

**A COMPARATIVE STUDY ON FUND MOBILIZATION  
OF HIMALAYAN BANK LIMITED AND  
EVEREST BANK LIMITED**

**By:**

Man Bahadur Shahi

Prithivi Narayan Campus

T.U. Regd. No. 7-2-48-3176-2002

Roll No. 58/063

**A Thesis 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.)*

**Pokhara**

**Feb, 2011**

# RECOMMENDATION

This is to certify that the Thesis

Submitted by:

Man Bahadur Shahi

**Entitled:**

A Comparative Study on Fund Mobilization of  
Himalayan Bank Limited and  
Everest 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.*

**Supervisor**

Name: Dhruba Budhathoki

Signature:

Date:.....

**Head of Research Department**

.....

Signature:

**Campus Chief**

Signature:

# VIVA- VOICE SHEET

We have conducted the viva-voice examination of the  
thesis presented by

**Man Bahadur Shahi**

**Entitled:**

A Comparative Study on Fund Mobilization of  
Himalayan Bank Limited and  
Everest 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  
Master's Degree of Business Studies (M.B.S.)*

## Viva-Voce Committee

Head, Research Department .....

Member (Thesis Supervisor) .....

Member (External Expert) .....

Member (External Expert) .....

Date : .....

## **ACKNOWLEDGEMENT**

The thesis reflects the efforts of many people. It would not have been possible to take present shape without their proper guidance and support. Thus, they deserve my special thanks.

Firstly, I wish to express my deep gratitude to my respectable Supervisor Dhruba Budhathoki, Lecturer and Associate Professor Dr. Puspa Raj Sharma, Head of Research Department, Faculty of Management, P.N. Campus for their cordial co-operation and valuable supervision without which this thesis would not have been come into existence. Their valuable guidance was of immense inspiration for me.

I would like to thank the staff's of Nepal Stock Exchange, Nepal Rastrya Bank, Securities Board of Nepal and other related banks in this study. And I would like to thank Mr. Sewak Kshitiz (Perfect Computer, Bagar) for his help in typing and binding this dissertation.

I also owe deep gratitude to all my friends who continuously supported and encouraged me. Finally, I would like to express debt to all my families and other relatives who inspired me to complete this dissertation. I would like to share the credit of my success with them.

Man Bahadur Shahi

# TABLE OF CONTENTS

## ACKNOWLEDGEMENT

	Page no.
<b>CHAPTER I: INTRODUCTION</b>	<b>1-17</b>
1.1 Background of the Study	1
1.2 Focus of the Study	12
1.3 Statement of the Problems	13
1.4 Objectives of the Study	15
1.5 Significance of the Study	15
1.6 Limitation of the Study	16
1.7 Organization of the Study	17
<b>CHAPTER II: REVIEW OF LITERATURE</b>	<b>18-38</b>
2.1 Theoretical Framework	18
2.2 Review of Related Studies	30
<b>CHAPTER III: RESEARCH METHODOLOGY</b>	<b>39-52</b>
3.1 Introduction	39
3.2 Research Design	39
3.3 Sources of Data	40
3.4 Nature of Data	40
3.5 Population and Sample	41
3.6 Data Analysis Tools	42
<b>CHAPTER IV: PRESENTATION AND ANALYSIS OF DATA</b>	<b>53-99</b>
4.1 Data Presentation and Analysis	53
4.1.1 Ratio Analysis	53
4.1.2 Analysis of Sources and Uses of Funds	75
4.1.3 Cash Flow Analysis	82
4.1.4 Test of Hypothesis	91
4.2 Major Findings of the Study	95
<b>CHAPTER V: SUMMARY, CONCLUSION AND RECOMMENDATIONS</b>	<b>100-107</b>
5.1 Summary	100
5.2 Conclusion	101
5.3 Recommendations	103

