

LOAN DISTRIBUTION OF GARIMA BIKAS BANK LIMITED

A Project Work Report

By

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Pokhara

June, 2025

DECLARATION

I hereby declare that the project work entitled “LOAN DISTRIBUTION OF GARIMA BIKAS BANK LIMITED” submitted to Faculty of Management, Tribhuvan University, is an original piece of work under the supervision of Associate Prof. Ram Bahadur Thapa faculty member, Prithvi Narayan Campus, Pokhara, and is submitted in the partial fulfillment of the requirements for the degree of Bachelors of Business Studies (BBS). This Project work has not been submitted to any other university or institution for the award of any degree or diploma.

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Nandika Thapa

June, 2025

SUPERVISOR’S RECOMMENDATION

The project work report entitled “LOAN DISTRIBUTION OF GARIMA BIKAS BANK LIMITED” submitted by NANDIKA THAPA of PRITHVI NARAYAN CAMPUS is prepared under my supervision as per the procedure and format requirements laid by the Faculty of Management, Tribhuvan University, as partial fulfillment of the requirements for the award of the degree of Bachelor of Business Studies (BBS). I, therefore, recommend the project work report for evaluation.

.....

Associate Prof. Ram Bahadur Thapa

June, 2025

ENDORSEMENT

We hereby endorse the project work report entitled “LOAN DISTRIBUTION OF GARIMA BIKAS BANK LIMITED” submitted by NANDIKA THAPA OF PRITHVI NRAYAN CAMPUS, in partial fulfillment of the requirements for award of the Bachelor of Business Studies (BBS) for external evaluation.

.....
Associate Prof. Ram Bahadur Thapa
Chairman, Research Committee
Date:

.....
Prof. Dr. Hari Prasad Pathak
Campus Chief
Date:

ACKNOWLEDGEMENTS

This project work report entitled “LOAN DISTRIBUTION OF GARIMA BIKAS BANK LIMITED” has been prepared in partial fulfillment for the degree of Bachelors of business studies (BBS) under the course designed by the Faculty of Management, T.U. This study is based on the prescribed research format involving the use of financial ratios in banking sector. At the time of preparing this study, I have consulted with various personalities. So, I would like to extend my sincere thanks to all whose works and ideas helped me in conducting the study. Sincerely, I would like to pay my sincere gratitude to my project work report supervisor Associate Prof. Ram Bahadur Thapa of Prithvi Narayan Campus who guided through research work with providing valuable suggestions, supports and supervision. Finally, I would like to offer my profound gratitude to my family members, my friend, colleagues, well-wishers for their encouragement and support during the entire period of my study.

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Nandika Thapa

June, 2025

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ABBREVIATIONS

ATM	:	Automated Teller Machine
BBS	:	Bachelor of Business Studies
GBBL	:	Garima Bikas Bank Limited
LPM	:	Loan Portfolio Management
No	:	Number
NPL	:	Non- Performing Loan
NRB	:	Nepal Rastra Bank

CHAPTER I

INTRODUCTION

1.1 Background

Loan is the sum lent to others for certain time period with the agreement to charge interest on principle. The interest is charged certain percentage on the principle. When money belonging to one is advanced to another to be used for certain time period, it is called loan. The basic objective of loan advancement is to earn interest. However, sometimes, it may be difficult even for payment of principle. Loan Distribution or Investment means providing the credit facility of money to the people in mutual agreement to repay the amount along with extra benefits and return in the future. The excess reserve than depositors is granted as loan investment from banks. So, the term loan plays an improvement role in banking sector (Bhattarai, 2014).

Bank is an institution that deals in money and its substitute and provides other financial services. Bank accepts and makes use and derive a profit from difference in interest rate paid charged respectively. 'BANK' is origin from Latin word 'BANQUE' which refers to the bench on which the banker would keep his money record. Some believe it has been origin from French word 'BENCA' which means a bench for keeping leading and exchanging of money charges. Modern banking was originated in medieval Italy despite prohibition against usury. The charging of interest according to canon law (Hoggson, 1926).

The term loan refers to a type of credit vehicle in which a sum of money is lent to another party in exchange for future repayment of the value or principal amount. In many cases, the lender also adds interest and/or finance charges to the principal value which the borrower must repay in addition to the principal balance. Loans may be for a specific, one-time amount, or they may be available as an open-ended line of credit up to a specified limit. Loans come in many different forms including secured, unsecured, commercial, and personal loans. A loan is a form of debt incurred by an individual or other entity. The lender usually a corporation, financial institution, or government advances a sum of money to the borrower. In return, the borrower agrees to a certain set of terms including any finance charges, interest, repayment date, and other conditions. In some cases, the lender may require collateral to secure the loan and ensure repayment. Loans may also take the form of bonds and certificates of deposit (CDs) (Signoriello, 1991).

In finance, a loan is the lending of money by one or more individuals, organizations, or other entities to other individuals, organizations etc. The recipient (i.e., the borrower) incurs a debt and is usually liable to pay interest on that debt until it is repaid as well as to repay the principal amount borrowed. A secured loan is a loan in which the borrower pledges some asset (e.g., a car or house) as collateral. Unsecured loans are monetary loans that are not secured against the borrower's assets. These may be available from financial institutions under many different guises or marketing packages: Disbursement is the act of paying out or disbursing money, such as money paid out to run a business, cash expenditures, dividend payments, and or the amounts that a lawyer might have to pay out on a person's behalf in connection with a transaction. Disbursing money is part of cash flow. If cash flow is negative, meaning that disbursements are higher than revenues, it can be an early warning of potential insolvency. A distribution is a payment made by a company in cash or cash equivalents during a set time period. A bookkeeper records the transactions and posts them to ledgers, such as the general ledger and accounts payable ledger. Each entry includes the date, payee name; amount debited or credited, payment method, purpose of the payment, and its effect on overall cash balance. Common accounts in the ledger depend on the business. For example, a retailer has payments for inventory, accounts payable and salaries. A manufacturer has transactions for raw materials and production costs. Disbursements measure the money flowing out of a business and may differ from profit or loss. For example, a company using the accrual method reports expenses when they occur, not when they are paid, and it reports income when earned, not paid. Managers use the ledgers to determine how much cash is disbursed, and they track its use to determine spending ratios. For example, management can see how much cash is spent on inventory compared to other bills. Since the ledger records the check numbers of the checks issued, managers can determine whether checks are missing or written incorrectly. If earnings do not come as needed to cover expenses, a profit is still reported while cash is running low, which can lead to insolvency (Graham, 2008).

1.2 Profile of the Organization

Garima Bikas Bank Limited, a national level development bank previously headquartered at Waling, Syangja commenced its commercial operations on the 18th of Kartik, 2064 and the formal inauguration took place on the 7th of Magh, 2064. The bank, which initially started its banking transactions with a paid-up capital of only NPR 26.5 million, had covered three districts i.e Syangja, Palpa, and Kaski as a Regional Level Development Bank.

On the 20th of Chaitra, 2068, its business coverage area was expanded to 10 districts. Garima Bikas Bank, with a commitment to "Access to All," overcame limited business coverage and service distribution challenges by strategically becoming a National Level Development Bank. Through mergers with erstwhile Nilgiri Bikas Bank Limited on 29th of Asadh 2072 and erstwhile Subekshya Bikas Bank Limited on 4th of Ashwin 2073, the bank strengthened its capital base, expanded branch locations, and improved overall operations. The recent acquisition of Sahara Bikas Bank Limited on 28th of Kartik 2078 further enhances our presence in Madhesh Province 2. As a result, Garima Bikas Bank has transformed into a robust financial institution, offering a wide range of banking services to a larger customer base and ensuring accessible and reliable banking services across Nepal.

Head office is located at Kathmandu 02, Lazimpat, Kathmandu. With 123 branches and 51 strategically placed ATMs, the convenient access to the financial services for valued customers.

1.3 Objectives of The Study

Each and every study has their own objective. The main object of this research report is to find out the loan distribution of Garima Bikas Bank Limited. So, following objectives will be considered for the study.

