Fund collection and Mobilization of Joint Venture Banks

A THESIS

Submitted by: Namita Adhikari Shankerdev Campus T.U. Registration No: 7-1-52-385-96 Campus Roll no: 1750/059

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 (MBS) December, 2008

RECOMMENDATION

This is to certify that the thesis

Submitted by

Namita Adhikari

Entitled

"Fund Collection and Mobilization of Joint Venture Banks"

Has been prepared as in the form as approved by this Department in the fulfillment of the partial requirements for the Degree of Master of Business Studies (MBS). This thesis is forwarded for examination.

.....

Dr. Shilu Bajracharya (Thesis Supervisor) Mr. Kamal Deep Dhakal (Campus Chief)

Date :-

VIVA-VOCE SHEET

We have conducted the viva-voce examination of the thesis presented

by NAMITA ADHIKARI

Entitled:

"Fund collection and Mobilization of Joint Venture Banks"

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 Degree of Business Studies (M.B.S.)

Viva- Voce committee

Head, Research Department.....Member (Thesis supervisor).....Member (External Expert).....

DECLARATION

I hereby declare that this thesis entitled "Fund Collection and Mobilization of Joint Venture Banks" submitted to office of the Dean, faculty of management, Tribhuvan University is my original work done in the form of the partial fulfillment of the requirement of Master's of Business Studies (M.B.S.) under the guidance and supervision of Dr. Shilu Bajracharya , Shanker Dev Campus, Tribhuvan University Kathmandu.

Namita Adhikari Roll no. 1750/059 Sankhar Dev Campus Dec 2008

ACKNOWLEDGEMENT

This thesis entitled " **Fund Collection and Mobilization of Joint Venture Banks**" have been prepared for the partial fulfillment of the requirement of Master's Degree of Business Studies (M.B.S.) under the Faculty of Management, Tribhuvan University, is based on research models involving the use of quantitative model to analyze the fund collection and its Mobilization.

First of all, I regard as it my dispensation and providence to get an opportunity to work under the admirable supervision of Dr. **Shilu Bajracharya** of Shankhar Dev Campus. They always motivated me and I had their exclusive consideration and guidance all the time. Words fail me in expressing my gratitude to her. I also thank to express my deep admiration, whose valuable suggestions helped me to complete this record my indebtness to Mr. Kamal Deep Dhakal Campus Chief of Shankhar Dev Campus and my all respected teacher.

I also express my gratitude to the staffs of various corporate bodies, including SEBO/N, Himalayan Bank Limited, Everest Bank Limited, Nabil Bank Limited, Standard Charterded Bank Limited.

I should furnish my trustworthiness to my friends Mrs. Lilawati Neupane and Babita Chhetri for supporting me during each and every stage of report writing.

Finally, I would like express my genuine appreciation to the staffs of library of Shankhar Dev Campus, Tribhuvan University.

At last not least, my paramount dedication is to my family members who have been uninterrupted source of sustain for me while during the tribulation of this work.

Namita Adhikari ShankharDevCampus

TABLE OF CONTENTS

Viva–Voce Sheet Recommendation Declaration Acknowledgement Table of Contents List of Tables List of Figures Abbreviations	<u>- ugo -</u>
CHAPTER-I INTRODUCTION	1-7
1.1 General background of the study	1
1.2 Statements of the problems	4
1.3 Objectives of the Study	4
1.4 Significance of the study	5
1.5 Limitations of the study	6
1.6 Organization of the study	7
CHAPTER-II REVIEW OF LITERATURE	8-39
2.1 Conceptual Review	8
2.1.1 Historical Background of bank	8
2.1.2 Concept of commercial bank	11
2.1.3 Joint Venture Banks of Nepal	13
2.1.4 Profile of Sample banks	15
2.1.5 Role of the Joint Venture banks in Nepal	17
2.1.6 Fund Collection Techniques	19
2.1.7 Mobilization of Funds	31
2.2 Review of Concerned Studies	34
2.3 Research gaps	38
CHAPTER-III RESEARCH METHODOLOGY	40-53
3.1 Introduction	40
3.2 Data Collection procedures	41
3.3 Population and sample	41

