Liquidity and Profitability of Development Banks in Nepal

A Dissertation submitted to office of the Dean, Faculty of Management, Tribhuvan University, in partial fulfilment of the requirements for the Master's Degree

By

Jeevan Singh Dhami
Shanker Dev Campus
Campus Roll No.: 3182/075
Exam Roll No.: 13412/19
T.U. Regd. No.: 7-3-39-1312-2018

Kathmandu, Nepal
Aug, 2024

Certification of Authorship

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled "**Liquidity and Profitability of Development Banks in Nepal**". The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor. It has been proposed and presented as part of requirements for any other academic purposes.

The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declare that all information sources and literature used are cited in the reference section of the dissertation.

……

Jeevan Singh Dhami

Report of Research Committee

Mr. Jeevan Singh Dhami has defended research proposal entitled "**Liquidity and Profitability of Development Banks in Nepal**", successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestions and guidance of supervisor Asso. Prof. Dr. Kapil Khanal and submit the thesis for evaluation and viva voce examination.

…….

Asso. Prof. Dr. Kapil Khanal
Dissertation Supervisor

Dissertation Proposal Defended Date

……

Dissertation Submitted Date

……

……..

Asso. Prof. Dr. Sajeeb Kumar Shrestha
Head of Research Department

Dissertation Viva Voce Date

……

Approval Sheet

We, the undersigned, have examined the thesis entitled "**Liquidity and Profitability of Development Banks in Nepal**" presented by Jeevan Singh Dhami a candidate for the degree of master of Business Studies (MBS Semester) and conducted the Viva voce examination of the candidate. We hereby certify that the thesis is worthy of acceptance.

……..
Asso. Prof. Dr. Kapil Khanal
Dissertation Supervisor

……...
Internal Examiner

……
Internal Expert

……
External Expert

……
Asso. Prof. Dr. Sajeeb Kumar Shrestha
Chairman, Research Committee

…….
Asso. Prof. Dr. Krishna Prasad Acharya
Campus Chief

Acknowledgements

This study entitled **"Liquidity and Profitability of Development Banks in Nepal**" has been prepared in partial fulfillment for the Degree of Master of Business Studies (MBS) under the Faculty of Management, Tribhuvan University is based on research models involving the use of quantitative aspect.

I have great satisfaction and pleasure to express my appreciation and sincerity to my thesis supervisor Asso. Prof. Dr. Kapil Khanal of Shanker Dev Campus, TU for his excellent and effective guidance and supervision. I will remain thankful for his valuable direction useful suggestion and comments during the course of preparing this thesis without his help this work would not have come in this form. I also would like to extend my debt of gratitude Asso. Prof. Dr. Sajeeb Kumar Shrestha, Head of Research Department and I owe a deep debt of gratitude to Asso. Prof. Dr. Krishna Prasad Acharya, Campus Chief of Shanker Dev Campus who provided me an opportunity to undertake this research work. Similarly, I would like to express my sincere to my friends for their support, encouragement and help for this study work.

I highly appreciate to all the staffs of respective banks, NRB Library, Shanker Dev Campus Library and TU Central Library for their valuable advices and support in collecting and presenting the necessary data. I would also like to express my thankfulness to my friends, my family members as well as all known people who supported as well as inspired me directly or indirectly to complete this thesis. With help and support, I have been able to complete this work. I would like to take the responsibility of any possible mistakes that may have occurred in the report. I would be delighted to welcome readers for their suggestion and recommendation to improve the report.

Jeevan Singh Dhami
Aug, 2024

Table of Contents

List of Tables

Page No.

List of Figure

Page No.

Abbreviations

ATM	:	Automated Tailor Machine
C&BB	:	Cash & Bank Balance
CB	:	Commercial Banks
CA	:	Current Assets
CV	:	Coefficient of Variation
e.g.	:	Example
F/Y	:	Fiscal Year
GDP	:	Gross Domestic Products
i.e.	:	That is
IGS-CAR	:	Investment on Government Securities to Current Assets Ratio
L & A	:	Loan and Advance
Ltd.	:	Limited
NRB	:	Nepal Rastra Bank
ROE	:	Return on Equity
ROA	:	Return on Assets
SD	:	Standard Deviation
T.A	:	Total Assets
TD	:	Total Deposit
TU	:	Tribhuvan University

Abstract

The primary objective of this study was to assess the liquidity and profitability of Nepali commercial banks. Through comparative descriptive and causal research methodologies, the study aimed to achieve specific research goals. Panel data spanning from 2013/14 to 2022/23 from ten Nepalese development banks were utilized for comprehensive analysis. The study employed several independent variables such as the cash reserve ratio, CD ratio, capital adequacy ratio, and company size, while profitability indicators (ROA and ROE) served as dependent variables. Secondary data sources were crucial for this study, enabling a rigorous examination through panel data analysis using ordinary least squares (OLS) regression. Key findings indicate a significant positive correlation between the current to deposits ratio and ROE, highlighting the impact of liquidity on profitability. Moreover, the regression analysis underscored the statistically significant relationships between ROE and the independent variables. Regarding ROA, the study revealed that it is notably influenced by the cash reserve ratio, company size, and capital adequacy ratio. Notably, while the cash reserve ratio and capital adequacy ratio showed marginal effects on ROA, liquidity emerged as a critical determinant of development bank profitability. The implications of these findings are substantial, potentially guiding policymakers and bankers in making informed decisions to enhance the profitability of financial institutions. By understanding the nuanced relationships between liquidity, capital structure, and profitability metrics, stakeholders can adopt targeted strategies to optimize financial performance amidst dynamic economic landscapes. Thus, this study contributes valuable insights that could inform strategic initiatives aimed at bolstering the financial health and sustainability of Nepali development banks.

Keywords: *Profitability, Liquidity, Development Banks, ROE, ROA,*

CHAPTER - I

INTRODUCTION

1.1 Background of the Study

Liquidity is the status and part of the resources that can be utilized to meet the commitment in the advancement banks. Liquidity can be seen as far as liquidity put away yet to be determined sheet and regarding liquidity accessible through bought reserves (Hanh 2022). A bank's liquidity is its capacity to pay depositors in cash on demand. It refers to the arrangement and distribution of funds in such a way that they can be withdrawn immediately without affecting the principle.

As of now, there is no gotten venture an open door for the Nepalese improvement banks. The banks are dealing with the issue of dubious liquidity in term of financial firm. The inactive cash makes no return. As a result, the banking industry as a whole may experience low profitability and ineffective performance as a result of the high liquidity. In the long run, it may result in bank performance failure. Both a liquidity crisis and high liquidity are detrimental to development banks. How much liquidity exists in the economy in a specific period relies upon the strategy of the national bank, the improvement banks, commoners and the public authority. The instructions given by the central bank to set the money standard. How much of the money should the development bank invest, keep as liquid assets, or give as a loan and advance (Gurung 2022)?

Liquidity alludes to the Transformation of resources into Money. Improvement Bank needs to keep up with palatable degree of fluid resources that are not difficult to deal at market cost with less exchange cost. An Improvement Bank holds Fluid resources balance as money, Bank balance, attractive protections and different resources quickly changed over into cash. Be that as it may, these can be contributed for a period to make revenue than to keep inactive money balance. A development bank must weigh the benefits and costs of maintaining a balance of these various liquidity assets in order to determine the optional investment in liquid assets. The choice of an optional liquid assets balance reflects the traditional risk-return tradeoff that the development bank must choose between. Viable money the executives requires a cautious adjusting of the gamble and return parts of money the board (Kahuthu 2016).

The term 'Benefit' is being utilized in a few detects. Maybe no term or idea in financial conversation is utilized with a really stupefying assortment of deeply grounded implying that benefit". It has been referred to as the reward of ownership by some authors, while others have defined it as the percentage returns on capital investments. Some have alluded to it as remuneration for risk-taking, while others have called it as a compensation for business. There are still other people who have characterized benefit as the lingering pay which results after every one of the three variables of creation have been paid off. To get an exact significance of benefit, it seems important to recognize net benefit from net benefit (Seth, 1998).

All the more basically, benefit is acquired through the selling of anything. The dictionary of commerce refers to profit as the surplus that emerges after a predetermined time period of trading. Profit, on the other hand, is the first and most important cost to a business because it is a reward for using resources under speculative risk to meet consumer demand. Due to the fact that it provides resources for future operations, its absence must result in a decrease in effective capital resources and eventually the company's elimination from competitive markets (Nourrien 2020).

The term 'benefit' can be utilized in two detects. As an owner-oriented concept, profitability refers to the amount and proportion of national income paid to business owners—those who provide equity capital—as a variant. In other word, productivity alludes to circumstance where result surpasses input that is the worth made by the utilization of assets is more than the absolute of info asset.

A financial institution is at the center of a nation's economic development. Put money aside from paychecks, savings, or other sources to invest in the study. Various exercises fall under the umbrella of venture. It's undeniably true that a venture must be made when there are adequate reserve funds. if every penny saved and earned is put toward addressing the problem of living paycheck to paycheck and other basic needs. If so, speculation doesn't exist. In this way, both saving and speculation are interrelated. Because it ensures the effective allocation of funds to achieve the materials and economic well-being of the entire society, investment policy is an essential component of the overall development of the national economy. In this regard, the investment policy push

of joint venture banks aims to achieve development sector priority in the context of Nepal's economic development (Syafrizal and Ilham 2023).

1.2 Problem Statement

It is essential to identify the factors affecting liquidity and its management because the development banks' goal is to maximize wealth and the achievement of organizational goals contributes to the national economy. The objective of this research is to ascertain development banks' liquidity position.

It would appear that not only the general public but also university graduates with degrees in commerce and economics are unable to calculate the impact that liquid funds have on the economy, and several banks are experiencing this issue. In particular, it is anticipated that the study will respond to the following research questions:

i. What is the current status of liquidity and profitability of development banks in Nepal?
ii. Is there any relationship between liquidity and profitability of development banks in Nepal?
iii. What is the impact of liquidity on profitability of development banks in Nepal?

1.3 Objectives of the Study

The overall goals of this study are as per the following:

i. To assess the current status of liquidity and profitability of development banks in Nepal.
ii. To examine the relationship between liquidity and profitability of development banks in Nepal.
iii. To analyze the impact of liquidity on profitability of development banks in Nepal.

1.4 Rationale of the Study

Not very many examinations have been made on the liquidity the board being developed banks. A large portion of the investigations made up to introduce on capital market are connected with monetary execution, venture, capital construction examination, profit strategy, hazard and return and so on yet none of the exploration have yet been made on

the center viewpoint of the liquidity and its administration. So the current review will be critical for financial backers, organizers, scientists, experts, leaders and understudies to meet their own and hierarchical targets.

The aim of profitability is always the guiding principle for development banks. All monetary choices of advancement banks are to improve investors' riches. There ought to be a compelling arrangement of assets assignment to defend the banks from the risk of liquidity. They must reach a suitable level together. The review contemplates to see if improvement banks are ready or not in such manner and potential circumstances where the banks need extra fluid assets.

This study means to help the public economy through preparation of inactive capital of normal Nepalese in useful areas to speed up the monetary development and to decrease reliance on unfamiliar help and advance. This study will assist administrative authority with figuring out liquidity the executives of the improvement banks. It will be a reference to the researchers and personnel involved. Additionally, this study will highlight and suggest investment opportunities that meet development banks' liquidity and profitability goals. The review has different huge. The monetary organizations, stock trade and stock brokers are likewise keen on the exhibition of the bank as well as the clients, contributors and debt holders, who can equitably recognize the better bank to manage with regards to benefit, security and liquidity. Strategy creators at the large scale level that is government and Nepal Rastra Bank will likewise benefit in regards to the definition of additional arrangements as to financial advancement through financial organizations. The concentrate additionally propels the administration of separate banks for self-appraisal of what they have done previously and guides them in their tentative arrangements and projects.

1.5 Limitations of the Study

The restrictions of the review are as per the following:

i. The study is limited to only five development banks of Nepal, namely; Jyoti bikash bank, Garima bikash bank, Mahalaxmi bikash bank, Muktinath bikash bank and Lumbini bikash bank others 12 banks result may be different and it compares with the industry average.
ii. This study focuses on a study on liquidity and profitability of selected

banks and this does not reflect others dimensions.

iii. Only the secondary data is used for analysis.

iv. The study covers the past ten years (From 2013/14 to 2022/23) period. This result does not reflect the period before and after 2013/14 to 2022/23.

CHAPTER - II
LITERATURE REVIEW

The review of relevant literature on the loan and its overall effects on development banks is the primary focus of this chapter. Each study is based on information and data from the past; this information serves as the foundation for the current study. This section assists with taking satisfactory criticism to expand the data based and contributions to my review, subsequently this part has its own significance in this review. This chapter examines the conceptual framework, journal and article reviews, and thesis reviews.

2.1 Concept of Liquidity

Liquidity implies assignment of assets in close connection to their particular sources. Liquidity is the status and part of the resources which can be utilized to meet the commitment in the advancement banks. According to Sinkey (1983), liquidity can be viewed in terms of the liquidity that is available through purchased funds as well as the liquidity that is stored in the balance sheet.

