

**FUND MOBILIZATION PROCEDURES  
OF  
HIMALAYAN BANK LIMITED,  
EVEREST BANK LIMITED, AND  
NEPAL INVESTMENT BANK LIMITED**

**A THESIS**

***Submitted by***

Kiran Shrestha  
Global College of Management

Symbol No: 6636/064

T.U. Regd No: 33522-91

***Submitted to***

**Office of The Dean**

**Faculty of Management**

**Tribhuvan University**

***in partial fulfillment of the requirements for the Degree of***

**Master of Business Studies (M.B.S.)**

**Mid-Baneshwor, Kathmandu**

**April, 2013**

**RECOMMENDATION**

This is to certify that the thesis

Submitted by:

**Kiran Shrestha**

**Entitled:**

**FUND MOBILIZATION PROCEDURES OF  
HIMALAYAN BANK LIMITED, EVEREST BANK LIMITED, AND NEPAL  
INVESTMENT BANK LIMITED**

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

.....

Prof. Dr. Puskar Bajracharya  
(Head of Research Department)

.....

Santosh Mainali  
(Thesis Supervisor)

.....

Dr. Khagendra Pd. Ojha  
(Principal)

.....

Ganga Dhar Dahal  
(Research Coordinator)

Date:.....

**VIVA-VOCE SHEET**

We have conducted the viva-voce of the thesis presented

by:

**Kiran Shrestha**

Entitled:

**FUND MOBILIZATION PROCEDURES OF  
HIMALAYAN BANK LIMITED, EVEREST BANK LIMITED, AND NEPAL  
INVESTMENT BANK LIMITED**

*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 the degree of*

**Master of Business Studies (MBS)**

**Viva-voce Committee**

Principal

Dr. Khagendra Pd. Ojha: .....

Member (Thesis Supervisor)

Santosh Mainali: .....

Member (Thesis Coordinator)

Ganga Dhar Dahal: .....

Member (External Expert)

.....

Date: .....

## DECLARATION

I hereby declare that the work reported in this thesis entitled Fund Mobilization Procedures of Himalayan Bank Limited, Everest Bank Limited, and Nepal Investment Bank Limited submitted to Research Department of Global College of Management is my original work carried out for the partial fulfillment of the requirements for the Masters of Business Studies (MBS) under the supervision of Santosh Mainali Global College of Management.

.....

Kiran Shrestha

**Global College of Management**

**Symbol No: 6636**

**T.U. Regd No: 33522-91/064**

Date:.....

## ACKNOWLEDGEMENT

I am glad to submit my thesis entitled **Fund Mobilization Procedures of Himalayan Bank Limited, Everest Bank Limited, and Nepal Investment Bank Limited** which has been approved and accepted by the Global College of Management and the Office of the Dean, Department of Management, TU. This thesis is prepared for the partial fulfillment of the requirement for Master Degree in Business Studies. The thesis could not be initiated without assistance and support of some gracious people whom I must thank. I would like to express my sincere and deep gratitude first and foremost to my respected supervisor Santosh Mainali of Global College of Management for invaluable suggestions and support for the completion of the work. I want to thank staff of concern banks for their support by providing relevant materials. My special thanks also go to Ganga Dhar Dahal of Global College of Management for skill full coordination during the preparation of the thesis.

I would like to thank all the personnel who helped me to complete the thesis work without whose rigorous support and suggestions it is not possible to complete the work on time. I am really indebted to the time and support provided by those graceful people.

Advices, recommendations and suggestions are whole-heartedly welcome.  
Thanks

**Kiran Shrestha**

# Table of Contents

Recommendation

Viva-Voce Sheet

Declaration

Acknowledgement

Table of Contents

List of Figures and Tables

Abbreviations

	<b>Page No</b>
<b>Chapter I: Introduction</b>	<b>1</b>
1.1 Background of the Study	1
1.2 Development of Banks	3
1.3 Introduction of Commercial Bank	4
1.4 Role of Joint Venture Bank in Nepal	8
1.5 Profile of the Sample Companies	9
1.6 Focus of the Study	13
1.7 Statement of the Problems	14
1.8 Objective of the Study	16
1.9 Significance of the Study	16
1.10 Limitations of the Study	17
1.11 Organization of the Study	18
<b>Chapter II: Review of Literature</b>	<b>19</b>
2.1 Conceptual Framework	19
2.1.1 Features of Sound Lending and Fund Mobilization Policy	22
2.1.2 Meaning of Some Important Terminologies	24
2.2 Review of Related Studies	26
2.2.1 Review of Journals and Articles	26
2.3 Research Gap	34
<b>Chapter III: Research Methodology</b>	<b>35</b>
3.1 Research Design	35
3.2 Sources of Data	35
3.3 Populatio and Sample	36
3.4 Data Analysis Tools	36
3.4.1 Financial Tools	36
3.4.2 Stastical Tools	44