3.4 Methods of data analysis	42
3.4.1 Financial Tools	42
3.4.2 Statistical Tools	50
3.4.3 Trend Analysis	53

CHAPTER-IV PRESENTATION AND ANALARSIS OF DATA 54-91

4.1 Liquidity ratios	54	
4.1.1 Cash and bank balance to total deposit ratio		
4.1.2 Cash and bank balance to current deposit ratio		
4.2 Turnover ratios		
4.2.1 Credit and advances to total deposit ratio		
4.2.2 Credit and advances to fixed deposit ratio	59	
4.2.3 Credit and advances to total assets ratio	60	
4.3 Leverage ratios	62	
4.3.1 Debt to equity ratio	62	
4.3.2 Total Debt to total assets ratio	64	
4.4 Profitability ratio	65	
4.4.1 Return on assets ratio	66	
4.4.2 Interest income to total credit and advances ratio	67	
4.5 Other ratios	68	
4.5.1 Earning per share	68	
4.5.2 Market value per share	70	
4.5.3 Price earning ratio	71	
4.6 Analysis of Sources and Uses of Funds	74	
4.7 Comparative analysis of sources of fund	81	
4.8 Comparative analysis of uses of fund	82	
4.9 Correlation analysis		
4.9.1 Analysis of Correlation Coefficient between		
total deposit and Loan and Advances	85	
4.10 Trend analysis	86	
4.10.1 Trend analysis of Loan and Advance to Total Deposit Ratio		
4.11 Major Findings of the Study		

CHAPTER-V SUMMARY CONCLUSION

AND RECOMMENDATION	92-97
5.1 Summary	92
5.2 Conclusions	93
5.3 Recommendations	96

) Bibliography

) Appendix

LIST OF TABLES

		Page No.	
1.	Comparative cash and bank balance to total deposit ratio	54	
2.	Comparative cash and bank balance to current deposit ratio	56	
3.	Comparative credit and advance to total deposit ratio	58	
4.	Credit and advance to fixed deposit ratio	59	
5.	Comparative credit and advance to total assets ratio	61	
6.	Comparative Total Debt to Net worth ratio	62	
7.	Comparative Total Debt to Total Assets ratio	64	
8.	Comparative Net profit to Total Assets ratio	66	
9.	Comparative Interest Income to Total Credit and Advances ratio	67	
10.	Comparative Earning Per Share	69	
11.	Comparative Market Value Per share	70	
12.	Comparative Price Earning ratio	72	
13. Percentage of various sources and uses of funds			
	from total Sources and uses of HBL	74	
14.	Percentage of various sources and uses of funds		
	from total Sources and uses of EBL	76	
15.	Percentage of various sources and uses of funds		
	from total Sources and uses of NABIL	78	
16.	Percentage of various sources and uses of funds		
	from total Sources and uses of SCBNL	80	
17.	Comparative average sources of funds of		
	HBL, EBL, NABIL and SCBNL	81	
18. Comparative average uses of funds of			
	HBL, EBL, NABIL and SCBNL	81	
19.	Correlation Coefficient between deposits, Loan and advance	85	
20.	20. Trend Value of Credit and advance to total deposit ratio86		

LIST OF FIGURES

1.	Cash and bank balance to total deposit ratio	55
2.	Cash and bank balance to current deposit ratio	56
3.	Credit and advance to total deposit ratio	58
4.	Credit and advance to fixed deposit ratio	60
5.	Credit and advance to total assets ratio	61
6.	Total debt to Net assets ratio	63
7.	Total debt to Total Assets ratio	65
8.	Net profit to total assets ratio	66
9.	Interest income to total credit and advances ratio	68
10.	Earning per share	69
11.	Market value per share	71
12.	Price earning ratio	72
13.	Average sources of fund	82
14.	Average uses of fund	84
15.	Credit and advance to total deposit	87

ABBREVIATIONS

ATM	=	Automatic Teller Machine
B.S.	=	Bikram Sambat
CBs	=	Commercial Banks
EBL	=	Everest Bank Limited
EPS	=	Earning Per Share
FY	=	Fiscal Year
HBL	=	Himalayan Bank Limited
ie	=	That is
JVBs	=	Joint Venture Banks
LTD	=	Limited
MBS	=	Master's of Business Studies
MVPS	=	Market Value Per Share
NEPSE	=	Nepal Stock Exchange
No.	=	Number
NRB	=	Nepal Rastra Bank
NA	=	Not Available
P.E	=	Probable Error
Rs.	=	Nepalese Rupee
SCBNL	=	Standard Chartered Bank Nepal Limited
SEC	=	Securities Exchange Commission
T.U	=	Tribhuvan University
Viz	=	Verses