How much liquidity that an improvement bank or the advancement banking framework ought to keep up with is one of the essential issues of the bank the executives. If an excessive amount of liquidity is kept up with, it implies that the bank and the financial framework are prior pay. However, too much or too little can be fatal not only to a single bank but also to the development banking system as a whole, the country's financial structure, and its economy. Too little liquidity and the requests of the contributors as 'runs' on the banks are like oil and water, they don't blend well.

Liquidity implies a question of keeping up with what the bank has vowed to pay the contributors - cash. Primary reserves are the first drawn upon to satisfy depositors in order to fulfill the promise. In the financial framework essential stores are known as lawful save and working stores. The term is financial instead of bookkeeping idea. A monetary authority must have legal reserves. Other names for primary reserve include bank management, student of banking studies, and monetary authority to refer to specific ideas and concepts regarding banks' assets. Essential stores incorporate non-making resources, for example, money in vault, the stores did by manages an account with

reporter banks and national bank, and money things. The money things address really looks at held or in course of assortment by the banks. The target of essential stores in financial framework is keeping up with liquidity and dissolvability (Reed et al., 2002).

Liquidity means the cash being used, in the ongoing record, saving record, fixed account and the cash in edge record of the financial aspects framework, However, definition isn't made by the Nepal Rastra Bank Act 2058/2002, the Advancement Bank Act 2031(1974) and the Monetary Organization Act 2042 (1985). Be that as it may, the definition about what "fluid resources" signifies is tracked down in the demonstrations. Liquid assets are the bank's cash balances, the balance held by a bank in the Nepal Rastra Bank, and the economy's liquidity.

The stock of liquid assets that development banks or other financial institutions keep should be proportional to the bank's fixed ratio of liability to deposit. According to Bhandari (2004), the following assets are referred to as "liquid assets" for the purposes of Section 25 of the Finance Company Act, 2042 (1985):

- Currency and bank notes from Nepal deposited in the co.
- Stores of the organization in the bank or some other advancement banks.
- Obligations of his Highness' Administration.
- Some other resources as determined by the bank now and again.

Interestingly, the NRB has executed the money related Strategy by giving the guidelines of credit control in 31st Shrawan 2031 B.S. (1974). The development banks' liquid asset has been defined by this rule. It had respected fluid resource at the money load of the improvement banks, transient security and short bills. It is obvious from it that the fluid resources mean the money and the resources, which can be changed over promptly in the period of scarcity.

2.2 Liquidity Management Model

Any institution can manage its profitability under the liquidity management system to generate liquidity. Even though the traditional model demonstrates a significant aspect of cash management, it does not demonstrate the appropriate use of funds. As a result, numerous models have been developed to maintain profit position and determine cash balance. The Baumol Model, which is based on a high and low cash balance, is one way

to mix loan investment with cash. The accompanying models are portrayed as follows (Nepal Ratra Bank Act, 2058):

a) Baumol Model

The Boumol Model identifies the cash maintenance as analogous to inventory maintenance and demonstrates that the model of economic order quantity in order to minimize the opportunity cost of holding cash and maximize the return on the fund. The funds not required for immediate use should be invested. The Baumol Model is predicated on the premise that:

- The use of cash is constant
- The intermittent money prerequisite is pretty much save.
- Some costs, like the opportunity cost, go up, while others, like the cost of the transaction, make the cash balance go down.

As a result, Baumol has determined that the minimum size is the amount of cash required to begin the period and cover the transaction's cash requirements.

b) Miller Model

All liquidity requirements should not be met with illiquid cash due to the high opportunity cost. It is important to keep up with cash balance for progress and remuneration balance prerequisite however he liquidity need for the other reason needn't bother with to be in real money. Subsequently any monetary establishment can take advantage by fittingly adjusting the accessible assets among money and credit venture. The size of money needs relies upon the example and level of directing of inflows and surges. As a result, Miller developed the Miller Model, which specifies which and how much to transfer format to investment account and vice versa based on the realistic cash flow pattern. This model depends with the understanding that everyday net incomes receipt short installment is irregular in size as well as in the question of negative or positive stream. As a result, this model established a range of high and low limits within which the cash balance can fluctuate, as well as a target cash balance that falls somewhere in between these two limits.

2.3 Importance of Liquidity

Liquidity generally starts things out: without it a bank doesn't open its entryways; with it, a bank have opportunity and willpower to take care of its essential issues. When it comes down to it, confidence powers our entire financial system. We now know that confidence deteriorates rapidly when it is shaken. A bank can't be run without liquidity. The legal provision pertaining to liquidity is occasionally modified by the Nepal Rastra Bank. The impulse that the improvement banks ought to keep the money in their different assets the significance of liquidity. The improvement banks and monetary establishments ought to keep up with the equilibrium of money reserve in required amount that the law and rules made by the Nepal Rastra Bank. Because it must fine if it is unable to maintain its liquidity, its importance is regarded as very sensitive. The Nepal Rastra Bank sets a ratio for the development banks' financial institutions' stock of liquid assets to their deposit liabilities. The national bank can give the premium with the rate fixed by the bank now and again to the sum in the asset. Sinkey, 1983 provides the following point-by-point summary of the significance of liquidity:

a) To Meet the Expenses for the Bank's Daily Administrative Work

A bank is a lawful individual. It can't run without, cash stock. The exchange of bank is connected with the cash. Many sorts of cost continue occurring in the bank everyday. With the absence of costs, it is almost beyond the realm of possibilities for the bank to do its exchange. So the liquidity is fundamental for everyday costs that it is spent in an authoritative capability. Without liquidity, the administrative expenditure cannot be met. Subsequently Liquidity is significance for the banks.

b) To pay all Sorts of Deposit

A bank opens the current, saving and fixed represent its client's and acknowledges the store from the clients. As per the idea of the store, the banks ought to pay in when the clients inquire. The liquidity needs for it. Without liquidity, it cannot pay the deposit. For that reason liquidity is fundamental for the installment of a wide range of stores.

c) To Maintain Liquidity to Meet the Cash Fund Ratio and Legal Liquidity Ratio

In their own names, the development banks ought to maintain a 5.5% Cash Reserve Ratio to the Nepal Rastra Banks account. Notwithstanding it, there are a few little subsidizes in the bank. There, is a commitment on a bank to keep greenbacks in such asset. Thusly, to

satisfy this multitude of requests or to keep (keep up with) the equilibrium, liquidity is vital.

d) To Control the Economic Fluctuation and to Keep Safe from the Risk

It can't be said, there will be similar circumstances of exchanges in the bank and the bank will constantly stay in adjusted condition. There will be impact of inside and outer conditions in the country. Such circumstances might affect financial area. The improvement banks also can't stay protected from the impact of monetary area. Liquidity is required to safeguard the bank from such economic ups and downs or crises. The bank ought to keep up with some liquidity of some specific percent cash asset to be careful from such circumstances (Bhandari, 2004).

e) To Fulfill the Demand of the Debtor

A bank makes money by lending money to debtors. Numerous sorts of individuals come to the keeps money with the motivation behind advance. The bank is obligated to provide the debtor with the loan once the loan has been granted. In this manner, there is need of liquidity in bank to give new credit to the debt holders.

f) To Gain Trust or Faith

A bank has an extraordinary obligation as a result of the monetary organization that does money related exchanges. It should acquire trust in its financial exchange. A bank should perform numerous functions for this purpose. It needs to focus on the time and the desire of clients, to give the financial administrations. For the name and popularity, a bank ought to procure the trust. There should be liquidity to acquire trust, from general society including different areas.

g) To Provide Security to the Banks

Because it facilitates banking transactions, a bank is a sensitive institution. As a result, deposits are made in a variety of common, business, and industrial bank accounts. Aside from it, bank itself puts the money in various areas. As a form of loan, cash can be distributed throughout the bank. Thus, the bank is viewed as a delicate and significant foundation. In any circumstance, these institutions can avoid the various risks. Consequently, to give a wide range of safety to the bank, the liquidity is fundamental.

2.4 Theories of Liquidity Management

There are evident contentions between goals of liquidity, security and benefit connecting with an improvement bank. Market analysts have attempted to determine these struggles by setting out specific hypotheses every once in a while. The distribution of assets is actually governed by these theories or principles with these goals in mind. They have likewise come to be known as the speculations of liquidity the executives which are examined as under:

2.4.1 Development Loan Theory or Real Bills Doctrine

The early 1920s saw the development of this theory. The genuine bills precept expresses that an improvement bank ought to progress just momentary self-exchanging useful credits to business firms. Self-selling advances are those, which are intended to fund the creation, stockpiling, happening, and circulation. At the point when such products are at last sold, the credits are considered to naturally exchange themselves. Such transient self-selling useful credit passes three benefits. To begin with, they have liquidity that is the reason, they sell themselves naturally. Second, there is no danger of them becoming indebted because they are used for productive purposes and mature quickly. Third, being useful such advances procure pay for the banks (Sinkey, 1983).

.

2.4.2 Asset Conversion or the Shift ability Theory

This hypothesis is created in final part of 1940s. H.G. Moulton, who declared that on the off chance that the improvement banks keep a significant measure of resources that can be moved on to different banks for cash without material misfortune in the event of need, then there is compelling reason need to depend on developments, propounded the shift capacity hypothesis of bank liquidity. As indicated by this view, a resource for be impeccably shift capable should be quickly adaptable without capital misfortune when the requirement for is promptly adaptable without capital misfortune when the requirements for liquidity emerge. In any case, in an overall emergency expects that all banks ought to have such resources, which can be moved on the national bank, which is the moneylender of the final retreat. According to Bhandari (2004), this theory holds some truth. However, it has some flaws. First, the ability of assets to shift does not provide the banking system with liquidity. It altogether relies on the financial conditions. Second, the shift capacity hypothesis overlooks the way that in the midst of intense misery, the offers and debentures can't be moved on to others by the bank. In such a circumstance, there are not

purchasers and all who have them need to sell them. Thirdly, even if a single bank has enough shiftable assets, attempting to sell them during a bank run could have a negative impact on the entire banking system. Fourth, assuming that every one of the banks all the while begin moving their resources, it would have deplorable impact soon both the moneylenders and borrowers.

2.4.3 The Anticipated Income Theory

The H.V.-developed theory of anticipated income Approach in 1950 based on the practice of USA development banks extending term loans. As per this hypothesis, no matter what the nature and character of a borrower's business, the bank designs the liquidation of the drawn out credit from the expected pay of the borrower. A term credit is for a period surpassing one year and stretching out to under five years. It is allowed against the hypothecation of apparatus, stock and, surprisingly, ardent property. The bank puts limitations on the monetary exercises of the borrower while allowing this credit. The bank considers the borrower's anticipated earnings in addition to the security when making a loan decision. The expected pay is the principal thought, as a matter of fact.

This hypothesis is better than the genuine bills regulation and the shift capacity hypothesis since, it satisfies the three goals of liquidity, wellbeing and productivity. Liquidity is guaranteed to the bank when the borrower saves and reimburses the advance consistently in portions. It fulfills the wellbeing guideline in light of the fact that the bank concedes a credit not just based on a decent security yet additionally on the capacity of the borrower to term-credit and is guaranteed of a standard pay. Last but not least, the term loan is very good for the business.

2.4.4 The Liabilities Management Theory

Hypothesis was created in late 1960s and mid 1970s. As per this hypothesis, there is no requirement for banks to concede self-exchanging advances and keep fluid resources since they can get hold cash in the currency market in the event of need. A bank can get saves by making extra liabilities against it, from various sources. These sources incorporate the giving of time testaments of store, getting from other advancement banks acquiring from the national bank, raising of capital assets by giving offers, and by Pouching back of benefits. We briefly discuss these bank sources (Sinkey, 1983).

i) Time Certificates of Deposits

In the money market, time deposit certificates can be traded. So a bank can approach liquidity by selling them in the currency market. However, there are two restrictions. To start with, if during a blast, the loan fee structure in the currency market is higher than the roof rate set by the national bank, time store endorsements can't be sold on the lookout. Second, they are not reliable wellspring of assets for the improvement banks. Because they have larger certificates that they are able to afford to sell at even low interest rates, larger development banks have an advantage when selling these certificates. So the more modest banks are in a difficult situation in this regard.

ii) Borrowing from Other Development Banks

By borrowing money from other banks that have more money in their reserves, a bank could end up with more debt. However, these short-term borrowings from banks with excess reserves are typically only for a day or week. The loan cost of such borrowings relies on the overall rate in the currency market. However, borrowing money from other banks is only possible when the economy is doing well. In strange times, no bank can stand to loan to other people.

iii) Borrowing from the Central Bank

Banks likewise make liabilities on themselves by acquiring from the national bank of the country. They acquire to meet their liquidity needs for present moment and by limiting bills structure the national bank. Be that as it may, such borrowings are moderately costlier than acquiring from different sources.

iv) Raising Capital Funds

Debentures are the means by which development banks obtain funds. However, the amount of dividend or interest rate that the bank is willing to pay is a factor in determining whether or not funds can be obtained from this source. Typically, banks are unable to pay rates that are higher than those paid by manufacturing and trading businesses. So they can't get adequate assets from this sources.

v) Plugging Back of Profit

One more wellspring of fluid assets for an improvement bank is the stopping back of its benefits. However, the amount it can earn from this source will be contingent on its dividend policy and profit margin. Bigger banks can rely upon this source as opposed to the more modest banks.