- To assess the status of loan distribution of Garima Bikas Bank Limited.
- To analyze the trend of loan distribution of Garima Bikas Bank Limited.

1.4 Rationale of the Study

The study results are helpful to decision maker of the bank to know the strength and weakness of their loan department. It will be also helpful for those who want to take loan from GBBL as they will be well equipped with the procedure for processing loan. This study is helpful to businessmen; taxpayers can be beneficial from the study as well. The findings and the conclusions drawn from the study will be helpful for the officials to take corrective measures. The customer is benefited by knowing the procedure of deposit collection. The students can take the reference for preparing the project work report.

1.5 Literature Reviews

1.5.1 Conceptual Review

This section comprises general concept of loan distribution and loan, types of loan, development bank, function of development bank and its development in Nepal.

Concept of Loan distribution

Loan distribution is always concerned with financial institutions return and also connected with considerable amount of risk. Schwartz (1996) also discussed about the theory of loan priorities. While discussing bank's inhouse policy, consideration of financing policy is the must and equally the determining factors ultimately for making return (Robinson, 1951).

In the Nepalese context, financial institutions major banking activities are guided by the Nepal Rastra Bank Act, rules and bylaws and also directives and accordingly, commercial banks loan distribution practices are directly based on. This means that commercial bank should incorporate several elements while making investment policy. The loan provided by commercial bank is guided by several established principles such as length of time, their purpose, profitability and safety. Having within the premises of them, banks need to enjoy the comfortable amount of profit.

A loan is a financial arrangement in which one party (the lender) provides a specific amount of money or resources to another party (the borrower) with the understanding that the borrower will repay the borrowed amount, typically with interest, over a predetermined period. Loans can be used for various purposes, such as purchasing property, financing education, starting or expanding a business, or covering personal expenses (Rahman, 2019).

Application and Evaluation

The process typically begins with individuals or businesses submitting loan applications to the bank. The bank then evaluates the creditworthiness of the applicants by assessing factors such as their financial history, income, collateral, and overall ability to repay the loan (Bhattarai 2019).

Approval

Once the evaluation is complete, the bank decides whether to approve or reject the loan application. If approved, the bank establishes the terms and conditions of the loan, including the interest rate, repayment schedule, and any other relevant terms (Adhikari 2021).

Documentation

The approved loan is documented through a formal agreement that outlines the terms and conditions agreed upon by both parties. This documentation is legally binding and serves as a reference for the borrower and the bank (Shrestha, 2022).

Disbursement

After the documentation is complete and all necessary conditions are met, the bank disburses the loan amount to the borrower. This can be done through various means, such as crediting the borrower's account, issuing a check, or transferring funds electronically (Basnet, 2023).

Monitoring and Repayment

Banks closely monitor the performance of the loan throughout its tenure. Borrowers are required to make regular repayments as per the agreed-upon schedule. The bank may also conduct periodic reviews of the borrower's financial situation to ensure continued ability to repay (Nepal Rastra Bank, 2021).

Interest and Fee

Borrowers are typically required to pay interest on the loan amount along with any applicable fees. The interest and fees contribute to the overall cost of the loan and are determined based on the terms agreed upon during the approval process (Thapa, 2020).

Concept of Loan

In finance, a loan is the lending of money from one individual, organization or entity to another individual, organization or entity. A loan is a debt provided by an organization or individual to another entity at an interest rate, and evidenced by a promissory note which specifies, among other things, the principal amount of money borrowed, the interest rate the lender is charging, and date of repayment. A loan is a financial arrangement in which one party (the lender) provides a specific amount of money or resources to another party (the borrower) with the understanding that the borrower will repay the borrowed amount, typically with interest, over a predetermined period. Loans can be used for various purposes, such as purchasing property, financing education, starting or expanding a business, or covering personal expenses (Rahman, 2019).

Types of Loan

Personal Loans

Most banks, online and on Main Street, offer personal loans, and the proceeds may be

used for virtually anything from buying a new 4K 3D smart TV to paying bills. This is an expensive way to get money, because the loan is unsecured, which means that the borrower doesn't put up collateral that can be seized in case of default, as with a car loan or home mortgage. Typically, a personal loan can be obtained for a few hundred to a few thousand dollars, with repayment periods of two to five years (Kafle, 2019).

Credit Cards Loans

Every time a consumer pays with a credit card, he or she is taking out a personal loan. If the balance is paid in full immediately, no interest is charged. If some of the debt remains unpaid, interest is charged every month until it is paid off (Pokhrel, 2020).

Home-Equity Loans

People who own their own homes can borrow against the equity they have built up in them. That is, they can borrow up to the amount that they actually own. If half of the mortgage is paid off, they can borrow half of the value of the house, or if the house has increased in value by 50 percent, they can borrow that amount. In short, the difference between the home's current fair market value and the amount still owed on the mortgage is the amount that can be borrowed (Kafle, 2019).

Small Business Loans

Small business loans are available through most banks and through the Small Business Administration (SBA). These are typically sought by people setting up new businesses or expanding established ones. Such loans are granted only after the business owner has submitted a formal business plan for review. The terms of the loan usually include a personal guarantee, meaning that the business owner's personal assets serve as collateral against default on repayment. Such loans usually are extended for periods of five to 25 years. Interest rates are sometimes negotiable (Thapa, 2020).

Hire Purchase Loans

Hire purchase is an arrangement for buying expensive consumer goods, where the buyer makes an initial down payment and pays the balance plus interest in installments. The term hire purchase is commonly used in the United Kingdom and it's more commonly known as an installment plan in the United States. However, there can be a difference between the two: With some installment plans, the buyer gets the ownership rights as soon as the contract is signed with the seller. With hire purchase agreements, the ownership of the merchandise is not officially transferred to the buyer until all the payments have been made (Pant, 1998).

Term Loan

A term loan is a loan from a bank for a specific amount that has a specified repayment schedule and either a fixed or floating interest rate. It is often appropriate for an established small business with sound financial statements. It may require a substantial down payment to reduce the payment amounts and the total cost of the loan (Pokhrel, 2020).

Overdraft Loan

An overdraft is an extension of credit from a lending institution that is granted when an account reaches zero. The overdraft allows the account holder to continue withdrawing money even when the account has no funds in it or has insufficient funds to cover the amount of the withdrawal (Thapa, 2020).

Demand and other working capital loan

A working capital loan is a loan that is taken to finance a company's everyday operations. These loans are not used to buy long-term assets or investments and are, instead, used to provide the working capital that covers a company's short-term operational needs (Pokhrel, 2020).

Real Estate Loan

A commercial real estate loan is a mortgage secured by a lien on commercial property as opposed to residential property. Commercial real estate (CRE) refers to any income-producing real estate that is used for business purposes; for example, offices, retail, hotels, and apartments (Kafle, 2019).

Margin Lending Loan

A margin loan is a type of investment loan that lets you borrow money to invest in shares, managed funds and other approved financial products (Kafle, 2019).

Deprived Sector Loan

Deprived-sector lending is defined as the provision of microcredit to low-income people in an effort to uplift their socio-economic status. If a financial institution is found to use these loans for other purposes, the institution will be required to pay 150 percent of the loan amount to cover possible loan loss (Kafle, 2019).

Bills Purchased Loan

Bills purchased, in trade finance, allows a seller to obtain financing and receive immediate funds in exchange for a sales document not drawn under a letter of credit. The bank will

send the sales documents to the buyer's bank on behalf of the seller (Pokhrel, 2020).

Staffs Loan

Staff Loan means a mortgage or personal loan offered by the Society to an employee in accordance with the Society's Staff Loan Policy Sample 1 Based on 1 document save copy (Pokhrel, 2020).

Bank loan Interest Rate

The interest rate on a bank loan is the cost of borrowing money, expressed as a percentage of the loan amount. It represents the compensation the lender receives for providing funds to the borrower. When you take out a bank loan, you agree to repay the borrowed amount along with the accrued interest over a specified period (Pokhrel, 2020). There are typically two types of interest rates associated with loans:

Fixed Interest Rate:

With a fixed interest rate, the rate remains constant throughout the loan term. This means that your monthly payments stay the same, providing predictability and stability in budgeting. Even if market interest rates rise or fall, your interest rate remains unchanged.