<b>Chapter IV: Presentation and Analysis of Data</b>	<b>49</b>
4.1 Ratio Analysis	49
4.1.1 Liquidity Ratios	49
4.1.2 Assets Management Ratios	53
4.1.3 Profitability Ratios	58
4.1.4 Risk Ratios	63
4.1.5 Growth Ratios	65
4.2 Analysis of Sources and Uses of Funds	67
4.2.1 Analysis of Sources and Uses of Funds of HBL	67
4.2.2 Analysis of Sources and Uses of Funds of EBL	69
4.2.3 Analysis of Sources and Uses of Funds of NIBL	71
4.2.4 Comparative Analysis of Sources	73
4.2.5 Comparative Analysis of Uses	74
4.3 Cash Flow Analysis	75
4.3.1 Cash Flow Analysis of HBL	75
4.3.2 Cash Flow Analysis of EBL	77
4.3.3 Cash Flow Analysis of NIBL	80
4.3.4 Comparative Cash Flow Analysis of HBL, EBL, and NIBL	82
4.4 Stastical Analysis	85
4.5 Commercial Bank's Structure and Growth in Nepal	86
4.6 Market Share of Commercial Banks in Total Assets	88
4.7 Assets and Liabilities of Commercial Banks	88
4.8 Growth of Assets and Liabilities of Commercial Banks	91
4.9 Branches of Commercial Banks	92
4.10 Number of Branches of Commercial Banks in Regional Basis	95
4.11 Major Findings of the Study	96
<b>Chapter V: Summary, Conclusion, and Recommendation</b>	<b>103</b>
5.1 Summary	103
5.2 Conclusion	104
5.3 Recommendations	106
<b>Bibliography</b>	<b>111</b>
<b>Appendices</b>	<b>114</b>

## **List of tables**

Table No	Title	Page No.
4.1.	Comparative Cash and Bank Balance to Total Deposit Ratios	50
4.2.	Comparative Cash and Bank Balance to Current Assets Ratios	51
4.3.	Comparative Investment on Government Securities to Current Assets	52
4.4.	Comparative Loan and Advances to Total Deposit Ratios	53
4.5.	Comparative Total Investment to Total Deposit Ratios	54
4.6.	Comparative Loan and Advances to Total Working Fund Ratios	55
4.7.	Comparative Investment on Government Securities to TWF Ratios	56
4.8.	Comparative Investment on Shares and Debentures to TWF Ratio	57
4.9.	Comparative Return on Loan and Advances Ratios	59
4.10.	Comparative Return on Total Working Fund Ratios	60
4.11.	Comparative Total Interest Earned to Total Working Fund Ratios	61
4.12.	Comparative Total Interest paid to Total Working Fund Ratios	62
4.13.	Comparative Liquidity Risk Ratios	63
4.14.	Comparative Credit Risk Ratios	64
4.15.	Growth Ratio of Total Deposits	65
4.16.	Growth Ratio of Total Investment	66
4.17.	Growth Ratio of Loan and Advances	66
4.18.	Growth Ratio of Net Profit	67
4.19.	Percentage of Various Sources of Funds from Total Sources of HBL	68
4.20.	Percentage of Various Uses of Funds from Total Uses of HBL	69
4.21.	Percentage of Various Sources of Funds from Total Sources of EBL	70
4.22.	Percentage of Various Uses of Funds from Total Uses of EBL	71
4.23.	Percentage of Various Sources of Funds from Total Sources of NIBL	72
4.24.	Percentage of Various Uses of Funds from Total Uses of NIBL	73



4.25.	Comparative average Sources of Funds of HBL, EBL and NIBL	73
4.26.	Comparative average Uses of Funds of HBL, EBL and NIBL	74
4.27.	Cash Flow from different Banking Activities of HBL	75
4.28.	Cash Flow from different Banking Activities of EBL	78
4.29.	Cash Flow from different Banking Activities of NIBL	80
4.30.	Comparative CFOA of HBL, EBL and NIBL	82
4.31.	Comparative CFIA of HBL, EBL and NIBL	83
4.32.	Comparative CFFA of HBL, EBL and NIBL	84
A .	Statistical analysis of Deposit and Loan and Advances	85
B .	Coefficient of Correlation between Deposits and Investments	86
4.33.	Growth of commercial banks in Nepal	87
4.34.	Assets structure of commercial banks	89
4.35.	Liabilities structure of commercial banks	90
4.36.	Growth of assets and liabilities of commercial anks	92
4.37	Number of Branches of commercial banks	93
4.38	Number of branches of commercial banks under regional basis	96

## ABBREVIATIONS

A.D.	=	Anno Domini (in the year of lord, Christian era)
A.G.M.	=	Annual General Meeting
ATM	=	Automatic Teller Machine
B.S.	=	Bikram Sambat
CRR	=	Cash Reserve Ratio
Debn.	=	Debenture
d.f.	=	Degree of Freedom
EBL	=	Everest Bank Limited
e.g.	=	For example
Etc.	=	et cetera
FC	=	Foreign Currency
FY	=	Fiscal Year
Govt.	=	Government
HBL	=	Himalayan Bank Limited
i.e.	=	That is
Invt.	=	Investment
JVBs.	=	Joint Venture Banks
L.C.	=	Letter of Credit
Ltd.	=	Limited
Misc.	=	Miscellaneous
NBL	=	Nepal Bank Limited
NEPSE	=	Nepal Stock Exchange
NIBL	=	Nepal Investment Bank Limited

NIDC	= Nepal Industrial Development Corporation
NRB	= Nepal Rastra Bank
P.E.	= Probable Error
P.F.	= Provident Fund
PNB	= Punjab National Bank
SCBNL	= Standard Chartered Bank Limited
SMS	= Short Message Service
T.T.	= Telegraphy transfer
T.U.	= Tribhuvan University
TWF	= Total Working Fund
Viz.	= Such as