2.5 Provision Regarding Liquidity Management Under NRB Directives

Nepal Rastra Bank (NRB) delivered the financial approach for the FY 2022/23 remembering the ongoing macroeconomic situation of the economy. Remembering the lockdown forced by the pandemic, the past two financial strategies were expansionary in nature focused on for monetary recuperation by advancing utilization and creation. Nonetheless, because of the liberal idea of financial arrangement and expanding cost of oil based goods, expansion flooded from 4.4% toward the start of the monetary year (mid-August, 2021) up to 8.6% towards to end of the past monetary year (mid-June, 2022). The minimum amount of liquid assets that BFIs must hold has been increased by the monetary policy in order to maintain public trust and safeguard public deposits in BFIs. The Money Save Proportion (CRR), which is the base money that BFIs should keep up with as store at NRB, has been expanded from 3% to 4% of the all out store base of a bank. Likewise, the Legal Liquidity Proportion (SLR), which is the base fluid resources that BFIs much hold as government security, has been expanded to 12% for improvement banks and 10% for advancement banks and monetary establishment. Such expansion in obligatory liquidity save to be kept up with by BFIs will inflate cost for BFIs, as these resources bear no or low re-visitations of BFIs. Moreover, it will lessen loanable assets that BFIs can loan, subsequently restricting liquidity in the economy (Money related approach, NRB mandates 2079/80).

2.6 Concept of Profitability

In business, profit is the difference between the prices paid for goods or services and the costs associated with producing and marketing them. Benefit is a fundamental serious component of trading in the monetary framework. Something contrary to benefit is misfortune, by which the expense of creating specific labor and products is higher than the value a purchaser will pay for them. In unrestricted economy, the will to make and work by benefits is named the benefit rationale. However ordinarily taken as the essential rationale in business, its comprehensiveness has been tested by the hypothesis of the firm.

Japanese firms, particularly, are prestigious for leaning toward piece of the pie over to some extent transient benefits.

The sum of money earned from a sale that is greater than the amount spent is called the profit. The dictionary of commerce defines profit as "the surplus that results after a defined trading period." However, profit must be considered the first essential charge to a business because it is a reward for engaging resources in conditions of speculative risk for the satisfaction of consumer demand. Because it provides funds for investing in future operations, its absence must result in a decrease in effective capital resources and, ultimately, the company's competitive demise (Lynch & Williamson, 1989). .

The term 'benefit' can be utilized in two detects. As an owner-oriented concept, profitability refers to the amount and proportion of national income paid to business owners—those who provide equity capital—as a variant. In other word, benefit alludes to circumstance where result surpasses input that is the worth made by the utilization of assets is more than the absolute of information asset. Productivity is a deviation of the term benefit which clarifies capacity for create a gain is a basically an estimating bar of progress of business endeavor. It is the essential test execution of any business basically expressing. Profit is the difference between what is sold and what is spent. However, the term "profit" is highly contentious, and there are many different ways to interpret it.

Productivity is a deviation of the term benefit which clarifies capacity for create a gain is a basically an estimating bar of progress of business endeavor. It is the essential test execution of any business basically expressing. Profit is the difference between what is sold and what is spent. However, the term "profit" is highly contentious, and there are many different ways to interpret it.

A financial expert will say that benefit is the compensation of business venture for risk taking. A work chief could say that it is a proportion of how productively work has created and that it gives a base to arranging a pay increment. Furthermore, financial backer will see it is a check of the profit from his/her cash. An inside income specialist could see it as a base for deciding personal expenses. According to Lynch & Williamson (1989), the accountant will simply define it as the excess of a company's revenue over its expenditures for producing revenue during a given fiscal period.

According to in such manner, American Establishment of Banking, Under the free venture framework like USA, the premium of the country as well as those of the singular investors should be best served by overwhelmingly looking for benefit. However, a company's profit cannot be its only goal, and it should not be evaluated solely on the basis of its profit. Neither bank nor the local area will be the best served it the broker preposterously forfeits wellbeing assets of the liquidity of bank with an end goal to increment pay.

Each business firm has various sorts of objective. The objective of any business is to maximize profits. Benefit is vital for business firm. It is similarly significant with respect to is water. To take care of expense of remaining in business, for example, substitution of machines, furniture, oldness of machines, market or specialized gambles and so on. Benefit is fundamental in the sense to oneself supporting head. It gives design and assists with limiting expense of capital. Investors are drawn to businesses that generate profits. So financial backers would put away their cash where there is sufficient benefit. Consequently benefit is expected to guarantee and fulfill the whole assumption for the executives, investors, financial backers, workers and country as entirety.

2.6.1 Traditional Theory towards Profit

Benefit augmentation is the conventional methodology of business climate and financial hypothesis on the ground of benefit for firm. Profit maximization is one of the assumptions in economic theory. It generally expects that a firm sets an objective to boost the benefit and is optional way of behaving of the firm, so in the administrative financial matters, to expand benefit is the focal conviction.

The measure of a company's overall performance is its profit. A business firm can guarantee it to find success in the event that it can keep up with most extreme benefit to legitimize the value of profit from venture. This assists business with firming to save from deficiency of assets and gives best chances to attempt the extension of resources for amplify business" (Shrestha, 1980).

The commitment of benefit gives serious areas of strength for a to proprietors and chief to effectively act. In this way it is normal in monetary hypothesis to speculation that the models for assessing the activity of the firm are benefit amplification. The essential

motivations for business are to create labor and products. In this sense, the profit is the revenue that remains after deducting both explicit and implicit costs, including the entrepreneur's services' nominal profit. "Profit is essential for every business's long-term survival and capital adequacy through retained earnings." It is additionally important to acknowledge market for both and value to give assets to expanded help to the useful area" (Robinson, 1951).

2.6.2 Modern Approach theory towards profit

The business environment has changed dramatically over time. In previous time one of fundamental targets of firm was benefit amplification. However, the company's primary objective is now salsas maximization. As a result, that company's goal might be to maximize shareholder wealth or its growth rate.

Today every business firms finance by value proprietors, lenders. The company's customers, employees, the government, and the broader society are all impacted by professional management. In addition to other business firm goals, wealth maximization for shareholders is a common goal, or else a firm should set a reasonable profit standard.

There are dangers given to benefit augmentation and the business analysts to the productivity idea of firm give such countless other options. Nevertheless, the firm's profitability maximization model is contested. When markets are perfectly competitive, monopolistic, or oligopolistic, economists still do not have a unified view of the alternative model. In this way, the benefit model is still in the presence. A business firm actually likes to expand benefit beyond what many would consider possible. “The needs of survival, goodwill, and security are common in business, and both require some sacrifice of short-term profits. However, the majority of businesses place a high value on profitability as one of their long-term goals, and it could be argued that short-term goals like security and growth rate are more important than long-term profitability (Lynch & Williamson, 1989).

2.7 Empirical Review

Akhter (2018) conducted a research on The Impact of Liquidity and Profitability on Operational Efficiency of Selected Development Banks in Bangladesh: A Panel Data Study. The current review has evaluated the effect of liquidity and productivity on the functional proficiency of booked improvement banks of Bangladesh over the period from 2011 to 2016. The study made use of secondary data from 30 scheduled Bangladeshi development banks. The robust results of the quantitative research were obtained by employing a panel data approach and a variety of models, including the Feasible Generalized Least Square Model, the Panel Correlated Standard Error Model, the Fixed Effect Regression model with Cluster Standard Errors, and the Drisc or Kraay Standard Errors models. The review uncovers that liquidity and productivity consolidated make sense of around 66.23% and 98.85% of the bank's functional proficiency under Fixed Impact Relapse Model and Board Associated Standard Mistake assessor separately. The study came to the conclusion that, in order to guarantee earnings for shareholders, the bank should use the deposits and borrowings of its customers by creating a high-quality loan portfolio.

Adedeju and Adeniran (2018) conducted a research on The Impact Of Liquidity Management on Profitability within the Nigerian deposit money banks. This covered the ten years from 2007 to 2016. Five banks have been decided to address the number of inhabitants in the 24 store cash banks in Nigeria. The liquidity pointers square measure speedy proportion, cash proportion, current proportion and liquidity inclusion proportion, while returns on value (ROE) and return on resources (ROA) were intermediaries for benefit. Relapse examination was utilized to test the speculation. The discoveries demonstrated that liquidity the executives impressively influence on the perforance of store cash banks The experimental outcomes furthermore showed that an ascent inside the fast proportion of open subsidizes brings about an ascent inside the productivity, while an ascent inside the money proportion and the liquidity inclusion proportion brings about decline inside the benefit of the store cash banks in Nigeria. Proposal, subsequently was that for financial, compelling, proficient administration of liquidity, the banks should embrace an overall system for liquidity the executives, moreover equipped staff's should be utilized to empower them obtain ideal outcome for productivity.

Ibe (2018) conducted a research on The Impact of Liquidity Management on the Profitability of Banks in Nigeria. The purpose of this article was to investigate how liquidity management affects the profitability of Nigerian banks. The work is required by the need to track down answer for liquidity the board issue in Nigerian financial industry. Three banks were arbitrarily chosen to address the whole financial industry in Nigeria. The intermediaries for liquidity the board incorporate money and transient asset, bank adjusts and depository bills and testaments, while benefit after charge was the intermediary for productivity. Regression analysis was used to test the hypothesis, and the Elliot Rothenberg Stock (ERS) stationary test model was used to test the run association of the variables under study. The consequence of this study has shown that liquidity the board is to be sure a significant issue in the Nigerian financial industry. So, the study says that banks should hire people who are smart and qualified to make sure that the right decisions are made, especially when liquidity is at its best and profits are still at their highest.

Al-Homaidi et.al (2019) conducted a research on The liquidity (LQD) determinants of Indian listed development banks. The review had applied both GMM and pooled, fixed and irregular impact models to a board of 37 improvement banks recorded on the Bombay Stock Trade (BSE) in India for the period from 2008 to 2017. The banks' LQD was used as a dependent variable against both macroeconomic and bank-specific factors. The outcomes showed that among the bank-explicit variables, bank size, capital sufficiency proportion, stores proportion, activity productivity proportion, and return on resources proportion were found to decidedly affect LQD, while resources quality proportion, resources the executives proportion, return on value proportion, and net revenue edge proportion were found to adversely affect LQD. The results showed that the interest rate and the exchange rate had a significant impact on LQD in terms of macroeconomic factors. The Save Bank of India (RBI) ought to give benchmarks for the previously mentioned proportions to accomplish smooth LQD of advancement banks in India. The review suggested that financiers ought to consider resources quality so that works on banks' exhibition. At long last, the ongoing 16 review gives valuable bits of knowledge to brokers, examiners, controllers, financial backers, and other closely involved individuals on the LQD of recorded advancement banks.

Wuave et.al (2020) conducted a research on the effect of liquidity management on financial performance of banks in Nigeria for the period 2010 to 2018. Secondary data from five Nigerian banks that are listed on the stock exchange were used in the study. The intermediaries utilize for liquidity the board are; Liquidity proportion (LQR), Credit to store proportion (LDR), Money save proportion (CRR) and store proportion (DR), while return on resources (ROA), return on value (ROE) and return on net revenue edge (NIM) were intermediaries for monetary execution (Benefit). The review involved board relapse examination in assessing the model and Hausman test while going with a decision between fixed impact and irregular impact model. The investigation discovered that liquidity proportion (LQR) affect monetary execution of DMB as estimated by return on resources (ROA), return on value (ROE) and net revenue margin(NIM). As a result, it suggests that Nigerian banks develop sound governance and risk management systems by developing strategies and policies for liquidity management that are well integrated into risk management practices. They should also develop a contingency funding plan to address any liquidity shortfall during times of stress or emergency and ensure that active monitoring liquidity funding is promptly addressed.

Afifa and Murray (2020) conducted a research on Determinants of Profitability in Development Banks in Vietnam, Malaysia and Thailand. This study explores the variables influencing the benefit of improvement banks in Asian non-industrial nations, including Vietnam, Malaysia and Thailand. From 2012 to 2016, we use panel data from four entities: ten Vietnamese banks, eight Malaysian banks, nine Thai banks, and all 27 development banks. Especially, Return on Resource, Return on Value and TOBINQ are characterized as benefit pointers, which are affected by three primary kinds of autonomous factors, in particular bank-points of interest, which incorporate Vehicle, NPL, Cost to pay, Liquidity proportion and Bank size, industry-explicit variable-focus HHI and macroeconomic-explicit factors, which comprise of Gross domestic product development and Expansion. Utilizing board information relapses, the paper recognizes a few likenesses and contrasts among exact outcomes on the models of four elements, every one of three nations and the general example. The most extraordinary similitude is that all elements record the fundamentally regrettable connection between functional gamble and banking productivity. Similarly, the models of Vietnam and Thailand show a significant negative impact of bank size on profitability, whereas the Malaysian model shows no significant impact. In the interim, the most disputable outcome concocts the negative

connection among Vehicle and productivity pointers as well as the positive relationship between credit chance and banking benefit.