Variable or Adjustable Interest Rate:

A variable or adjustable interest rate can change over time based on fluctuations in a benchmark interest rate or other factors. This type of rate introduces uncertainty into your monthly payments, as they may increase or decrease in response to market conditions.

1.5.2 Review of Past Studies

Bista (2010) has conducted research in the topic "Loan management of SCBL and NABIL banks". His research objectives are; To examine trend of the deposit and loan of SCBL and NABIL. To study liquidity position and its impact on loan. Major finding is: The liquidity position of Nabil and Standard chartered bank are normal. There is high degree of correlation between deposit and loan and advances of SCBL and low correlation in respect of NABIL. So SCBL has mobilized its deposit as loan successfully SCBIL bank deposit was not successfully mobilized in income generating sector.

Henri Heinola (2010) has expressed his view in the research report credit management of bank in this way. Usually, it is thought that credit management's main objective is to avoid any bad debts but this is not true, especially when a company's goal is to maximize profitability and sales. The company might incur some bad debts but the additional sales

of would make it worthwhile to the point where the profits from the additional sales cover the bad debts incurred.

Poudyal (2013) in his article bank credit and debt recovery states that "bank create credit mainly out of deposit, shareholder's capital, own borrowing and begin with the client prepare credit proposal and submit it to the board, subsequently bank complete appraisal of proposal, approve credit-limit and disburse installment. Bank credit should be recovered from the client in time and fetch return in the form of 59 interest". Loan management includes credit policy of respective financial institutions; its loan approval process, documentation, stipulation of the disbursement procedure, project appraisal system, additional collateral, loan monitoring and follow up, legal consideration etc. Banks and financial associations generally base their loan approval on the basis of credit appraisal report.

Edwards (2014) in his article credit management showed the needs to weigh the benefits of giving credit to the risks associated with it. Money costs money so there has to be benefits involved in giving credit to a customer in order to be able to manage with the costs that giving credit generates. (Edwards 2004,19) Edwards says, "The best thing would be for everyone to be able to accept the definition of credit as being something (money) which is bought from a supplier, at a price, in just the same way as any other goods or services are bought".

Dhewaju (2015) has done research on a study on lending practices of OM Finance Limited with the objectives of the sources of fund, to analyze the lending portfolio, the classification of loan and advances and to evaluate the position of assets management, profitability, activity and liquidity of OFL for lending. His findings were; (a) the major sources of fund are net worth and deposit, (b) OFL has maintained the loan loss provision according to the need and rules of NRB during the study period and the ratios are highly variable. The mean ratio is 1.46 percent and (c) OFL is not facing with such major problem in the lending process.

Handbook (2018), Loan portfolio management (LPM) is responsible for determining whether the bank has an effective loan portfolio management process. The historical emphasis on controlling the quality of individual loan approvals, minimizing risk and managing the performance of loan continues to be essential. But better technology and information system have opened the door to better management methods to manage their

portfolios, bankers must understand not only the risk posed by each credit but also how the risks of individuals loan and portfolios are interrelated. Until recently, few banks used modern portfolio management concept to control credit risk.

Now, many banks view the loan portfolio in its segments and as a whole and consider the relationships among portfolio segments as well as among loans. These practices provide 73 managements with a more complete picture of the bank's credit risk profile and with more tools to analyze and control the risk. LPM includes determining whether the risks associated with the banks' lending activities are accurately identified and appropriately communicated to senior management and the board of directors, and, when necessary, whether appropriate corrective action is taken. Banks should assess the risk/return relationship at both the individual loan and portfolio level. In addition to establishing strategic objectives for the loan portfolio, senior management and the board are responsible for setting risk limits on the banks' lending activities. Risk limits should take into consideration the banks historical loss experience, its ability to absorb future losses, and the banks desired level of return.

Poudel (2019) has conducted a study on deposit collection and loan distribution of Machhapuchhre Bank Limited. The major objective of the study is to analyze the types of deposit collection and the increasing or decreasing trend of deposit collection and loan distribution during five fiscal years. The data were collected to annual report, newspaper, journals, articles, websites etc. The major findings of the study are that the bank invests deposited funds maximum in the long-term maturity bucket rather than short term maturity bucket. MBL, has more long-term deposit than short term deposit, and due to competitive market MBL has to incurred higher cost on their deposits.

Pokhrel (2020) has conducted a study on deposit collection and loan distribution of Muktinath Bikas Bank Limited. The major objective of the study is to analyze the total deposit collection in different account and loan distribution in different head. The major findings of the study were that the bank invests deposited funds maximum in the long-term maturity bucket rather than short term maturity bucket. MNBBL has more long-term deposit than short term deposit, and due to competitive market MBL. has to incur higher cost on their deposits. MNBBL has lack of manpower to serve the growing customer demand. So, they not are being able to provide service to the customer in efficient manner. The ratio of personal loan is nearest to similar in each and every year. In some year, the loan invested by the bank in personal loan is fluctuated. The loan invested by the bank in

other sector loan also increases continuously with small increment. Regarding Hire purchase loan it is also in increasing position. The bank invests continuously in hire purchase like bike, bus, motor, machinery etc. In some FY the personal loan is higher and in some year the business loan is higher and, in some years, the personal loan is also higher than other types of loan. Analyzing the total loan of the bank the position of total loan is also in increasing position.

Ojha (2022) conducted a study on loan distribution of Muktinath Bikas Bank Limited. The objective of the study was to analyze the types of loan provided by the bank and to assess the trend of loan distribution. This research is quantitative in nature and based on primary and secondary sources. The secondary data has been gathered from annual reports and website. Bar diagram, pie chart, line graph, percentage and ratio are used to analyze this report. The major findings of the study were that in term loans, there is a consistent increasing trend each fiscal year, although the rate of increase fluctuates. Hire purchase loans witness an initial increase in the first three fiscal years, followed by a subsequent decrease, indicating a potential decline in the coming years. Personal loans show a fluctuating pattern, with significant increases in some fiscal years and substantial decreases in others. Overdraft loans demonstrate a consistent upward trend, while trust receipt investments consistently increase each year. Working capital loans exhibit, a rising trend until FY 2075/076, with a slight decrease in FY 2077/078. Real estate loans, on the other hand, showcase a declining trend, except for a slight increase in the last fiscal year. Deprived sector loans experience both increases and decreases, notably decreasing in the first fiscal year but showing an upward trend thereafter. Other types of loans demonstrate a consistent increase, suggesting a positive outlook for sectors such as education, business, and agriculture. Overall, the analysis indicates a general increase in loan distribution over the study period, suggesting a positive trajectory for future fiscal years.

Poudel (2024) conducted a study on loan distribution of Kumari Bank Limited. The objective of the study is to analyze the sector wise loan of KBL and to analyze the trend of loan to total assets ratio. Descriptive research design has been used to analyze the data. The data were collected from secondary sources from annual report of Kumari Bank from FY 2074/75 to 2078/079. Financial tool like loan to total assets ratio and statistical tool like mean and percentage has been used to analyze the data. The major findings of the study were that the loan and advances invested by the bank in different sector is in fluctuating situation. Analyzing the table and figure the loan invested in different year is

fluctuating situation during the study period. It shows that the loan investment will also fluctuate in coming fiscal year too. Analyzing loan and advance to total assets ratio, it is decreased in each and every fiscal year. The percentage of loan investment with respect to its assets is decreasing year by year. But it slightly increased in FY 2077/078.

1.6 Research Method

Research method simply refers to the process that is used to collect information and data, which helps to collect reliable data and information from various sources in order to prepare report writing.

1.6.1 Research Design

The study is concerned single unit thus has been followed the case study research design. Under the case study descriptive research approach has been applied.

1.6.2 Sources and Nature of Data

This research is quantitative in nature and based on secondary sources. The secondary data has been gathered from annual reports from website.

1.6.3 Population and Sample

Until Jestha end 2082 BS [Mid-June, 2025] there are 17 development banks in Nepal. Out of them Garima Bikas Bank Limited has been taken as sample. The bank is the sample for the research works and convenience sampling method has been used.

