

**AN ANALYSIS ON Loan
Disbursement and Repayment Pattern of
Agricultural Development Bank Ltd. in Nepal**

By:

BANDANA PAUDEL

Prithvi Narayan Campus

T. U. Registration No.: 7-1-48-1393-2000

A Thesis Submitted to:

OFFICE OF THE DEAN

Faculty of Management

Tribhuwan University

*In partial fulfillment of the requirements of the degree
of
Master of Business Studies (M.B.S)*

Pokhara

August, 2010

Faculty of Management
RECOMMENDATION

This is to certify that the thesis:

Submitted by:

BANDANA PAUDEL

Entitled:

**AN ANALYSIS ON LOAN DISBURSEMENT AND REPAYMENT
PATTERN OF AGRICULTURAL DEVELOPMENT
BANK LTD. IN NEPAL**

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

Supervisor

Name: Dr. Puspa Raj Sharma

Signature:

Date:

Head , Research Department

Signature:

Campus Chief/Head of the Department

Signature:

Faculty of Management

VIVA- VOCE SHEET

We have conducted the viva-voce examination of the thesis

Submitted by:

Bandana Paudel

Entitled

**AN ANALYSIS ON LOAN DISBURSEMENT AND REPAYMENT
PATTERN OF AGRICULTURAL DEVELOPMENT
BANK LTD. IN NEPAL**

*and found the thesis to be the original work of the student and
written according to the prescribed formant. We recommend the thesis
to be accepted as partial fulfillment of the requirements for
Master's Degree in Business Studies (M. B. S.)*

Viva-voce Committee

Head, Research Department :

Member (Thesis Supervisor) :

Member (External Expert) :

Member (External Expert):.....

Date:

ACKNOWLEDGEMENTS

I will not be able to justify my work without acknowledging those who have significantly contributed to complete this work and my academic career. I am extremely grateful all of them who have helped, guided to carry out.

I wish to express deep gratitude and thanks to my supervisor Dr. Puspa Raj Sharma, professor of Prithivi Narayan Campus Pokhara, for providing his valuable time and kindly co-operation along with positive suggestions.

I would like to express my deep appreciation and acknowledgement to staff of Agricultural Development Bank, Kathmandu for the kindly support & Co-operation. Specially, I am highly obliged to Mr. Anil Paudel, Mr. Mohan Ranjitkar, Shesh Raman Acharya, whose are staff of ADB/N, Kathmandu. I would also like to extend to Mrs. Mina Kunwar, staff of Supervision office, ADB/N, Pokhara.

I am indebted to my friends Hikmat Subedi, Mira Parajuli, Lal Bahadur Shrestha and Laxman Budhathoki for providing guidelines, motivation, spiritual and moral support to accomplish my thesis. I am grateful to my parents as well as my father Krishna Prasad Paudel and my brother Khagendra Paudel who helped me in completing of research. Lastly, thanks go to Everest Computer Institute for completing this thesis.

Advice, suggestions and recommendations are heartly welcome.

Date:

Bandana Paudel

TABLE OF CONTENTS

	Page No.
Acknowledgements	I
List of Tables	II
List of Figures	III
List of Abbreviation	IV
CHAPTER-I. INTRODUCTION	1-10
1.1 Background of the Study	1
1.2 Problems of the Study	4
1.3 Objectives of the Study	5
1.4 Focus of the Study	5
1.5 Organizational Structure of ADB/N	6
1.6 Delimitation of the Study	8
1.7 Organization of the Study	9
CHAPTER-II: REVIEW OF LITERATURE	11-36
2.1 Theoretical Review	11
2.1.1. General Background	11
2.1.2 Objectives of ADB/N	12
2.1.3 Functions of ADB/N	13
2.1.4 Major Programmes of ADB/N	14
2.1.5 Definition of Loan	17
2.1.6 Credit Policy of a Bank	17
2.1.7 Interest Rate of ADB/N	19
2.1.8 Components of a Good Loan Application	20
2.1.9 Lending Documentation	20
2.1.10 Lending Condition & Loan Approval Process	20