Saleh et.al (2020) conducted a research on The effect of credit risk, liquidity risk and bank capital on bank profitability: Evidence from an emerging market. This study intended to research the impact of credit risk, liquidity chance, and bank capital on productivity proxied by ROAA, ROEA and NIM, utilizing exact proof from a developing business sector. The ongoing review covered the board information from improvement banks in a developing business sector (Jordan) in the years after the last worldwide monetary emergency (2008-09), that is, somewhere in the range of 2010 and 2018. A fixed-effects regression model was used to estimate the model. Also, GMMs were utilized as the powerful board information assessors for the framework. The outcomes offered advantageous impression of causality between the previously mentioned bank-explicit factors (credit risk, liquidity hazard and bank capital) and productivity. It was demonstrated that bank profitability is affected either positively or negatively by credit risk, liquidity risk, and capital. Along these lines, this study recommended that banks need to change their credit arrangements which mean to diminish credit risk that influence productivity to ensure they were covered against credit; though, great credit strategies lead to decreased awful credit in banks and subsequently, further developed benefit. Likewise, the banks ought to have greater liquidity and higher capital to confront any future circumstances that could meaningfully affect their productivity. Alternately, the discoveries uncover a few distinctions in the impact of bank-explicit factors and productivity estimations. These outcomes had significant ramifications for various banks, administrators and partners as they could help them in making and keeping a proficient monetary framework and market.

Swain and Mishra (2020) conducted a research on exploring the impact of liquidity management on profitability: Evidence from development banks of India. Evidence from Indian development banks was used in this investigation into the effect of liquidity management on profitability. The review depended on both confidential area banks (22 nos.) as well as open area banks (20 nos.) for the period 2005 to 2018. The information were dissected through board relapse examination, spellbinding measurements and connection framework. Cash Deposit Ratio, Credit Deposit Ratio, Investment Deposit Ratio, Investment to Total Assets, Demand and Savings Bank Deposit to Total Deposits,

Term Loans to Total Advances, and Net NPA to Net Advances are taken as explanatory variables in this study, while Return on Total Assets and Return on Equity are considered dependent variables. The findings of this study demonstrated that the determinants of liquidity management had a significant impact on the profitability of the sample banks. In addition, the paper suggests that banks should keep a minimum balance of liquid assets in order to maintain public confidence and improve profitability.

Nourrein and Mennawi (2020) conducted a research on The impact of liquidity, credit, and financial leverage risks on the financial performance of Islam banks in Sudan during the period of 2008 – 2018. This study utilized a panel dataset consisting of 143 observations from thirteen banks. Two models of ROA and NPM have been built utilizing hearty irregular impacts gauges for testing the review speculations. The free factors comprise of liquidity and credit gambles in addition to the monetary Influence proportion. Credit risk that deliberate by nonperformance of advance (supporting) and arrangement of credit (funding) misfortune proportions; while the liquidity risk estimated with money to stores proportion, fluid resources for absolute resources proportion and complete credit (funding) to add up to stores proportion. The monetary presentation of Islamic banks in Sudan estimated by the proportions of return on resources and net overall revenue. The outcomes uncovered that the credit risk and monetary influence adversely affected the monetary execution of Islamic banks in Sudan, though the liquidity risk commonly observed to be irrelevant. Notwithstanding that, the liquidity risk in term of fluid resources for complete resources proportion gives a huge and positive impact 19 on the monetary execution of Sudanese banks. Last but not least, this study's significance lies in its coverage of the most significant types of risks that Sudanese Islamic banks encounter throughout their operational cycles.

Paul et.al (2021) conducted a research on Impact of liquidity on profitability: A study on the development banks in Bangladesh. This study researched effect of liquidity on benefit: a concentrate on the improvement banks in Bangladesh. This exploration planned to research the impact of banks' liquidity on its benefit; with the normal course of business and in the medium term (10 years). Auxiliary information is utilized to assess the exhibition of the most recent decade (2009-2018) of the yearly report of the improvement banks in Bangladesh. Proposed factors are: LDR, DAR, CDR, LAR and CR as liquidity portrayal; then again, ROE was the benefit portrayal. Five speculations had

laid out to evaluate the impact of liquidity on benefit. Following a relationship and relapse investigation, it was seen that LDR, DAR and CDR significantly affected the benefit estimated as ROE, however LAR and CR demonstrated unimportant. Thusly, it tends to be reasoned that, as a general rule, the effect of liquidity essentially affected the productivity in the improvement banking area of Bangladesh. By depending on this report; Bangladeshi banks will be best situated to keep equity between its liquidity and productivity

Ahamed (2021) conducted a research on the bank-specific and external factors that affect the liquidity risk in development banks in Bangladesh. The regression analysis was carried out with panel data and utilized 23 banks' data from 2005 to 2018. Asset size had a negative relationship with liquidity risk among the bank-specific factors. The bigger the bank size, the better the liquidity position and the lower the liquidity risk. The liquidity risks were correlated positively but insignificantly with the return on equity and capital adequacy ratio. In the case of macroeconomic factors, inflation had a negative impact on the risks associated with liquidity, whereas GDP and domestic credit had a positive impact. Private and public area credits increment the ventures, which thusly fuel Gross domestic product development. Liquidity is reduced and insolvency may result from an increase in domestic credit. The banks' liquidity risk was positively correlated with the loan outstanding to asset ratio. In order to boost profitability, banks typically increase loan and advance disbursement, which reduces liquidity and raises liquidity risk. The study came to the conclusion that banks must carefully evaluate the factors to avoid a future liquidity crisis, despite the fact that several factors were found to be insignificant and twenty had a positive or negative relationship.

Mashamba (2022) conducted a research on Liquidity Dynamics of Banks in Emerging Market Economies. The liquidity dynamics of banks in economies with emerging markets are the subject of this research. Utilizing yearly information of 91 improvement banks from 11 nations, the review laid out that banks in developing business sectors have target liquidity proportions they seek after and somewhat change because of market contacts. Generally, hazard avoidance and judiciousness assume a huge part in making sense of the liquidity elements by banks in developing business sector economies.

Nguyen & Hanh (2022) conducted a research on The Effect of Liquidity on Stock Price Volatility: Empirical Study on Listed Development Banks on Vietnamese Stock Exchange. The article investigates the connection between stock price volatility and bank stock liquidity. The article concentrates on the effect of bank liquidity and bank stock liquidity on the stock value instability of 17 advancement banks recorded on the Vietnamese Stock Trade. From the first quarter of 2006 to the fourth quarter of 2020, the study employs the Random Effect Model, uses unbalanced table data, and conducts quarterly surveys. The outcomes show that the monetary hole (FGAP) decidedly affects the stock value instability of banks, meaning the higher the monetary holes, the lower the bank liquidity, and the bigger the stock value unpredictability of banks. Moreover, the concentrate likewise shows that the size of all out resources and the difference in conversion standard for the two variables oppositely affect changes in the offer costs of banks. The study has yet to come to the conclusion that the development banks listed on the Vietnamese Stock Exchange's stock price volatility is influenced by stock liquidity.

Ismail (2023) examined a study on the impact of liquidity risk, credit risk, and operational risk on financial stability in conventional banks in Jordan. This study looks at the effect of unsystematic monetary gamble, including liquidity risk, credit risk, and functional gamble, on monetary strength in customary banks recorded on the Amman Stock Trade in Jordan. For investors to be protected, Jordan's financial stability to be maintained, foreign investment to be encouraged, and the financial sector to be strengthened, it is essential to comprehend and manage these risks. The review takes on a distinct way to deal with gather and depict information and uses get sectional board information north of a long time from 2016 to 2021 to lay out circumstances and logical results connections between concentrate on factors, while controlling for other important variables that might impact the relationship. Despite the fact that liquidity risk may not have a direct impact on financial stability, the findings suggest that risk management strategies should still pay close attention to it. Credit risk adversely affects monetary security, featuring the significance of compelling credit risk the executives methodologies to keep a stable monetary framework. The investigation discovers that functional gamble straightforwardly affects monetary security. Nevertheless, unsystematic operational risks have the potential to have significant repercussions for specific financial institutions and to indirectly impact stability as a whole. The review highlights the significance of extensive gamble the board systems to alleviate the adverse consequence of unsystematic

monetary gamble on monetary soundness. Future exploration might consider investigating the effect of different sorts of dangers on monetary soundness.

Syafrizal (2023) studied on effect of capital adequacy ratio, non performing financing, financing to deposit ratio, operating expenses and operational income on profitability at pt. Bank aceh syariah. This study means to break down the impact of Capital Sufficiency Proportion, Non Performing Supporting, Funding to Store Proportion and Working Costs and Working Pay on benefit at PT. Sharia Aceh Bank. Where in this study productivity is seen from the profit from resources (ROA). This study utilizes a quantitative strategy utilizing the Autoregressive Disseminated Slack (ARDL) approach. This study utilizes time series information or time series information where this examination was led during the period 2012 to 2021. The consequences of this study show that the Capital Sufficiency Proportion to some extent makes no difference, Non Performing Funding to some degree makes a positive and tremendous difference, Supporting to Store Proportion somewhat has an impact negative and huge.

Table 1

Summary of Review

S.N.	Authors & Date	Title	Objectives	Methodology	Findings
1	Akhter (2018).	The Impact of Liquidity and Profitability on Operational Efficiency of Selected Commercial Banks in Bangladesh: A Panel Data Study	To assessed the impact of liquidity and profitability on the operational efficiency of scheduled commercial banks of Bangladesh.	Fixed Effect Regression model with Cluster Standard Errors and Drisc or Kraay Standard Errors models, Feasible Generalized Least Square Model and Panel Correlated Standard Error Model to provide the robust result.	The study came to the conclusion that, in order to guarantee earnings for shareholders, the bank should use the deposits and borrowings of its customers by creating a high-quality loan portfolio.
2	Adedeju and	Impact of liquidity	To analyzed the impact of liquidity	The liquidity indicators square	The discoveries demonstrated that liquidity the executives

	Adenira n (2018)	management on profitability in Nigeria's banking sector.	management on profitability.	measure quick ratio, cash ratio, current ratio and liquidity coverage ratio, whereas returns on equity (ROE) and return on assets (ROA) were proxies for profitability. Regression analysis was used to test the hypothesis.	impressively influence on the presentation of store cash banks The observational outcomes furthermore showed that an ascent inside the speedy proportion of open finances brings about an ascent inside the benefit, though an ascent inside the money proportion and the liquidity inclusion proportion brings about decline inside the productivity of the store cash banks in Nigeria.
3	Ibe, (2018)	The Impact of Liquidity Management on the Profitability of Banks in Nigeria.	To investigated the impact of liquidity management on the profitability of banks in Nigeria	Descriptive analysis is used to analyze the data..	The consequence of this study has shown that liquidity the board is to be sure a significant issue in the Nigerian financial industry.
4	Al-Homaid i, Tabash and Farhan (2019)	The determinants of liquidity of Indian listed commercial banks	To examined the liquidity (LQD) determinants of Indian listed commercial banks.	The study had applied both GMM and pooled, fixed and random effect models to a panel of 37 commercial banks listed on the Bombay Stock Exchange (BSE) in India for the period from 2008 to 2017.	The outcomes showed that among the bank-explicit variables, bank size, capital sufficiency proportion, stores proportion, activity proficiency proportion, and return on resources proportion were found to decidedly affect LQD, while resources quality proportion, resources the board proportion, return on value proportion, and net revenue edge proportion were found to adversely affect LQD.
5	Wuave, Yua and Yua (2020)	The effect of Liquidity management on Financial Performance of Banks in Nigeria for the	examined the effect of liquidity management on financial performance of banks in Nigeria for the period 2010	The study used The study used panel regression analysis in estimating the model and Hausman test	The investigation discovered that liquidity proportion (LQR) affect monetary execution of DMB as estimated by return on resources (ROA), return on value (ROE) and net revenue margin(NIM). As a result, it suggests that Nigerian

		period 2010 to 2018.	to 2018		banks develop sound governance and risk management systems by developing strategies and policies for liquidity management that are well integrated into risk management practices. They should also develop a contingency funding plan to address any liquidity shortfall during times of stress or emergency and ensure that active monitoring liquidity funding is promptly addressed.
6	Phuong (2020).	Determinants of Profitability in Commercial Banks in Vietnam, Malaysia and Thailand	To investigate the factors affecting the profitability of commercial banks in Asian developing countries, including Vietnam, Malaysia and Thailand.	Panel data of four entities; ten banks in Vietnam, eight banks in Malaysia, nine banks in Thailand and all 27 commercial banks from the period 2012 to 2016.	Bank size has a significant negative impact on profitability in the models of Vietnam and Thailand, but it has no significant impact on the Malaysian model. In the interim, the most disputable outcome concocts the negative connection among Vehicle and productivity pointers as well as the positive relationship between credit chance and banking benefit.
7	Saleh, Afifa and Murray (2020)	The effect of Credit risk, Liquidity risk and Bank Capital on Bank Profitability: Evidence from an Emerging market.	It aimed to investigate the effect of credit risk, liquidity risk, and bank capital on profitability proxied by ROAA, ROEA and NIM, using empirical evidence from an emerging market.	The current study covered the panel data from commercial banks in an emerging market (Jordan) in the years after the last global financial crisis (2008–09), that is, between 2010 and 2018. The model was estimated through a fixed effects regression model. Additionally,	The outcomes offered advantageous impression of causality between the previously mentioned bank-explicit factors (credit risk, liquidity hazard and bank capital) and productivity. It was demonstrated that bank profitability is affected either positively or negatively by credit risk, liquidity risk, and capital. Consequently, this study recommended that banks need to change their credit approaches which expect to lessen credit risk that influence productivity to