1.6.4 Methods of Data Collection

The study is based on secondary data from annual financial report of GBBL. It relies on both published and unpublished report that relate to this study. The collected data has been presented in table and graph for convenience. Financial and statistical tools have been used to analyze the data.

1.6.5 Data Processing and Analysis

The presentation and analysis of the collected and managed data is analyzed and interpreted through table and diagram. The overall presentation and analysis are in descriptive form.

1.7 Limitations of the Study

This study particularly involves the financial aspects of Garima Bikas Bank Limited. It is also trying to examine overall performance in terms of revenue collections, allocation

and utilization. So, the limitations of the study are:

- This study is only to concentrate on the loan distribution of the organization.
- The accuracy and reliability of findings is based on the accuracy of the figures and information in annual budget, reports and published documents.
- This study used secondary source of data only. Due to the use of secondary data, the validity of this study depends upon the validity of secondary data.
- This study concerned with GBBL only therefore the results of the study should not be generalized to others organization.
- This study analyzes only the data of 5 years from fiscal year 2076/77 to 2080/81 B.S. which might not shows the accurate performance of the bank.

CHAPTER II

RESULTS AND ANALYSIS

This chapter deals with presentation and analysis of data collected from different sources and component. The main purpose of this chapter is to convert all the raw data into understandable form. It is process of collecting, organizing, summarizing, tabulating and presenting data into various charts, table and other forms. Here the data collected from various sources have been analyzed to meet the various dimensions of the problems of study and major findings of the study are presented systematically.

2.1 Data Presentation and Analysis

The data collected from different sources has been refined and documented in excel tables which are further processed to analyze and draw a conclusion at the findings on financial condition of Garima Bikas Bank.

2.1.1. Sector wise Loan and Advances provided by GBBL

The loan and advances provided by the bank are for terms loan, overdraft loans, trust receipt / import loans, demand and other working capital loans, personal residential loans, real estate loans, margin lending loans, hire purchase loans, deprived sector loans, bills purchased, staffs loans and other loans. All the types of loan are presented in the following table.

Term Loan

Table 2.1

<i>Term Loan Provided by the Bank</i>		<i>NRS in '000'</i>
Fiscal Year	Term Loan (Rs.)	percent Changed
2076/77	12,267,742	-
2077/78	16,816,887	37.08
2078/79	18,883,205	12.29
2079/80	24,074,362	27.49
2080/81	27,112,679	12.62

Source: Annual Report, GBBL

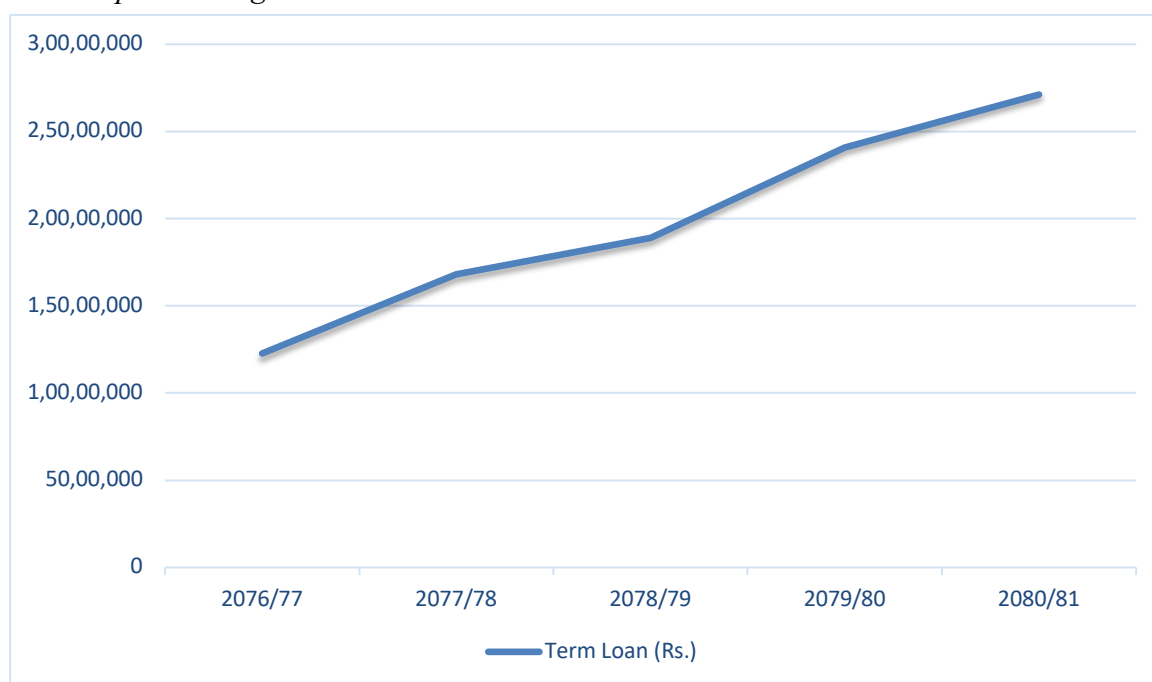
Figure 2.1*Bar Graph Showing Loan Distribution in Term Loan*

Table 2.1 and figure 2.1 shows the loan distribution in term loan during the fiscal year 2076/77 to 2080/81 reflecting a steady income over the past five fiscal years. The term loan amount rose from NPR 12,267,742 in 2076/77 to NPR 27,112,679 in 2080/81 showing overall positive trend in term loan lending. One significant aspect in the annual report of 2080/81 the term loan is classified as personal and business loans which therefore has been added as Term Loan whereas the previous 2079/80 term loan were recorded as single category which foremost doesn't explicitly match with the term loan amounts which could be formerly due to additional charges, adjustments or reclassifications. Despite the significant increase in Term Loan, the rate of percentage change has been fluctuated year by year.

Overdraft Loan

Table 2.2*Overdraft Loan Provided by the Bank**NRS in '000'*

Fiscal Year	Overdraft Loan (Rs.)	% Changed
2076/77	8,340,278	-
2077/78	14,333,541	71.86
2078/79	16,281,404	13.59
2079/80	3,933,290	(75.86)
2080/81	3,017,982	(23.28)

Source: Annual Report, GBBL

Figure 2.2*Bar Graph Showing Loan Distribution in Overdraft Loan*

Table 2.2 and figure 2.2 shows the loan distribution in overdraft loan during the fiscal year 2076/77 to 2080/81 reflecting a noticeable fluctuation in loan issuance. The overdraft loan amount peaked in 2078/79 at NPR 16,281,404 followed by a sharp 75.86 percent decline in 2079/80 to NPR 3,933,290. However, the most recent change in 2080/81 annual report where the overdraft loan was recorded as NPR 3,017,792 marking 23.28 percent decrease compared to previous year. Therefore, the sharp decline may not be necessarily indicated the reduced lending but rather a redistribution of loans into new category or adjustments during the reporting formats.