## *BIBLIOGRAPHY*

## *APPENDIX*

## **List of Tables**

Table No.		Page no.
4.1	Comparative Cash and Bank Balance to Total Deposit	53
4.2	Comparative Cash and Bank Balance to Current Assets Ratios	55
4.3	Comparative Investment on Government Securities to Current Assets Ratios	57
4.4	Comparative Loan and Advances to Total Deposit Ratios	59
4.5	Comparative Total Investment to Total Deposit Ratios	61
4.6	Comparative Return on Loan and Advances Ratio	63
4.7	Comparative Return on Total investment	65
4.8	Comparative Liquidity Risk Ratios	67
4.9	Comparative Credit Risk Ratios	69
4.10	Growth Ratio of Total Deposits	70
4.11	Growth Ratio of Total Investment	72
4.12	Growth Ratio of Loan and Advances	73
4.13	Growth Ratio of Net Profit	74
4.14	Percentage of Various Sources of Funds from Total Sources of HBL	76
4.15	Percentage of Various Uses of Funds from Total Uses of HBL	76
4.16	Percentage of Various Sources of Funds from Total Sources of EBL	77
4.17	Percentage of Various Uses of Funds from Total Uses of EBL	78
4.18	Comparative average Sources of Funds of HBL and EBL	81
4.19	Comparative average Uses of Funds of HBL and EBL	82
4.20	Cash Flow from different Banking Activities of HBL	83
4.21	Cash Flow from different Banking Activities of EBL	84
4.22	Comparative CFOA of HBL and EBL	86
4.23	Comparative CFIA of HBL and EBL	88
4.24	Comparative CFFA of HBL and EBL	89
4.25	Test of Hypothesis on Loans and Advances to Total Deposit ratios between HBL and EBL	91
4.26	Test of Hypothesis on Total Investment to Total Deposit ratios between HBL and EBL	93

## List of Figures

Figure No.		Page no.
4.1	Comparative Cash and Bank Balance to Total Deposit Ratios	54
4.2	Comparative Cash and Bank Balance to Current Assets Ratios	56
4.3	Comparative Investment on Government Securities to Current Assets Ratios	58
4.4	Comparative Loan and Advances to Total Deposit Ratios	60
4.5	Comparative Investment to Total Deposit Ratios	62
4.6	Comparative Return on Loan and Advances Ratios	64
4.7	Comparative Return on Total investment	66
4.8	Comparative Liquidity Risk Ratios	68
4.9	Credit Risk Ratios	70
4.10	Growth Ratio of Total Deposits	71
4.11	Growth Ratio of Total Investment	73
4.12	Growth Ratio of Loan and Advances	74
4.13	Growth Ratio of Net Profit	75
4.14	Sources of Funds of HBL based on Mean Ratios	79
4.15	Sources of Funds of EBL based on Mean Ratios	79
4.16	Uses of Funds of HBL based on Mean Ratio	80
4.17	Uses of Funds of EBL based on Mean Ratio	80
4.18	Cash Flow from different Banking Activities of HBL.	84
4.19	Cash Flow from different Banking Activities of EBL.	85
4.20	Comparative CFOA of HBL and EBL	87
4.21	Comparative CFIA of HBL and EBL	89
4.22	Comparative CFFA of HBL and EBL	90

## ABBREVIATIONS

ATM	=	Automatic Teller Machine
CB	=	Commercial Bank
CRR	=	Cash Reserve Ratio
C. V.	=	Coefficient of Variation
EBL	=	Everest Bank Limited
FC	=	Fixed Deposit
FY	=	Fiscal Year
JVBs	=	Joint Venture Banks
HBL	=	Himalayan Bank Limited
L/C	=	Letter of Credit
Ltd	=	Limited
NABIL	=	Nabil Bank Limited
NEPSE	=	Nepal Stock Exchange
NIBL	=	Nepal Investment Bank Limited
NIC	=	Nepal Industrial Commercial Bank
NO.	=	Number
NRB	=	Nepal Rastra Bank
NB Bank	=	Nepal Bangaldesh Bank Limited
OBS	=	Off- Balance Sheet
PNB	=	Panjab National Bank
RBB	=	Rastriya Banijya Bank
Rs	=	Rupees
SCBL.	=	Standard Chartered Bank Limited
S.D.	=	Standard Deviation
SMS	=	Short Message Service
T.T	=	Telegraphy Transfer
T. U.	=	Tribhuvan Universitys