				GMMs were used as the dynamic panel data estimators for the system.	ensure they were covered against credit; while, great credit arrangements lead to diminished awful credit in banks and subsequently, further developed benefit.
8	Swain and Mishra (2020)	The Impact of liquidity management on Profitability: Evidence from commercial banks of India.	investigated exploring the impact of liquidity management on profitability: evidence from commercial banks of India	The study was based on both private sector banks (22 nos.) as well as public sector banks (20 nos.) for the period 2005 to 2018. The data were analyzed through panel regression analysis, descriptive statistics and correlation matrix.	The findings of this study demonstrated that the determinants of liquidity management had a significant impact on the profitability of the sample banks. In addition, the paper suggests that banks should keep a minimum balance of liquid assets in order to maintain public confidence and improve profitability.
9	Nourrein and Mennawi (2020)	The impact of liquidity, credit and financial leverage risk on the financial performance of Islam banks in sudan during the period of 2008 to 2018.	Examined the impact of liquidity, credit, and financial leverage risks on the financial performance of Islam banks in Sudan during the period of 2008 - 2018.	Panel dataset of 143 observations from (13) banks has been used in this study. Two models of ROA and NPM have been constructed using robust random effects estimates for testing the study hypotheses.	The outcomes uncovered that the credit risk and monetary influence adversely affected the monetary execution of Islamic banks in Sudan, though the liquidity risk commonly observed to be irrelevant. Regardless of that, the liquidity risk in term of fluid resources for complete resources proportion gives a huge and positive impact 19 on the monetary execution of Sudanese banks.
10	Ahamed (2021)	The bank specific and external factors that affect the liquidity risk in commercial banks in	examined the bank-specific and external factors that affect the liquidity risk in commercial banks in Bangladesh	The study had been conducted using 23 banks data from 2005-2018, and panel data was used to conduct the regression analysis. Among the bank-	The banks' liquidity risk was positively correlated with the loan outstanding to asset ratio. In order to boost profitability, banks typically increase loan and advance disbursement, which reduces liquidity and raises liquidity risk. The study came to

		Bangladesh.		specific factors, asset size had a negative relationship with liquidity risk	the conclusion that banks must carefully evaluate the factors to avoid a future liquidity crisis, despite the fact that several factors were found to be insignificant and twenty had a positive or negative relationship.
11	Ahamed (2021)	Determinants of Liquidity Risk in the Commercial Banks in Bangladesh.	To examines the bank specific and external factors that affect the liquidity risk in commercial banks in Bangladesh.	Explanatory analysis with the various financial analysis.	That's what the review reasons albeit a few variables are viewed as immaterial yet have positive/negative connection, the banks should cautiously assess the elements to keep away from a future liquidity emergency.
12	Nguyen & Hanh (2022)	The Effect of Liquidity on Stock Price Volatility: Empirical Study on Listed Commercial Banks on Vietnamese Stock Exchange	It studies the impact of bank liquidity and bank stock liquidity on the stock price volatility of commercial banks listed on the Vietnamese Stock Exchange.	The study uses the Random Effect Model with unbalanced table data and quarterly frequency from the first quarter of 2006 to the fourth quarter of 2020.	The outcomes show that the monetary hole (FGAP) decidedly affects the stock value instability of banks, meaning the higher the monetary holes, the lower the bank liquidity, and the bigger the stock value unpredictability of banks. The concentrate additionally shows that the size of complete resources and the difference in swapping scale for the two variables oppositely affect changes in the offer costs of banks.
13	Masha mba T. (2022)	Liquidity Dynamics of Banks in Emerging Market Economies	To examines the liquidity dynamics of banks in emerging market economies.	Using annual data of 91 commercial banks from 11 countries, the study established that banks in emerging markets have target liquidity ratios they pursue and partially adjust due to market frictions	Generally, hazard avoidance and judiciousness assume a huge part in making sense of the liquidity elements by banks in developing business sector economies.
14	Ismail	Impact of	This study	Descriptive design	The investigation discovers that

	(2023)	liquidity risk, credit risk, and operational risk on financial stability in conventional banks in Jordan.	examines the impact of unsystematic financial risk, including liquidity risk, credit risk, and operational risk, on financial stability in conventional banks listed on the Amman Stock Exchange in Jordan.	with cross sectional panel data	functional gamble straightforwardly affects monetary security. In any case, unsystematic functional dangers can have critical ramifications for individual monetary foundations and may by implication influence generally soundness.
15	Syafriza l (2023)	Effect of capital adequacy ratio, non performing financing, financing to deposit ratio, operating expenses and operational income on profitability at pt. Bank ACEH Syariah.	to analyze the effect of Capital Adequacy Ratio, Non Performing Financing, Financing to Deposit Ratio and Operating Expenses and Operating Income on profitability at PT. Sharia Aceh Bank.	Regression analysis on times series data	The consequences of this study show that the Capital Sufficiency Proportion to some extent makes no difference, Non Performing Funding to some degree makes a positive and tremendous difference, Supporting to Store Proportion somewhat has an impact negative and huge.

2.8 Research Gap

It refers to the study gap resulting from prior research. It is important to point out that there may be various research shortages based on Nepal's current economic and financial situation. This study distinguishes research holes from prior research while considering momentum progressions, information openness, and the unmistakable highlights of the Nepalese monetary industry. Some past examination just worry to figure out the connection among liquidity and benefit which shows the relationship

among reliant and free factors Ahamed (2021). Most of examination is directed in a global setting where the genuine situation is unique and their arrangement in regards to liquidity and benefit is unique. Therefore, the gap in time also affects the study's conclusion (Mashamba, 2022). Anyway this study depends on the whole Nepalese economy and utilizations information from the latest 10 years, from the financial year 2013/14 to 2022/23. In contrast with past examinations, this one offers the latest data about the latest thing. In a previous study, correlation analysis was all that was used to determine the connection between profitability and liquidity. This study combined panel data analysis with multiple regression analysis utilizing a variety of statistical and financial techniques, which Ismail does not include, for improved outcomes (2023). It very well might be one of them research investigation of liquidity and productivity of a couple of exploration works concerning Jyoti bikash bank, Garima bikash bank, Mahalaxmi bikash bank, Muktinath bikash bank and Lumbini bikash bank. This study tires to demonstrate the adequacy of liquidity strategy of concerned banks through investigation of liquidity and benefit.

CHAPTER III
RESEARCH METHODOLOGY

The research design, population and sample, sampling design, nature and sources of data, instruments for data collection, methods of analysis, research framework, and variable definitions are all discussed in this chapter. In this section, we examine the logical reasoning behind the various steps that researchers typically take when examining the research problem.

3.1 Research Design

The descriptive and casual research design is used in this study. Unmistakable examination configuration is utilized to depict measure, look at and arrange the qualities of the free factors that influence the benefit for example subordinate factors of the banks, while informative examination configuration is utilized to investigate circumstances and logical results of the different autonomous factors on benefit of the improvement banks. This study is likewise utilized the relaxed similar exploration plan while setting up this examination.

3.2 Population and Sample

The segment data for this study comes from every one of Nepal's 17 dynamic improvement banks. Nepal had a sum of six joint endeavors, three state banks, and eleven confidential area improvement banks working as of Mid-July 2023 (NRB 2080). Only five of these banks were included in the study's sample: Jyoti Bikash Bank, Garima Bikash Bank, Mahalaxmi Bikash Bank, Muktinath Bikash Bank, and Lumbini Bikash Bank. Purposive sampling is part of this sampling strategy, which is also known as a non-probabilistic sampling strategy. Two of the six joint ventures are selected by lottery or at random, and one is chosen because it is Nepal's oldest development bank.

3.3 Nature and Sources of Data

This study depends on the information gathered from auxiliary sources. The information from auxiliary source are exposed to understanding. For the purpose of the study, the annual report that was gathered from the various banks was posted on each bank's website.

3.4 Data Analysis Tools

Financial tools, descriptive statistics (Mean, Median, and SD), and inferential statistics (Correlation and Regression), among others, were utilized for the purpose of data analysis to investigate the effect that the independent variables had on the dependent variables.

3.4.1 Financial tools

Ratio Analysis

The mathematical expression of the relationship between two accounting figures is known as ratio analysis. It is registered by partitioning one thing of relationship with other. The actual executives can utilize these boundaries to work on the association's presentation. It is necessary to have knowledge of one's strengths and weaknesses in order to maximize benefits and address weaknesses in order to meet challenges. The monetary proportions, which are determined and dissected in this study are as per the following;

a. Liquidity Ratios

Liquidity proportions measure the company's capacity to current commitments. It shows the company's short-term financial strength. It is the estimation of speed with which a bank's resources can be changed over into money to meet store withdrawal and other current commitments. A bank should make sure that it does not have too much liquidity or too little liquidity. Both state of liquidity are not in favor the perspective of banks. The accompanying proportions are assessed under liquidity proportions.

- Cash Reserve Ratio
- Credit to Deposit Ratio
- Capital Adequacy Ratio
- Size of firm

b. Profitability Ratios

One of the most important indicators for evaluating a company's financial performance is its profitability ratio. It is calculated to evaluate the bank's earnings and operational effectiveness. A bank ought to have the option to deliver satisfactory benefit on every rupee of speculation. The bank would have a very hard time covering its operating costs and interest costs if investments did not produce sufficient profits. The productivity of the bank ought to likewise be assessed in term of its interest in

resources and in term of capita contributed by loan bosses. The bank's survival is in jeopardy if it does not achieve a satisfactory return on investment. Under this classification the scientist has determined the accompanying proportions to get the expressed targets of the review.

- Return on Assets Ratio (ROA)
- Return on Equity Ratio (ROE)

3.4.2 Descriptive statistics

Expressive insights are utilized to portray and comprehend the highlights of a particular informational collection by giving short synopses about the example and proportions of the information. Mean qualities and standard deviations were utilized to break down the general patterns of the monetary year 2013/14 to 2022/23.

Mean ($\bar{X}$)

The math mean or normal is the amount of absolute qualities to the quantity of perceptions in the example. It represents all of the data, which is roughly in the middle of the two extremes. As a result, the term "average" is frequently used to refer to a measure of central tendency. It is determined as:

The average return over time is known as the arithmetic mean. It is determined by,

$$\text{Mean } (\bar{X}) = \frac{\Sigma X}{n}$$

Where,

ΣX = Sum of given Observation

n = Total number of Observations

Standard Deviation

The positive square root of the mean divided by the square of the deviation from the arithmetic mean is the standard deviation. It demonstrates the reaches and size of aberrance from the center or mean. It determines the total dispersion. Variability and standard deviation are inversely proportional. The data's deviation from the mean is known as dispersion. At the end of the day, it assists with examining the nature of information in regards to its changeability. It is compute as:

$$\text{Standard Deviation (S.D.)} = \sqrt{\frac{\sum(X - \bar{X})^2}{n}}$$

Correlation Coefficient

Connection coefficient is characterized as the relationship between the autonomous variable and ward variable. It is a strategy for deciding the connection between these two factors. The term "correlation coefficient" refers to the degree to which a change in the value of the independent variable influences the value of the dependent variable.

$$\text{Correlation Coefficient (r)} = \frac{n\Sigma XY - \Sigma X\Sigma Y}{\sqrt{n\Sigma X^2 - (\Sigma X)^2}\sqrt{n\Sigma Y^2 - (\Sigma Y)^2}}$$

Where,

r = coefficient of correlation

ΣXY = Sum of product of two series.

ΣX^2 = Sum of squared in X series

ΣY^2 = Sum of squared in Y series

n = number of years

Coefficient of Variation

Standard deviation is the outright proportion of scattering. The overall proportion of scattering in light of the standard deviation is known as the estimation of coefficient of standard deviation. The term "co-efficient of variation" (CV) refers to the percentage of the measure of the co-efficient of so. Less CV is the greater consistency and consistency as well as the other way around. While CV is able to independently compare two variables in terms of their variability, standard deviation alone is not appropriate for comparing two pairs of variables. It is determined as under:

$$\text{Coefficient of Variation (CV)} = \frac{\text{S.D.}}{\text{Mean}} \times 100$$

Regression Analysis

Relapse examination is a bunch of measurable strategies utilized for the assessment of connections between a reliant variable and at least one free factors. It very well may be used to evaluate the strength of the connection among factors and for displaying the future connection between them.

It can be express in following Equation:

$Y = a+b1X1+b2X2+b3X3+b4x4+\ldots\ldots+e$

Where,

Y = Dependent Variables

a = Intercept or Average

b1, b2, b3,…. = Slope of

X1, X2, X3… = Independent Variables

e = Error

Multiple Regressions

Various relapses model is utilized to decide the overall significance of every autonomous variable in impacting productivity. This study led relapse investigation to examine the connection between the banks' productivity and others autonomous factors.