Personal Residential Loan

Table 2.3*Personal Loan Provided by the Bank**NRS in '000'*

Fiscal Year	Personal Residential Loan (Rs.)	% Changed
2076/77	4,076,338	-
2077/78	8,107,046	98.88
2078/79	9,537,928	17.65
2079/80	12,042,212	26.26
2080/81	14,674,116	21.86

Source: Annual Report, GBBL

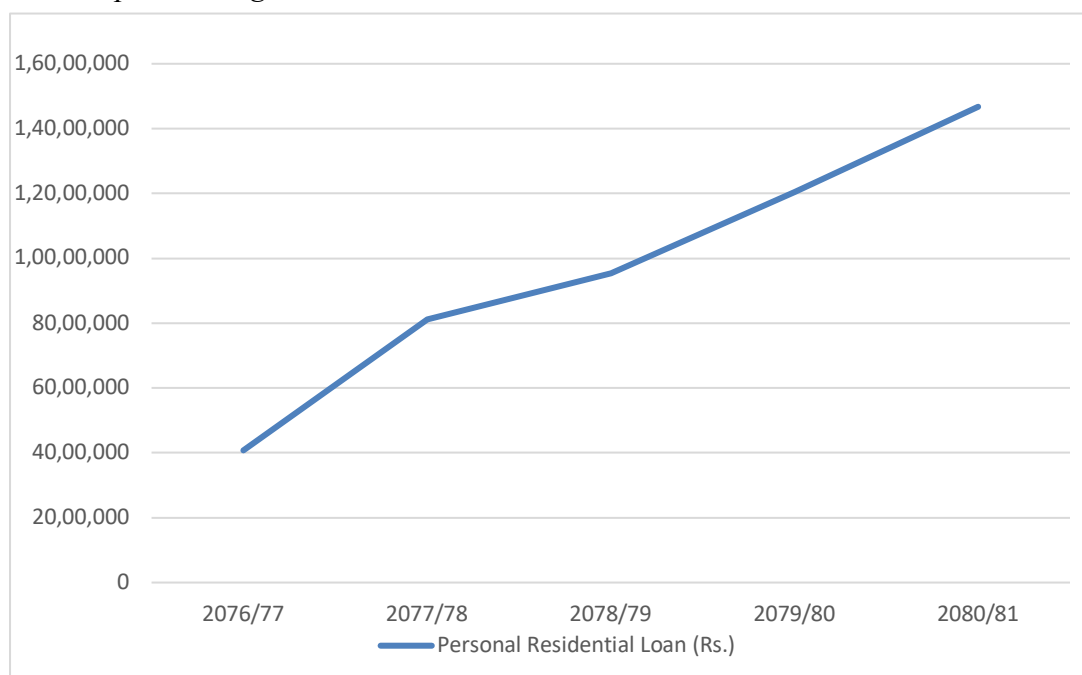
Figure 2.3*Bar Graph Showing Loan Distribution in Personal Residential Loan*

Table 2.3 and figure 2.3 shows the loan distribution in Personal Residential loan during the fiscal year 2076/77 to 2080/81 reflecting a steady growth in loan issuance. The loan amount increased from NPR 4,076,338 in 2076/77 to NPR 14,674,116 in 2080/81 over the five-year period. A major spike occurred in 2077/78, with a 98.88 percent increase, nearly doubling the previous year's loan issuance. Following this sharp increase, the growth rate stabilized, maintaining a steady upward trend in the following years. However, in 2080/81 though the loan issuance grew by 21.86 percent a key difference is the structural changes in as in previous year it the Personal Residential Loans were recorded as a single category. This shift in reporting means that direct comparisons result to assumption that some loans have been adjusted, restructured or categorized differently. Despite these refinements, the steady increase in loan distribution suggests the borrower demand.

Real Estate Loan

Table 2.4

<i>Real Estate Loan Provided by the Bank</i>		<i>NRS in '000'</i>
Fiscal Year	Real Estate Loan (Rs.)	% Changed
2076/77	1,153,635	-
2077/78	473,070	(58.99)
2078/79	904,372	91.17
2079/80	2,452,898	171.21
2080/81	2,693,981	9.83

Source: Annual Report, GBBL

Figure 2.4*Bar Graph Showing Loan Distribution in Real Estate loan*

Table 2.4 and figure 2.4 shows the loan distribution in Real Estate loan during the fiscal year 2076/77 to 2080/81 reflecting a steady growth in loan issuance. The loan amount in 2076/77 was NPR 1,153,635 but experience sharp decline of 58.99 percent in 2077/78, dropping to NPR 473,070. This downward trend likely reflects reduced borrowing due to economic uncertainties. In 2078/79, real estate loan issuance rebounded with a 91.17 percent increase, reaching NPR 904,372 indicating renewed demand in the sector. The most significant expansion occurred in 2079/80, with loans surging by 171.21 percent to NPR 2,452,981 suggesting strong growth driven by improved market condition. By 2080/81 Loan issuance continued to rise to NPR 2,693,981 although the growth rate moderated to 9.83 percent implying a stabilization phase.

Margin Lending Loan

Table 2.5*Margin Lending Loan Provided by the Bank**NRS in '000'*

Fiscal Year	Margin Lending Loan (Rs.)	% Changed
2076/77	303,641	-
2077/78	1,326,816	336.97
2078/79	1,040,310	(21.59)
2079/80	1,546,157	48.61
2080/81	1,773,885	14.73

Source: Annual Report, GBBL

Figure 2.5

Bar Graph Showing Loan Distribution in Margin Lending Loan

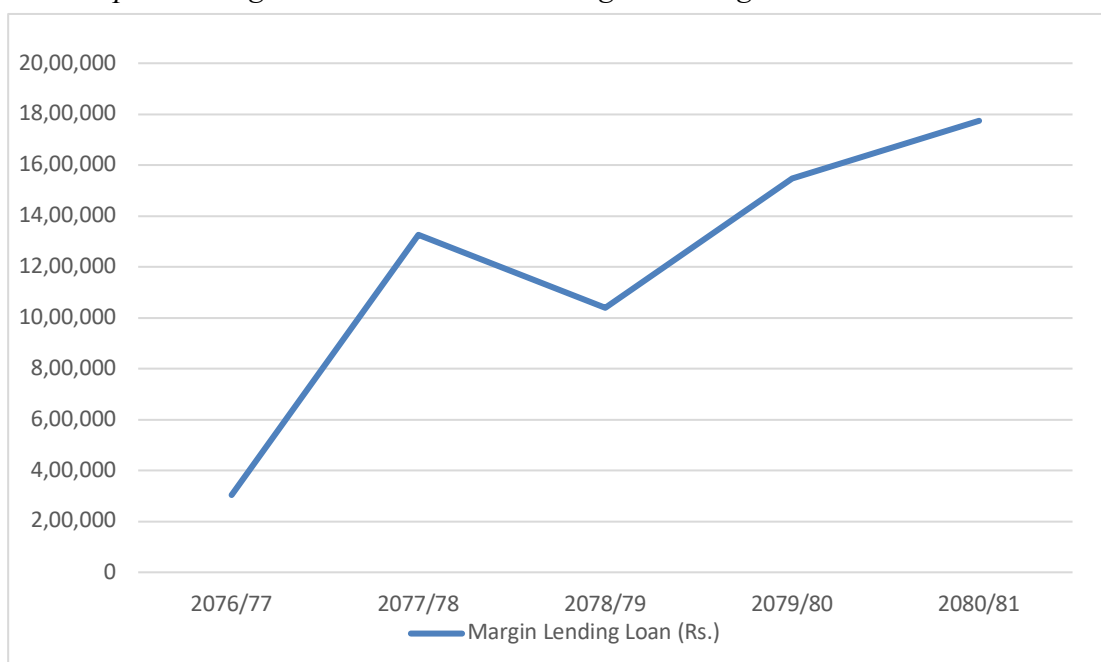


Table 2.5 and figure 2.5 shows the loan distribution in Margin Lending Loan during the fiscal year 2076/77 to 2080/81 reflecting a notable fluctuation in loan issuance. In 2076/77, the loan amount was NPR 303,641 serving as the baseline for the observed trend. The following year, in 2077/78 the loan amount surged by 336.97 percent a remarkable increase however in 2078/79, loan issuance declined by 21.59 percent falling which suggest a contraction in borrowing possibly dues to market corrections. Despite the declines, the trend reversed in 2079/80, with loans increasing 48.61 percent to NPR 1,546,157 whereas in 2080/81 the loan amount rose to NPR 1,773,885 although at more moderate of 14.73 percent resulting to a stabilization phase.

