysis of Loan and Advances	116
14	Trend Line Analysis of Investment	117
15	Trend Line Analysis of Net Profit	119

ABBREVIATIONS

JVBS	=	Joint Venture Bank
Ltd.	=	Limited
NBL	=	Nabil Bank Limited
EBL	=	Everest Bank Limited
HBL	=	Himalayan Bank Limited
Govt.	=	Government
NRB	=	Nepal Rastra Bank
P.E.	=	Probable Error of Correlation Coefficient
r	=	Correlation
r^2	=	Determinants of Correlation
&	=	and
Debn.	=	Debenture
ATM	=	Automatic Teller Machine
B.S.	=	Bikram Sambat
C.V.	=	Coefficient of Variance
S.D.	=	Standard Deviation
CBs	=	Commercial Banks
FY	=	Fiscal Year
GDP	=	Gross Domestic Product
HMG	=	His Majesty Government
i.e.	=	That is
MBS	=	Master of Business Studies
NRB	=	Nepal Rastra Bank
RBB	=	Rastriya Banijya Bank
EPS	=	Earning Per share
DPS	=	Dividend Per share
ROA	=	Return on Assets
TU	=	Tribhuvan University