Baseline Model

Dependent variables are the two major profitability ratios, ROA and ROE. The autonomous factors are.

Model 1

This model looks at the effect of components on ROA of improvement banks.

$ROA = \beta_0 + \beta_1 CRR_{it} + \beta_2 CDR_{it} + \beta_3 Size + \beta_4 CAR + e_{it}$

Model 2

This model inspects the effect of components on ROE of advancement banks.

$ROE = \beta_0 + \beta_1 CRR_{it} + \beta_2 CDR_{it} + \beta_3 Size + \beta_4 CAR + e_{it}$

Where,

Dependent Variables

ROA=Return on Assets

ROE=Return on Equity

Independent Variables

CRR= Cash Reserve Ratio

CDR = Credit to Deposit Ratio

Size i.e. Total assets

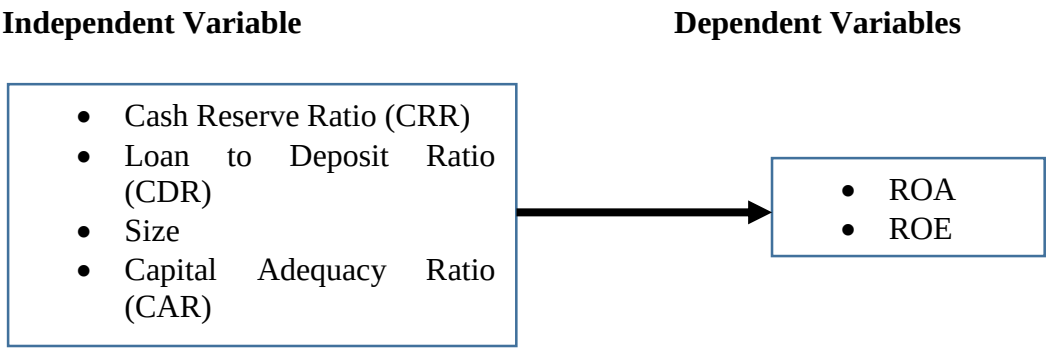
CAR=Capital Adequacy Ratio

e_{it} = others /Errors

3.5 Research Framework

Figure 1

Research Frameworks



(Source: Wuave, Yua & Yua 2020)

Description of Variables

In this review, ROA and ROE have been utilized as reliant factors that action the monetary exhibition (Rauf, 2016; Getahun, 2015) of advancement banks in Nepal. They are:

Dependent Variables

i) Return on Assets

According to Getahun (2015), this is probably the single most significant ratio when comparing the efficiency and operating performance of banks because it indicates the returns generated by the assets that the bank owns. ROA can be determined as follows:

Return on Assets=Net Income/Total assets

ii) Return on Equity

Return on equity (ROE) is a measure of the bank's profitability based on the profit per capital invested. ROE is viewed as a vital measure since it mirrors the efficiency of the possession (or hazard) capital utilized in the bank (Getahun, 2015). ROE can be determined as:

Return on Assets=Net Income/Shareholders' Equity

Independent Variables

i) Cash Reserve Ratio (CRR)

It is vital to check with monetary experts proficient about the country's financial regulations or allude to true distributions from the Nepal Rastra Bank to keep awake to date on the ongoing Money Save Proportion and related money related strategies in Nepal. The Money Save Proportion (CRR) is a financial strategy instrument utilized by national banks to direct how much money that improvement banks are expected to hold as stores.

ii) Loan to Deposit Ratio (CD Ratio)

The Cd proportion in Nepal is a proportion of how much cash banks and other monetary organizations are loaning comparative with their store base. Because it shows how well banks can turn deposits into loans and investments, the CD ratio is an important metric. To keep up with the security and adequacy of the financial framework and to support loaning for useful purposes, the Nepal Rastra Bank (NRB) screens and controls the Album proportion. For banks to keep a good arrangement among loaning and store preparation, the NRB lays out rules. Akhtar (2018) claims that there is a positive correlation between the CD ratio and ROA and ROE.

iii) Total Investment to Total Deposit Ratio

The use of the company's deposit for investments in government securities and share debentures of other businesses and banks is implied by this ratio. All out venture comprise speculation on government protections, venture on debenture and bonds, share in auxiliary organizations, share in different organizations and other speculation (Akhtar, 2018).

iv) Size

The size of a bank is the sum of all financial resources and assets owned or controlled by the institution. Money, loans, investments, real estate, and other financial tools are all included in the size, which is known as the total assets. By representing the value of everything the bank owns and holds, they provide a measure of the bank's financial strength and capability (Lynch & Williamson, 1989).

v) Capital Adequacy Ratio (CAR)

The Capital Sufficiency Proportion is a basic part of banking management and guideline universally since it is a central measurement for assessing a bank's monetary steadiness and ability to deal with risk. To register the Vehicle, a bank's all out capital is partitioned by its gamble weighted resources, and the outcome is much of the time given as a rate. Total capital includes both Tier 1 capital (core capital) and Tier 2 capital (supplementary capital). In view of the level of hazard associated with different kinds of resources and openings, risk-weighted resources are changed (Afifa, 2020).

CHAPTER IV
RESULT AND DISCUSSION

The data in this chapter have been evaluated and comprehended using financial and statistical tools in accordance with the study methods discussed in the third chapter. The information obtained from different sources have been consolidated in the fundamental tables in the examination segment utilizing various tables to depict them as per their homogeneous person. As to investigation, NRB rules, and different models, the review' results have been stood out from acknowledged principles. The genuine position and execution of the banks have likewise been made sense of utilizing various fitting charts and outlines. The show and examination of the information are shrouded in the primary segment of the part, and the principal discoveries of the review are canvassed in the subsequent area.

4.1 Descriptive Statistics Analysis

The accompanying Table 1 shows the engaging measurements for the accompanying factors: free factors; capital sufficiency proportion (Vehicle), cash hold proportion (CRR), Size of the association or All out resources and credit store proportion (CDR). The mean, median, maximum, minimum, and standard deviation of the dependent variables—return on assets (ROA) and return on equity (ROE)—are also displayed in the table that follows.

Table 2

Descriptive Statistics

Variables	N	Minimum	Maximum	Mean	Std. Deviation
CAR	50	11.19	30.60	14.8738	3.4366
CRR	50	3.10	27.83	7.6078	6.5733
SIZE	50	4612.00	131611.00	38312.9600	31005.2917
CDR	50	52.98	103.97	69.4920	32.3402
ROA	50	-5.58	2.89	1.1266	1.5235
ROE	50	0.00	50.25	13.9994	7.2637
Valid N (listwise)	50				

(Source: Appendix I and Authors' SPSS Calculation)

Table 2 shows the illustrative investigation of study factors. The mean worth of Vehicle is 14.8738 percent with standard deviation of 3.4366%. Its most extreme and least qualities are 30.60% and 11.19% separately during the review time of test banks. Also, the typical money save proportion (CRR) is 7.6078% with standard deviation 6.57 and greatest and least worth are 27.83% and 3.10% separately. In this way the normal worth of SIZE (Complete resources) is Rs. 38312.96 million, with values of 4612 million and 131611 million rupees, respectively. In like manner, the mean worth of Cd proportion is 69.492% with the standard deviation of 32.3402%. Greatest and least worth of Cd proportion are 103.97% and 52.98%. Similarly, the standard deviation of 1.5237 percent is associated with the average Return on assets (ROA) of 1.1266%. The maximum and minimum values are respectively -5.58% and 2.89 percent. With regards to another reliant variable for example ROE (Return on Equity) has a mean of 13.9994%, a standard deviation of 7.26377%, and both its maximum and minimum values during the study period were 0.00% and 50.25%, respectively.

4.2 Correlation Analysis

Pearson Connection examination is utilized to decide the connection between different autonomous and subordinate factors related with the exploration. It estimates the straight relationship between's any two factors. The direction of the relationship is positive when there is a positive correlation, with one increasing in response to the other's increase. In contrast, a negative correlation reveals the opposite, a rise in one when the other falls. Connection investigation is a measurable device which concentrates on the relationship among six factors. It shows whether the relationship is critical or unimportant and the connection examination is utilized to distinguish the connection between capital sufficiency proportion (Vehicle), cash save proportion (CRR), Size, credit and advance proportion or Cd proportion, return on resources (ROA) and return on value (ROE).

Table 3

Correlation among all variables of samples

	CAR	CRR	SIZE	CDR	ROA	ROE
CAR	1	-.204	-.371**	.083	.34*	.229**
CRR		1	.420**	.066	.65*	.115
SIZE			1	.048	-.098*	-.180*
CDR				1	.24*	.144
ROA					1	-.161*
ROE						1

*. Correlation is significant at the 0.05 level (2-tailed).
**. Correlation is significant at the 0.01 level (2-tailed).
(Source: Appendix II and Authors' SPSS Calculation)

In the above table 2 shows the relationships lattice between the review factors for example capital sufficiency proportion (Vehicle), cash hold proportion (CRR), Size, credit and advance proportion or Album proportion, return on resources (ROA) and return on value (ROE). The connection among's ROA and Vehicle is 34% which shows the low degree positive connection, correspondingly the connection among ROA and CRR proportion is 65% which shows the moderate degree of positive relationship and the connection among ROA and Size proportion is - 9.8% which demonstrates the low level of negative connection. Additionally, the relationship between ROA and CDR demonstrates a positive correlation, i.e. 24%. Consequently, the connection among ROE and Vehicle is 22.9%, with the CRR is 11.5% which shows the low degree positive connection. The -18% correlation between ROE and size also indicates a low degree of negative correlation. CDR and the ROE has the low degree positive connection where connection rate shows the 14.4 and this is measurably huge.

4.3 Regression Analysis

The consequences of model synopsis, examination of fluctuation (ANOVA) and beta coefficients of effect of free factors like, capital ampleness proportion (Vehicle), cash save proportion (CRR), Size, credit and advance proportion or Disc proportion on ROA and ROE are introduced in the accompanying tables separately:

Model summary of impact of independent variables i.e. capital adequacy ratio (CAR), cash reserve ratio (CRR), Size, loan & advance ratio or CD ratio on ROA of Nepalese commercial banks.

Table 4

Variables Entered /Removed

Model	Variables Entered	Variables Removed	Method
1	CDR, SIZE, CRR, CAR[b]		Enter

a. Dependent Variable: ROA
b. All requested variables entered.

Table shows the factors utilized for the review where subordinate variable is return on resources (ROA) and free factors are capital sufficiency proportion (Vehicle), cash save proportion (CRR), Size, credit and advance proportion or Disc proportion.

Table 5

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.632[a]	.399	.266	1.5732

a. Predictors: (Constant), CDR, SIZE, CRR, CAR

(Source: Appendix III and Authors' SPSS Calculation)

Model synopsis shows the R-square otherwise called coefficient of assurance which can help in making sense of difference. The R-square worth as clear from Table 3 is 0.399 which implies 39.9 % minor departure from ROA is made sense of by the free factors for example capital ampleness proportion (Vehicle), cash save proportion (CRR), Size, credit and advance proportion or Cd proportion. The remaining percentage, on the other hand, remains unaccounted for in this study. As such, there are other extra factors of profit connected with test banks that are significant in making sense of profit that poor person been viewed as in this exploration. Model synopsis additionally demonstrates the standard blunder of the gauge of 1.5732 which shows the inconstancy of the noticed worth of ROA from relapse line is 1.5732 units.

Table 6

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.366	4	.591	.239	0.015
	Residual	111.375	45	2.475		
	Total	113.741	49			

a. Dependent Variable: ROA

b. Predictors: (Constant), CDR, SIZE, CRR, CAR

(Source: Appendix III and Authors' SPSS Calculation)

In light of ANOVA, the p-esteem is 0.015 which is not exactly alpha worth 0.05. Subsequently, the model is a decent indicator of the connection between the reliant and free factors. Consequently, the independent variables (CDR, Size, CRR, and CAR) significantly contribute to the explanation of ROA's variance. At the end of the day, no less than one of the 4 autonomous factors has significant commitment to ROA.

Table 7

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.691	2.990		-.565	.021
	CAR	.037	.069	.084	.538	.053
	CRR	.006	.036	.028	.180	.040
	SIZE	-.206	.250	.129	.824	.142
	CDR	.002	.007	.037	.249	.010

a. Dependent Variable: ROA

(Source: Appendix III and Authors' SPSS Calculation)

Unstandardized beta coefficient values (1, 2,... 5) and the constant that can be used to estimate the equation for Impact of independent variables on ROA are also summarized

in Table 7. Utilizing the upsides of unstandardized beta coefficients and consistent, it can compose the assessed condition as follows:

Y = 1.691 +0.37CAR + 0.006CRR – 0.206Size + 0.002CDR

In the relapse examination, the beta coefficients are utilized to make sense of the general significance of the autonomous factors in commitment to the difference in subordinate variable. The outcomes introduced in Table 5, shows that Vehicle (β1=0.037, p=0.053), CRR (β2=0.006, p=0.04), Size (β3=-0.206, p=0.142), and CDR (β4 =.002, p=0.010). The findings demonstrated that, keeping other variables constant, a one percent increase in CAR would result in a 3.7% increase in ROA. In a similar vein, a one percent increase in CRR would result in a 0.6% increase in ROA, whereas a one percent increase in Size would result in a 20.6% decrease in ROA. Similarly, an increase of one unit in ROA equals a 0.2% increase in CDR. There is statistical significance for CAR, CRR, and CDR.