Deprived Sector Loan

Table 2.6

Deprived Sector Loan Provided by the Bank

NRS in '000'

Fiscal Year	Deprived Sector Loan (Rs.)	% Changed
2076/77	1,992,408	-
2077/78	3,614,585	81.42
2078/79	3,945,891	9.41
2079/80	3,023,985	(23.37)
2080/81	2,012,160	(33.46)

Source: Annual Report, GBBL

Figure 2.6

Bar Graph Showing Loan Distribution in Deprived Sector Loan

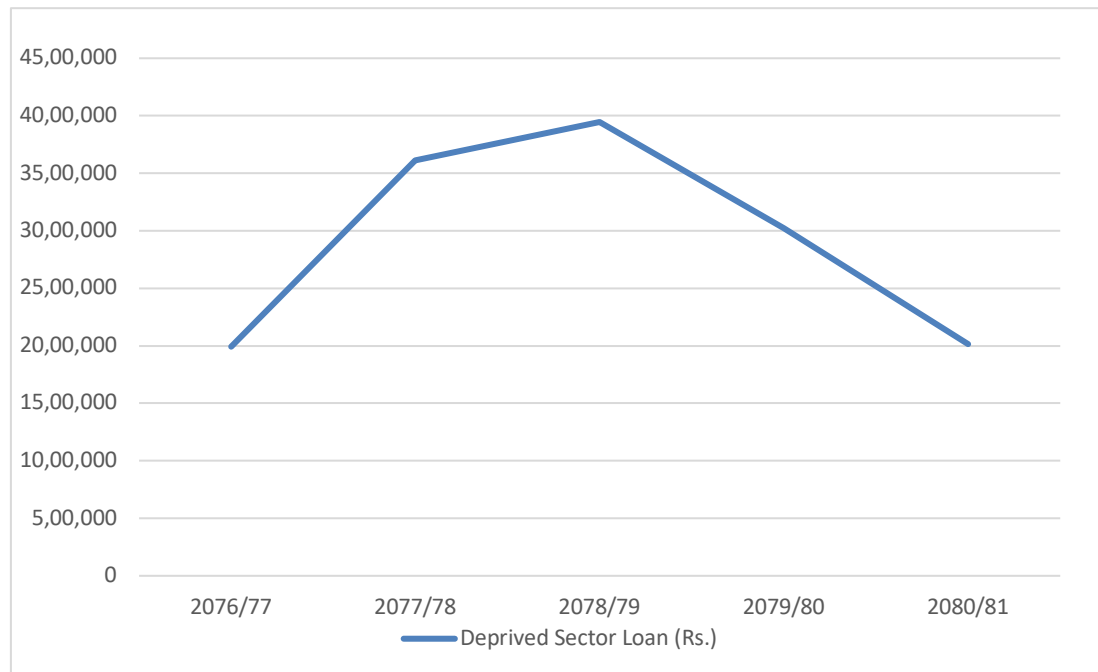


Table 2.6 and figure 2.6 shows the loan distribution in Deprived Sector Loan during the fiscal year 2076/77 to 2080/81 reflecting a steady growth in loan issuance. In 2076/77, the loan amount stood at NPR 1,992,408, serving as the baseline for the observed trend. The following year, in 2077/78, the loan amount increased significantly by 81.42%. In 2078/79, the growth rate slowed, but loans still saw a 9.41% increase, reaching NPR 3,945,891, suggesting expansion. However, in 2079/80, the trend reversed with a 23.37% decline, bringing the loan amount down to NPR 3,023,985. The downward trend continued in 2080/81, where loan issuance fell further by 33.46%, settling at NPR 2,012,160, suggesting either a contraction in lending or a shift in funding allocation.

Demand and other Working Capital Loans

Table 2.7

Demand and other Working Capital Loan provided by the bank *NRS in '000'*

Fiscal Year	Demand and other Working Capital Loan (Rs.)	% Changed
2076/77	206,560	-
2077/78	693,720	235.841
2078/79	482,881	(30.39)
2079/80	366,931	(24.02)
2080/81	169,425	(53.81)

Source: Annual Report, GBBL

Figure 2.7

Bar Graph Showing Loan Distribution in Demand and other Working Capital Loan

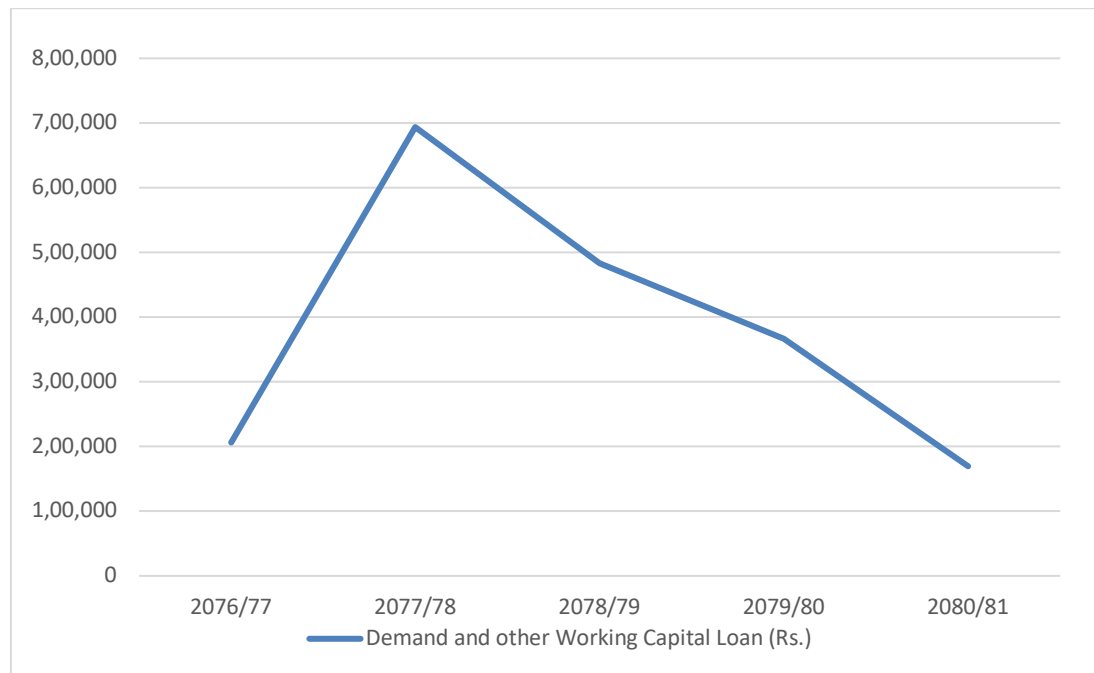


Table 2.7 and Figure 2.7 illustrate the loan distribution for Demand and Other Working Capital Loans from fiscal year 2076/77 to 2080/81, showing significant shifts in loan issuance over time. In 2076/77, the total loan amount was NPR 206,560, marking the initial recorded value. The following year, in 2077/78, there was a substantial increase of 235.73 percent, with the loan issuance reaching NPR 693,720. However, in 2078/79, the loan amount declined 30.35 percent to NPR 482,881. The downward trend continued in 2079/80, with a further 24.02 percent decrease, reducing the loan amount to NPR 366,931. By 2080/81, the loan issuance fell 53.81 percent, settling at NPR 169,425, marking the lowest recorded value in the five-year period.

Staff Loans

Table 2.8

Staff Loan Provided by the Bank

NRS in '000'

Fiscal Year	Staff Loan (Rs.)	% Changed
2076/77	117,885	-
2077/78	153,605	30.29
2078/79	335,460	118.37
2079/80	455,000	35.63
2080/81	543,860	19.53