2.1.11 Lending Policies & Practice	22
2.1.12 Recovery Policy and Practices of ADB/N	26
2.1.13 Targeted Loan Disbursement & Repayment	27
2.1.14 Loan Disbursement	27
2.1.15 Loan Repayment	28
2.1.16 Loan Outstanding	28
2.2 Review of Journals & Articles	28
2.3 Review of Thesis	31
CHAPTER–III: RESEARCH METHODOLOGY	37-41
3.1 Introduction	37
3.2 Research Design	37
3.3 Period Covered	38
3.4 Nature & Sources of Data	38
3.5 Data Collection Procedure	39
3.6 Research Variable	39
3.7 Population and Sample Size	39
3.8 Statistical Tools Used in Research	39
CHAPTER - IV :PRESENTATION AND ANALYSIS OF DATA	42-73
4.1 Introduction	42
4.2 Loan Disbursement, Repayment & Outstanding	43
4.2.1 Targeted Loan Disbursement & Repayment	43
4.2.2 Actual Loan Disbursement & Repayment of ADB/N	46
4.2.3 Actual Loan Repayment & Outstanding of ADB/N	48
4.2.4 Analysis of Targeted & Actual Loan Disbursement of ADB/N	50
4.2.5 Analysis of Targeted & Actual Loan Repayment of ADB/N	52
4.2.6 Loan Disbursement of ADB/N by Purpose Wise	53

4.2.7	Loan Repayment of ADB/N by Purpose Wise	56
4.2.8	Loan Outstanding of ADB/N by Purpose Wise	59
4.2.9	Actual Loan Disbursement, Repayment and Outstanding of Development Region	62
4.3	Major Findings of the Study	70

CHAPTER-V: SUMMARY, CONCLUSION AND

RECOMMENDATION

73-79

5.1	Summary	73
5.2	Conclusion	75
5.3	Recommendation	77

BIBLIOGRAPHY

APPENDIX

LIST OF TABLE

Table No.	Name of the Table	Page
2.1	Current Interest Rate Charged by ADB/N	19
4.1	Targeted Loan Disbursement and Repayment	44
4.2	Actual Loan Disbursement and Repayment	46
4.3	Actual Loan Outstanding and Repayment	48
4.4	Targeted and Actual Loan Disbursement	50
4.5	Targeted and Actual Loan Repayment	52
4.6	Purpose-wise Loan Disbursement of ADB/N	54
4.7	Purpose-wise Loan Repayment of ADB/N	57
4.8	Purpose-wise Loan Outstanding of ADB/N	60
4.9	Region-wise Loan Disbursement of ADB/N	63
4.10	Region-wise Loan Repayment of ADB/N	65
4.11	Region-wise Loan Outstanding of ADB/N	68

LIST OF FIGURE

Figure No.	Name of the Figure	Page
4.1	Line Diagram of Targeted Loan Disbursement and Repayment	44
4.2	Line Diagram of Actual Loan Disbursement and Repayment	46
4.3	Line Diagram of Actual Loan Outstanding and Repayment	49
4.4	Line Diagram of Targeted and Actual Loan Disbursement	51
4.5	Line Diagram Targeted and Actual Loan Repayment	53
4.6	Loan Disbursement of ADB/N : Loan Portfolio Share Percent by Purpose-wise (2061/062 to 2065/066)	55
4.7	Loan Repayment of ADB/N: Loan Portfolio Share Percent by Purpose-wise (2061/062 to 2065/066)	58
4.8	Loan Outstanding of ADB/N: Loan Portfolio Share Percent by Purpose-wise (2061/062 to 2065/066)	61
4.9	Share of Development Regions of Loan Disbursement of ADB/N (2061/062 to 2065/066)	64
4.10	Share of Development Regions of Repayment Loan of ADB/N (2061/062 to 2065/066)	66
4.11	Share of Development Regions on Outstanding Loan of ADB/N. (2061/062 to 2065/066)	69

LIST OF ABBREVIATION

ADB/N	:	Agricultural Development Bank in Nepal
Am	:	Amount
ASARD	:	Asian Survey of Agrarian Reforms and Rural Development
A.D.	:	Anno Domini
B.S.	:	Bikram Sambat
CDR	:	Central Development Region
Disb	:	Disbursement
EDR	:	Eastern Development Region
FAO	:	Food and Agricultural Organization
F.Y.	:	Fiscal Year
FWDR	:	Far Western Development Region
LRSC	:	Land Reform Saving Corporation
MBS	:	Master of Business Studies
MIS	:	Management Information System
MWDR	:	Mid-Western Development Region
NRB	:	Nepal Rastra Bank
PNC	:	Prithwi Narayan Campus
Rs.	:	Rupees
SFCL	:	Small Farmer Co-operative Limited
SFDP	:	Small Farmer Development Programmes
SKBB	:	Sana Kisan Bikas Bank
T.U.	:	Tribhuwan University
WDR	:	Western Development Region