Model summary of impact of independent variables capital adequacy ratio (CAR), cash reserve ratio (CRR), Size, loan & advance ratio or CD ratio on ROE of Nepalese commercial banks.

Table 8

Model Summary

Model	Variables Entered	Variables Removed	Method
1	CDR, SIZE, CRR, CAR[b]		Enter

a. Dependent Variable: ROE
b. All requested variables entered.

Table shows the factors utilized for the review where subordinate variable is return on resources (ROE) and free factors are capital sufficiency proportion (Vehicle), cash hold proportion (CRR), Size, credit and advance proportion or Album proportion.

Table 9

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.493[a]	.243	.176	6.59536

a. Predictors: (Constant), CDR, SIZE, CRR, CAR

(Source: Appendix I and Authors' SPSS Calculation)

Model synopsis shows the R-square otherwise called coefficient of assurance which can help in making sense of difference. According to Table 3, the R-square value is 0.243, indicating that the independent variables, size, loan-and-advance ratio, cash reserve ratio, and CD ratio, account for 24.3% of ROE variation. The remaining percentage, on the other hand, remains unaccounted for in this study. As such, there are other extra factors of profit connected with test banks that are significant in making sense of profit that poor person been viewed as in this exploration. Model synopsis additionally demonstrates the standard mistake of the gauge of 6.5954 which shows the fluctuation of the noticed worth of ROA from relapse line is 6.5954 units.

Table 10

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	627.882	4	156.971	3.609	.012[b]
	Residual	1957.444	45	43.499		
	Total	2585.326	49			

a. Dependent Variable: ROE

b. Predictors: (Constant), CDR, SIZE, CRR, CAR

(Source: Appendix I and Authors' SPSS Calculation)

In view of ANOVA, the p-esteem is 0.012 which is not exactly alpha worth 0.05. Subsequently, the model is a decent indicator of the connection between the reliant and free factors. Thus, the free factors (CDR, Size, CRR and Vehicle) are critical in making sense of the change in ROE. In other words, ROE is significantly influenced by at least one of the three independent variables.

Table 11

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	13.947	12.536		4.303	.000
	CAR	-.712	.291	-.337	-2.450	.018
	CRR	.152	.150	.138	1.016	.315
	SIZE	-3.232	1.047	-.426	-3.087	.003
	CDR	.034	.029	.151	1.158	.0253

a. Dependent Variable: ROE

(Source: Appendix I and Authors' SPSS Calculation)

Unstandardized beta coefficient values (1, 2,... 5) and the constant that can be used to calculate the estimated equation for Impact of independent variables on ROE are also summarized in Table 8. Utilizing the upsides of unstandardized beta coefficients and steady. The estimated equation can be written as follows:

ROE = 13.947 – 0.712CAR + 0.152CRR – 3.232Size + 0.034CDR

In the relapse examination, the beta coefficients are utilized to make sense of the general significance of the autonomous factors in commitment to the difference in subordinate variable. The outcomes introduced in Table 5, shows that Vehicle (β1=-.712, p=0.018), CRR (β2=-.712, p=0.315), Size (β3=-3.232, p=0.003), and CDR (β4 =.034, p=0.0253). The outcomes showed that a one percent expansion in Vehicle would prompt 71.2% decline in ROE keeping different factors steady. In a similar vein, a one percent increase in CRR would result in a 15.2% increase in ROE, whereas a one percent increase in Size would result in a 32.32 percent decrease in ROE. In like manner, one unit expansion in CDR to 3.4% increment in the ROE. Vehicle and CDR are measurably huge.

4.4 Discussion

The primary objective of this study is to analyze the effect of liquidity on productivity of advancement banks in Nepal. Liquidity straightforwardly affects resources and benefits on value, the two primary boundaries for estimating productivity of the advancement

banks. According to the Nimer (2015) close the concentrate by saying higher the liquidity position higher will be the proficient execution in financial areas which is likewise like the examination of this review. In this study looking at the specific example, money and bank equilibrium to add up to store proportion of Jyoti bikash bank, Garima bikash bank, Mahalaxmi bikash bank, Muktinath bikash bank and Lumbini bikash bank shows the higher place of liquidity. Muktinath has a stronger liquidity position than the others. In this way, Muktinath is solid liquidity position than others. According to the preceding analysis, Muktinath has maintained a stronger liquidity position and a more stable operating risk profile than other companies.

CAR and CRR have a positive relationship with ROA, i.e. 0.34 and 0.65 separately. ROA and size have a negative correlation of -0.098, which is statistically significant and comparable to the Akthar relationship. On the other hand, there is a positive relationship between CRR and ROE, which is 0.115. Accordingly, Benefit estimates that is ROE is found negative with size for example - 0.180 which is the comparable discoveries with the Al-Homaidi (2019). The liquidity ratio rises as a result, and ROA-measured profitability decreases. In addition, there is a significant negative correlation between investment ratio and profitability.

Paul et al. (2021) come to similar conclusions regarding the regression coefficient's statistical significance. In the case of a, the corresponding P-value is 0.015, or 1.5 percent, and the corresponding t-value is -1.267. It shows that the processed 'ROA' isn't genuinely huge. Despite the fact that CAR, CRR, and CDR are only relevant at a 5% level of significance, size has a negative impact on ROA.

In terms of regression in ROE, the independent variables CAR, CRR, size, and CDR have a 24.3% impact when these variables are taken into account. The ANOVA shows that the indicators are genuinely huge at 5% level. Budhathoki (2020) and Paul (2021).

Paul et al. (2021) come to similar conclusions regarding the regression coefficient's statistical significance. It considers the t-esteem and the comparing P-esteem; on account of a, the worth is - 1.267 and the relating P-esteem is 0.015, or 1.5%. It exhibits that the figured 'ROE' isn't measurably critical. Size and Vehicle adversely influence ROE, however Vehicle, CRR, Size and CDR are just important at a 5% degree of importance.

CHAPTER-V
SUMMARY AND CONCLUSION

5.1 Summary

This study's essential objective is to look at what liquidity means for the productivity of Nepal's advancement banks. Looking at the liquidity and productivity state of business banks in Nepal, as well as the association among them and their benefit, as well as the impact that liquidity has on those banks' benefit, are the other wide goals. Near illustrative and causal examination has been finished to meet the review's particular objective. Descriptive design is used to examine the pattern and state of liquidity and profitability. The impact of liquidity on the productivity of improvement banks in Nepal is estimated utilizing a causal report plan, relapse, relationship, and other monetary variables. Auxiliary information were utilized in this examination. The data is gotten from yearly reports of the pertinent office for a considerable length of time, from 2013/14 to 2022/23. The 17 referenced business banks that are as yet dynamic in Nepal make up the review's populace. Five advancement banks — Jyoti bikash bank, Garima bikash bank, Mahalaxmi bikash bank, Muktinath bikash bank and Lumbini bikash bank. — make up the example. In the ongoing setting, these banks rank among the main three with regards to benefit.

The policy of the central bank, the policy of the development banks, the policy of the general public, and the policy of the government all have an impact on the amount of liquidity in the economy at any given time. The central bank's instructions for setting the currency standard. The capacity of a bank to keep sufficient cash close by to cover its developing responsibilities is alluded to as bank liquidity. If a bank has enough liquid assets to cover its liabilities, it is said to be in an acceptable liquidity situation. Working gamble might perform ineffectively because of insufficient liquidity. Then, the high liquidity might add to the whole financial industry's low benefit and ineffectual execution. Long haul banking execution disappointment could result from it. High liquidity is terrible for business banks, and a liquidity emergency is likewise awful. How much cash the improvement banks ought to contribute, how much ought to be conveyed as a credit or advance, and how much ought to be kept in fluid resources.

This examination exhibits that while the credit to-store proportion and bank size have serious areas of strength for a connection with ROA, they have a significant negative relationship with ROE. As indicated by the relapse examination, store rate emphatically affects ROA yet an extensive positive effect on ROE. The loan-to-deposit ratio has a significant negative impact on ROA and ROE. Notwithstanding, the benefit of improvement banks is fundamentally affected by liquidity.

5.2 Conclusion

The accompanying end has been reached because of the review and understanding of the information. Among them, test banks has reliably kept up with the most grounded liquidity position and the smoothest activity for working gamble in contrast and different banks. In spite of the fact that Jyoti bikash bank, Garima bikash bank, Mahalaxmi bikash bank, Muktinath bikash bank and Lumbini bikash bank is the best among them in preparing its finished store as credits and advances and creating huge benefit, advance to store proportion has the most noteworthy typical proportion. Somewhat test has the most noteworthy typical profit from value, showing that example has the best or best administration as far as creating benefits among them, though all example has the most noteworthy typical profit from resources, demonstrating that example banks could deal with their absolute tasks because of the biggest proportion among them. Moreover, it very well might be contended that the example banks is performing better with regards to the liquidity.

The outcome inferred that advance to store proportion has critical negative relationship with ROA and ROE. This is steady with Adhikari (2020) which saw that credit to store proportion has critical and positive connection among LDR and ROE. Adedeju and Adeniran (2018) finish up the concentrate by saying higher the liquidity position higher will be the proficient execution in financial areas which is additionally like the examination of this review. In this study looking at the specific example, money and bank equilibrium to add up to store proportion of Jyoti bikash bank, Garima bikash bank, Mahalaxmi bikash bank, Muktinath bikash bank and Lumbini bikash bank shows the higher place of liquidity. Muktinath has a stronger liquidity position than the others.

Size, CAR, and CDR have a negative impact on the regression result, which is significant even at the 10% level of significance. However, the ratio of total investment to total

deposit is significant at the 10% level. Then, at that point, store proportion essentially affects ROE and this is like the discoveries of Budhathoki (2020) and Paul (2021). Size has a negative impact on ROA and is not statistically significant even at the 10% level, whereas total CAR, CRR, and CDR are statistically significant at the 10% level. This outcome is like the aftereffect of Saleh, Afifa and Murray (2020) however inverse to the consequence of Lover and Mishra (2020).

5.3 Implications

The following suggestions were made in light of the research's findings:

- This study reaches a few determinations and recognizes the impact of liquidity markers on benefit irrelevantly. Hence, it gives sign to the administration of the banks and strategy producers or controllers to make a medicinal move.
- The exploration likewise powers the administration of improvement banks to assess their previous activities and fills in as an aide for their present and impending objectives and drives. This study can give probably the latest insights, data, and hardships concerning liquidity. Consequently, bankers, shareholders, depositors, and other academics and students ought to take this work into consideration.
- From the review, thinking about the different factors of banks liquidity, and what liquidity means for banks productivity, a proficient administration of it wouldn't just acclimate to the advantage of banks yet in addition to people and business elements and consequently the entire economy at large. This thusly adds to the prosperity of the monetary area of the economy and the general public all in all.
- The significance of this study is that it contacts the main monetary dangers that Nepalese improvement banks face during their functional and long haul cycles. Also, the review can give experiences to strategy and leaders in monetary area in Nepal toward overseeing previously mentioned chances.
- The discoveries could assist the various members to take their monetary choice concerning store of their excess assets with improvement banks and other monetary establishments. This could likewise assist with realizing whether banks can have the option to discount their financial backers' cash back as and when required and the banks should keep a sensible liquidity position to keep away from vulnerability in its productivity.

- For future investigations, expanding the example size and study time span might deliver more powerful outcomes. Impacts of different intermediaries of liquidity, for example, cash proportion, speculation proportion, current proportion, credits to add up to resources proportion, and so on and other macroeconomic factors on productivity ought to likewise be researched.

References

Adedeju, A., & Adeniran, A. (2018). Impact of liquidity management on profitability in Nigeria's banking sector. *Global Journal of Management and Business*, 17(34), 45-59.

Adhikari, M. (2016). *Liquidity Management of Joint Venture Commercial Banks in Nepal*, Kathmandu: An Unpublished Master's Thesis submitted to office of the Dean, FOM and TU.

Adhikari, S. (2015). *Lending Practices: A Study on NABIL Bank Ltd., SCB Nepal Ltd. and Himalayan Bank Ltd*. Unpublished Master's Thesis submitted to office of the Dean, FOM and TU.

Adhikari, S. (2019). Liquidity Management of Joint Venture Commercial Banks in Nepal. *International Journal of Multidisciplinary and Current Research*, 6(5), 1085-1090.

Adhikari, S. (2020). Impact of liquidity on profitability in Nepalese commercial banks. *Lumbini Journals of Business and Economics*, 2(2), 59-72.

Ahamed, F. (2021). Determinants of liquidity risk in the commercial banks in Bangladesh. *European Journal of Business and Management Research*, 6(1), 164-169.