Source: Annual Report, GBBL

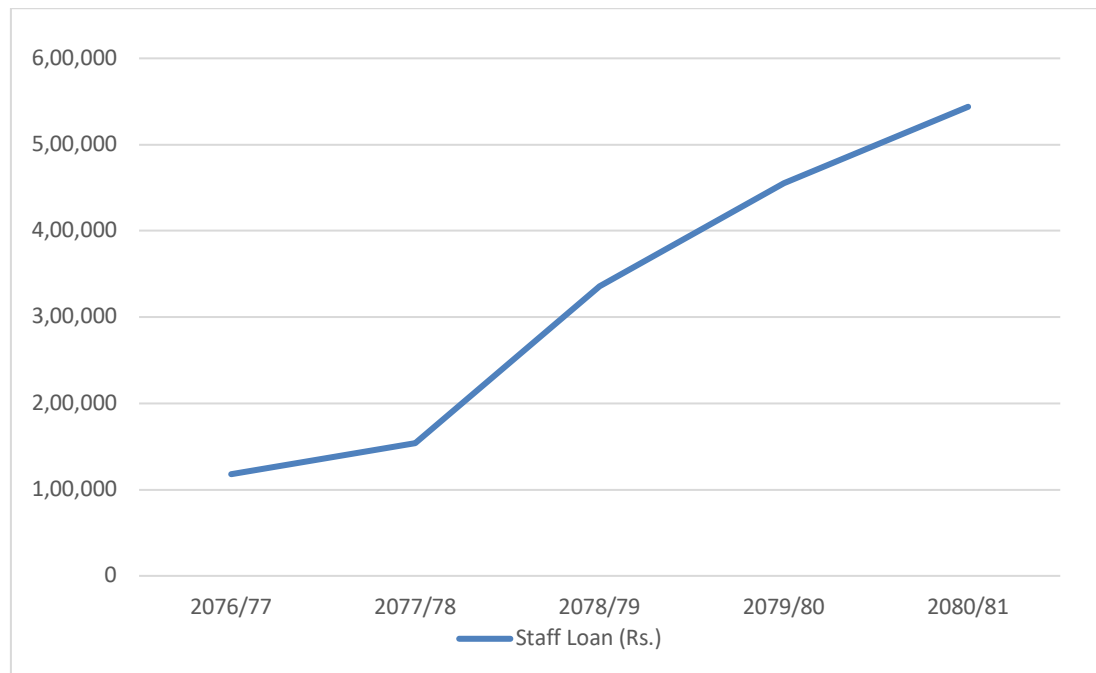
Figure 2.8*Bar Graph Showing Loan Distribution in Staff Loan*

Table and figure 7 shows the staff loan provided by Garima Bikas Bank. In the fiscal year of 2076/77, the loan amount was MPR 117,885 which grew by 30.34 percent in 2077/78, reaching NPR 153,605. A more significant rise followed in 2078/79, as staff loan issuance more than doubled, increasing by 118.33 percent to NPR 335,460. This upward trend continued in 2079/80, with loans rising by 35.64 percent to NPR 455,000 and in the following year the moderate growth of 19.53 percent resulting to the loan issuance amount to NPR 543,860. The pattern indicates the consistent growth in staff loan distribution, possibly influences by improved lending policies.

Other Loan

Table 2.9*Other Loan Provided by the Bank**NRS in '000'*

Fiscal Year	Other Loan (Rs.)	percent Changed
2076/77	2,333,054	-
2077/78	2,407,532	3.19
2078/79	3,417,385	41.95
2079/80	7,970,885	133.22
2080/81	7,041,940	(11.66)

Source: Annual Report, GBBL

Figure 2.9

Bar Graph Showing Loan Distribution in Other Loan

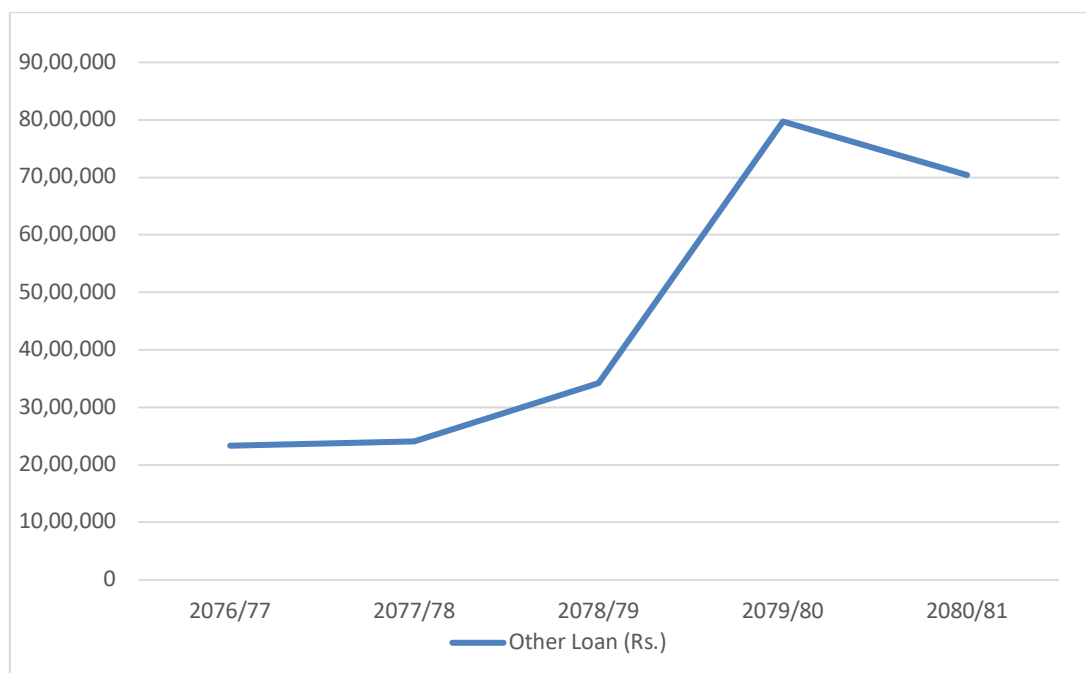


Table 2.9 and figure 2.9 illustrate the loan distribution of Other loan from fiscal year 2076/77 to 2080/81 highlighting the fluctuations in lending patterns. In 2076/77, the loan amount was NPR 2,333,054 establishing the initial trend which increased by 3.19 percent in the following year 2077/78. In 2078/79, the loan was increased by 41.95 percent reflecting a stronger demand for other loan where as the largest expansion took place in 2079/80 with the loan issuance surging by 133.22 percent which is NPR 7,970,885. However, the trend declined by 11.66 percent to NPR 7,041,940 suggesting a possible contraction in lending.

Total Loan Distribution

Table 2.10

Total Loan Provided by the Bank

NRS in '000'

Fiscal Year	Total Loan (Rs.)	% Changed
2076/77	35,425,574	-
2077/78	52,634,573	48.59
2078/79	59,226,430	12.52
2079/80	63,561,184	7.32
2080/81	67,890,131	6.81

Source: Annual Report, GBBL

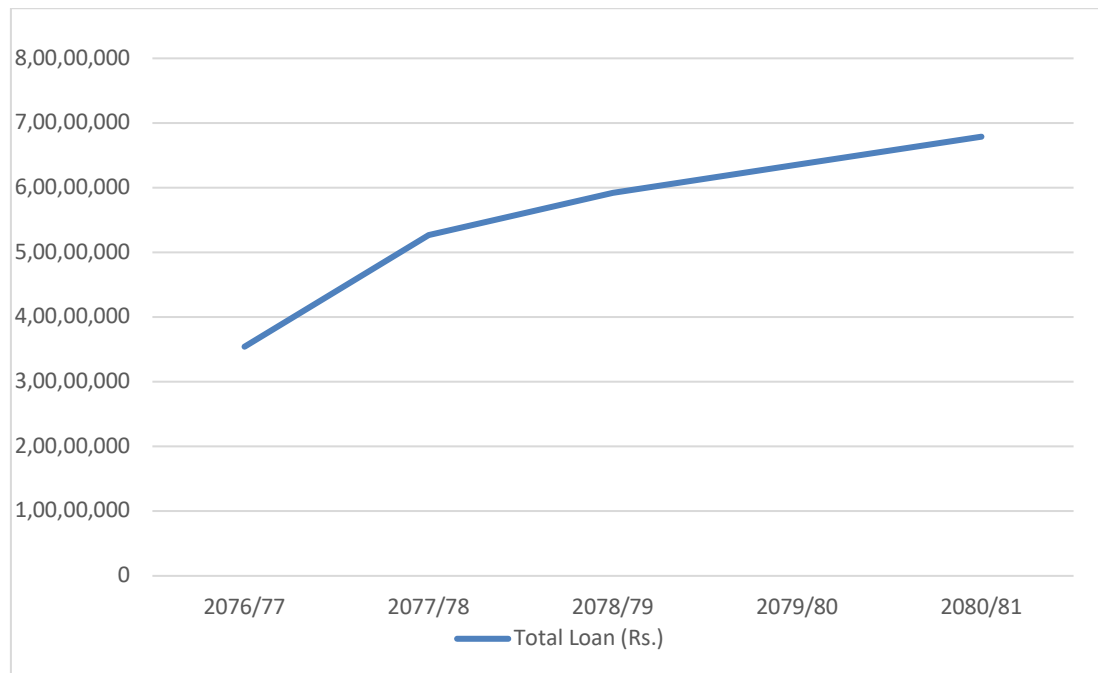
Figure 2.10*Bar Graph Showing Total Loan Distribution*

Table 2.10 and Figure 2.10 shows the sector wise loan and advance of GBBL. In the fiscal year 2076/077, total loans issued was NPR 35,425,574 increased by 48.59 percent in 2077/078, reaching a total loan amount of NPR 52,634,573. Slowed slightly in the fiscal year 2078/079, with a still considerable increase of 12.52 percent, resulting in total loans of NPR 59,226,430. Similarly, in the fiscal year 2079/080, total loans continued to rise, reaching 63,561,184 units, reflecting a growth rate of 7.32 percent. By 2080/81, loan issuance increased by 6.81 percent bringing total loan portfolio to NPR 67,890,131. The consistent growth across these years suggesting a well-maintained credit flow, with fluctuations reflecting possible economic changes, policy shift.

2.2. Findings

Term loans also showed a steady growth trend as the trend was upward between 2076/77 and 2080/81. There was a positive lending practice with the amount of loan rising in terms of NPR 12,267,742 lent out in 2076/77 and NPR 27,112,679 in 2080/81. The percentage change rate though varied but gave high average growth in 2077/78 (37.08 percent) and 2079/80 (27.49 percent) and the rate slowed down in 2078/79 (12.29 percent) and 2080/81 (12.62 percent).

The trend of overdraft loan recorded extreme fluctuations in the five-year trend. It reached the highest in 2078/79, when the amount of loans was at a point of NPR 16,281,404, then dropped in 2079/80, by 75.86 percent (to reach NPR 3,933,290) and in

2080/81 it fell by 23.28 percent (to reach NPR 3,017,982). These decreases need not be direct measures of less lending at all, and may be due to reclassifications or changes in loan-category assignments.

Personal residential loans have followed a consistent positive trend during 2076/77 to 2080/81 whereby an increase was recorded in the values representing loans, providing a rise of NPR 4,076,338 to NPR 14,674,116. The most eminent one was the jump in 2077/78 (98.88 percent) almost twofold higher than a year earlier loan originations. Although growth has been steady in other years, the fact that the reporting structure was altered in 2079/80 and thereafter indicates that reclassification or some adjustments have been made with regard to structuring of loans.

Initially, there was decline in real estate loans, which dropped by 58.99 percent in 2077/78, but, then, it showed a stellar recovery by rising 171.21 percent in 2079/80 to NPR 2,452,898. In 2080/81, the growth rate reduced to 9.83, a stage of stabilization in the lending of the real estate.

The volatility was seen in the margin lending loans which showed a 336.97 percent increase in the year 2077/78, then fell by 21.59 percent in 2078/79 and rose up to 48.61 percent in the year 2079/80 and 14.73 in the year 2080/81 as corrections in the market and a changing borrower demand were seen. In 2077/78, there was a robust growth in loans in deprived sector (81.42 percent) which was followed by a gradual decline in 2079/80 (-23.37 percent) and 2080/81 (-33.46 percent) which indicates that there could be a regulatory or economic factor that is impacting accessibility.

The loan is working capital and demand and other working capital loans were also fluctuating inclining up by 235.84 in 2077/78 and lowing at (-30.39) in 2078/79 and (-24.02) in 2079/80. The greatest decline was in 2080/81 (-53.81. percent), which shows they were perhaps the necessary changes in the distribution of financial resources or a change in business liquidity requirements.

The loans given to staff members were also rising steadily with sharp rises recorded in 2078/79 (118.37 percent) and 2079/80 (35.63 percent) indicating that employees need more financing options. The other loans exhibited fluctuation with 41.95 percent increase in 2078/79 rising to its peak of 133.22 percent in 2079/80 and finally reducing 11.66 percent in 2080/81, which indicates that the borrowers changing requirements or the shift in financial allocation plans.

The total loan issued by Garima Bikas Bank showed the same upward trend as it stands at NPR 35,425,574 in 2076/77 and NPR 67,890,131 in 2080/81. The greatest annual growth was registered in 2077/78 (48.59 percent) although growth improved at lesser rates between 2077/78 and 2084/85 implying that credit flow was well accommodated even as the economy fluctuated.

CHAPTER III

SUMMARY AND CONCLUSION

3.1. Summary

GBBL is committed to provide one window financial solutions to the different customer segments and to achieve healthy growth in profitability consistent with the bank's risk appetite. The Bank has been dedicated to maintain the highest level of ethical standards, professional integrity, corporate governance and regulatory compliance. As a result, GBBL is perceived as a Strong and Reliable player in the banking industry. GBBL has been committed to meet customer expectations in all areas of its business through continuous improvement for overall benefit of the economy.

The main objective of the study is to find the trend of loan disbursement. The data were collected through secondary sources and descriptive research design has been used. The bank is taken as the sample for the research work among 17 Development banks. The loan and advances invested by the bank in different sector is increasing year by year. The loan distribution analysis for Garima Bikas Bank from fiscal year 2076/077 to 2080/081 reveals several noteworthy trends. Overall, there's a consistent upward trajectory observed in term loans, overdraft loans, personal loans, and other loan types, indicating increased lending activities by the bank. Term loan reflects strong and consistent increase, with the amount nearly doubling over the five-year period. Though percentage growth varied annually, overall demand remained high. Overdraft loans showed sharp fluctuations, peaking in 2078/79 before declining significantly partly due to reclassification of loan categories. Personal residential loans displayed to steady rise, with a major spike in 2077/78 followed by structural shifts. Real estate loans initially declined but later recovered rapidly, then stabilized in the final year. Margin lending loans were highly volatile, showing both extreme growth and sharp declines across the period. Deprived sector loans grew significantly in the early years but contracted in 2079/80 and 2080/81, indicating potential regulatory or market related constraints. Working capital loans revealed erratic behavior, with large increases followed by steep declines, possibly ties to liquidity shifts. Staff loan showed strong and consistent growth, indicating expanding internal lending policies. Other loans increased rapidly until 2079/80, before a decline in 2080/81 suggested realignment in borrower demand or strategic lending decisions.

Total loan distributed showed a sustained upward trajectory, reflecting GBBL's continued expansion in market lending operations.

3.2 Conclusion

The purpose of this study was to examine the status of loan distribution at Garima Bikas Bank Limited and the results report that the bank has followed a logical and systematic path in lending across different chunks of the economy. As such, loan portfolio of the bank is diversified by: term loans, overdrafts, personal residential loans, real estate loans, staff loans and loans for destitute people. Such distribution showcases GBBL's focus not just on the profitability and sound risk management, but also and on financial inclusion and institutional responsible. Dedicated lending products for employees and the underserved population indicates that the bank serves as a financial intermediary and social impact driver. Additionally, through the same balance between short-term operational loans and long-term credit products, the bank also reflects its commitment to sustainable development on a larger scale. It also reflects how national policy priorities have directed GBBL towards lending for compliance, whilst remaining responsive to customer segments at different levels of financial need.

The second core goal was to examine how distributions of lending has evolved over the five-year window which showed both patterns of growth and movement toward recalibrating. Despite broad upward trends across categories, some loan types were more volatile, such as those consistent with internal changes in organizational structures, borrower behaviors, and loan classified practices. The fact that these variables can dictate its credit strategy implies that bank credit is a dynamic process that is being continually adjusted to respond to economic and regulatory changes. In addition, the change in loan segmentation and changes in they are in the process of modernizing their operations and reporting in line with the new financial paradigm. These trends suggest that over time, there are not just more loans being made, but these loans are being differently categorized, prioritized, and delivered. Thus, GBBL is not simply a lender, but a strategically responsive institution simultaneously setting it in the right direction for credit policy evolution for growth as an institution, stability for the nation, and economic progress for National Development.

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