Ahamed, P. (2021). Determinants of Liquidity Risk in the Commercial Banks in Bangladesh: *International Journal of Economics, Commerce and Management*, 7(1), 161-171

Akhter, N. (2018). Impact of Liquidity and Profitability on Operational Efficiency of Selected Commercial Banks in Bangladesh: A Panel Data Study: *Global Journal of Management and Business Research: An Administration and Management*, 18(7), 13-24.

Al-Homaidi, E. A., Tabash, M. I., Farhan, H. N. (2019). The determinants of liquidity of Indian listed commercial banks. *Cogent Economic & Finance*, 7(1), 94-108.

Bhandari, D. R. (2004). *Banking and Insurance: Principle and Practice*. Kathmandu: Ayush Publication.

Bhandari, P. K. (2012). *Loan Management of Siddhartha Agricultural Development Bank Limited*, Kathmandu: Unpublished Master's Thesis submitted to office of the Dean, FOM and TU.

Bhandari, S. (2017). *A case study of liquidity management of Agricultural Development Bank Ltd*. Unpublished Master's Thesis submitted to Office of the Dean, FOM, TU.

Bhatt, S., & Verghese, N. (2018). Influence of liquidity on profitability: Evidence from Nepalese banks. *International Journal of Multidisciplinary and Current Research*, 6(5), 1085-1090

Bhattarai, R. (2020). Effect of Non-performing Loan on Profitability of Commercial Banks in Nepal. *Journal of Science*, 9(1), 38-47.

Bhattarai, Y. R. (2016). Effect of credit risk on the performance of Nepalese commercial banks. *NRB Economic Review*, 28(1), 41-64.

Bista, R. B. & Basnet, P. (2022). Measuring Determinants of Time Deposit in the Commercial Banks in Nepal. *Journal of Social Sciences and Humanities*, 2(1), 201-213.

Bordeleau, M. (2010). The Impact of Liquidity on Bank Profitability: *International Journal of Science*, 9(2), 55-72.

Budathoki, P. (2020). Loan Management of Agricultural Development Bank Limited". *Management of Research*, 9(2), 15-23.

Chaudhary, M. (2021). The Practice of Profitability and Liquidity of Nepalese Joint Venture Banks: A Comparative Study. *Patan Pragya*, 5(1), 180-187.

Dev, S. (1998). Performance and profitability of Islamic banks in Saudi Arabia: An empirical analysis. *Asian Economic and Financial Review*, 1997, 8(1), 38-51.

Dhamala, U. (2015). *Liquidity and profitability of commercial banks in Nepal:* Unpublished Master's Thesis submitted to Office of the Dean, FOM, TU, Kathmandu, Nepal.

Duan P. (2020). Liquidity Creation and Bank Profitability: *Journal of Asian Finance, Economics and Business* 7(4), 133- 143.

Gurung, J. B., & Gurung, N. (2022). Factors Determining Profitability of Commercial Banks: Evidence from Nepali Banking Sector. *Prithvi Academic Journal*, *5*(1), 100–113.

Hanh, N., Thi V. D., & Van, V. (2022). The Effect of Liquidity on Stock Price Volatility: Empirical Study on Listed Commercial Banks on Vietnamese Stock Exchange. *VNU Journal of Science: Economics and Business*, 38(1), 108-128.

Ibe, S. O. (2018). The Impact of Liquidity Management on the Profitability of Banks in Nigeria. *Journal of Finance and Bank Management*, 1(1), 37-40.

Ibrahim, S. S. (2017). Impacts of liquidity on profitability in banking sectors of Iraq: *Journal of Finance & Banking Studies* 6(1), 113-121.

Ismail, S., & Ahmed, E. (2023). The impact of liquidity risk, credit risk, and operational risk on financial stability in conventional banks in Jordan. *Uncertain Supply Chain Management, 11*(2), 433-442.

Joshi, B. (2016). *Liquidity management of commercial banks in Nepal:* An Unpublished Master's Thesis, submitted to Office of the Dean, Faculty of Managemet, Tribhuwan University, Kathmandu, Nepal.

Kahuthu, D. G. (2016). The Impact of Credit Management and Liquidity on Financial Performance of Deposit Taking SACCOS. *International Journals of Management of Business Research*, 6 (14), 121-126.

Khan, R. A., & Ali, M. (2017). Impact of Liquidity on Profitability of Commercial Banks in Pakistan: An Analysis on Banking Sector in Pakistan. Kathmandu: *Global Journal of Management and Business Research*, 16(1), 17-24.

Khanal, B. (2016). *Liquidity Management of Commercial Banks in Nepal*, Kathmandu Unpublished Master's Thesis submitted to office of the Dean, FOM, TU.

Konovalova, K. (2019). Management of Liquidity and Profitability in Commercial Banks: *RISEBA University of Business, Arts and Technology*, 725-736.

Kothari, C. R. (1994). *Research Methodology.* New Delhi: Vikash Publishing House Pvt. Ltd.

Lamichhane, P. K. (2013). *Financial Sector is insulated from Liquidity Crunc*h, Claims NRB. Kathmandu: www.nepalnews.com, p. 9.

Lartey, O. (2013). The Relationship between Liquidity and Profitability of Listed Banks in Ghana: *Research in International Business and Finance*, 48, 287-309.

Lynch, R. M., & William, R. W. (1989). *Accounting for Management*. New Delhi: Tata MC Grew Hill Publishing Co.

Mashamba, T. (2022). Liquidity Dynamics of Banks in Emerging Market Economies. *Journal of Central Banking Theory and Practice*, 11(1), 179-206.

Mehrotra, S. (2019). Effect of Liquidity Management on Profitability: A Comparative Analysis of Public and Private Sector Banks in India. *Journal of Institute Public Enterprise*, XVII, 7-20

Mishra, S. & Pradhan, B. B. (2021). Profitability in Commercial Bank-A Case from Nepal. *Journal of Management and Applied Science*, 4(7), 98-102.

Nepal Commercial Bank Act. (2031). NRB. Kathmandu.

Neupane, J. (2014). *Non-performing Assets and Profitability of Commercial Banks in Nepal*, Kathmandu: Unpublished Master's Thesis submitted to office of the Dean, FOM and TU.

Nimer, R. (2015). The Impact of Liquidity on Jordanian Banks Profitability through return on Assets: *International Journal of Research in Commerce*, Economics *and Management. New Delhi*: 12, 1: 35-36

Nourrein, A. & Mennawi, A. (2020). The impact of liquidity, credit, and financial leverage risks on the financial performance of Islam banks in Sudan. *International Journal of Applied Economics, Finance and Accounting*, 8(2), 73-83.

Olweny, P. (2011). Effect of Banking Sectoral Factors on the Profitability of commercial Banks in Kenya: *The Journal of Asian Finance, Economics and Business*, 8(3), 451-458.

Paney, I. M. (1999). *Financial Management.* New Delhi: Vikash Publishing House.

Panta, P. R. & Wolf, H. K. (2000). *Social Science Research and Thesis writing* Kathmandu: Buddha Academic Enterprises.

Paul, S. C., Bhowmik, P. K., & Famanna, M. N. (2021). Impact of liquidity on profitability: A study on the commercial banks in Bangladesh. *Advances in Management & Applied Economics*, 11(1), 73-90.

Phuong, B. (2020). Determinants of Profitability in Commercial Banks in Vietnam, Malaysia and Thailand*: Journal of Art and Science*, 24(2), 26-39.

Pokhrel, S. P. & Pokhrel, B. P. (2019). Impact of liquidity on profitability in Nepalese Commercial Bank. *Patan Pragya*, 5(1), 180-187.

Pradan, R. S. (2016). Impact of Liquidity on Bank Profitability in Nepalese Commercial Banks, *Journal of Finance* 1-14.

Pradhan, D. (2019). Impact of Liquidity Management on Bank Profitability in Nepalese Commercial Banks. *The Journal of Nepalese Business Studies*, 12(1), 87- 99.

Pradhan, R. S. (2004). *Financial Management*. Kathmandu: Buddha Academic Enterprises.

Reed, E. W., Gill, E. K., Cotter, R. V., & Smith, R. K. (2002). *Commercial Banking*. 2 Edition, New Jersey: Prentice Hall Inc.

Robinson, E. (1951). *Commercial Bank Management.* New York: The Dryden Press Private Limited.

Saleh, I. Afifa, M. A. & Murray, L. (2020). The effect of credit risk, liquidity risk and bank capital on bank profitability: Evidence from an emerging market. *Cogent Economics & Finance*, 8(1), 1-13.

Sathyamoorthi, C. R. (2020). Liquidity Management and Financial Performance: Evidence from Commercial Banks in Botswana: *International Journal of Financial Research,* 11(5), 399-413.

Seth, M. L. (1998*). Refresher Course in Economics. Agra*: Lakshmi Narain Agrawal, Educational Publishers.

Shakya, A. S. (2014). A Comparative Study on Profit Planning in the Context of Particularly Commercial Banks. *Nepal Bank Patrika*, p. 15.

Sharma, R. R. (2016). *Financial management.* Kathmandu: Khanal Publication Pvt. Ltd.

Sharma, S. (2016). *Determinants of commercial banks liquidity in Nepal.* Unpublished Master's Thesis submitted to Office of the Dean, FOM, TU, Kathmandu, Nepal.

Shrestha, A. (2018). *A study on liquidity and profitability of commercial banks: With reference to Global IME Bank Ltd. and Nepal Investment Bank Ltd.* Unpublished Master's Thesis submitted to Office of the Dean, Faculty of Managemet, Tribhuwan University, Kathmandu, Nepal.

Shrestha, B. P. (2012). Liquidity-Association of Commercial Banks in Nepal. People's *Journal of Management*, 1(1), 1-8.

Shrestha, M. S. & Bhandari, P. (2004). *Fundamentals of Banking (2 Edition)*. Kathmandu: Buddha Academic Publication House.

Shrestha. M. (2013). *Analysis of Profit Planning Procedure of commercial Bank: With Reference to Nepal SBI Bank Ltd.* Unpublished Master's Thesis submitted to office of the Dean, FOM and TU.

Sing, H. B., & Khadka, S. (2001). *Banking and Insurance: Principle, Legislation and Practice*. Kathmandu: Nabin Prakashan,

Singh, S. (2017). *Liquidity Management of Commercial Banks in Nepal* Unpublished Master's Thesis submitted to office of the Dean, FOM and TU.

Sinkey, J. F. (1983). *Commercial Bank and Financial Management (5th Edition).* New Jersey: Printice Hall Inc.

Swain, R. K., & Mishra, B. (2020). Exploring the impact of liquidity management on profitability: Evidence from commercial banks of India. *UGC Care Group I Journal*, 10(8), 156-173.

Syafrizal, A., & Ilham, R. N. (2023). Effect of capital adequacy ratio, non performing financing, financing to deposit ratio, operating expenses and operational income on profitability at pt. Bank aceh syariah. *Journal of Accounting Research, Utility Finance and Digital Assets*, *1*(4), 312-322.

Thapa, K. (2012). *Liquidity and Profitability of Commercial Banks in Nepal* Unpublished Master's Thesis submitted to office of the Dean, FOM and TU.

Thapa, S. (2020). *A study on impact on liquidity on profitability of commercial banks in Nepal.* Kathmandu: An Unpublished Master's Degree Thesis, Submitted to Office of the Dean, Faculty of Management, T.U.

The American Bankers Association. (1972). *Principle of Bank Operation*. New York: American Institute of Banking.

Tuladhar, B. (2018). *A comparative study on liquidity management of Nabil Bank Limited and Standard Chartered Bank Nepal Limited.* Kathmandu: An Unpublished Master's Degree Thesis, Submitted to Office of the Dean, Faculty of Management, T.U.

Upreti, H. B. (2015). *Impact of liquidity on profitability of commercial banks in Nepal:* Unpublished Master's Thesis submitted to Office of the Dean, Faculty of Managemet, Tribhuwan University, Kathmandu, Nepal.

Vaidya, S. (2001). *Banking and Insurance Management (3rd Edition).* Kathmandu: Taleju Prakashan.

Wuave, T., Yua, H., & Yua, P. M. (2020). Effect of liquidity management on the financial performance of banks in Nigeria. *European Journal of Business and Innovation Research*, 8(4), 30-44.

Appendices

Appendix I

Descriptive Statistics

Variables	N	Minimum	Maximum	Mean	Std. Deviation
CAR	50	11.19	30.60	14.8738	3.43665
CRR	50	3.10	27.83	7.6078	6.57331
SIZE (Rs.)	50	4612.00	131611.00	38312.9600	31005.29172
CDR	50	3.42	103.97	69.4920	32.34020
ROA	50	-5.58	2.89	1.1266	1.52356
ROE	50	0.00	50.25	13.9994	7.26373
Valid N (listwise)	50				

(Source: Authors' SPSS Calculation)

Appendix II

Correlation analysis

	CAR	CRR	SIZE	CDR	ROA	ROE
CAR	1	-.204	-.371**	.083	.34*	.229**
CRR		1	.420**	.066	.65*	.115
SIZE			1	.048	-.098*	-.180*
CDR				1	.24*	.144
ROA					1	-.161*
ROE						1

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

(Source: Authors' SPSS Calculation)

Appendix III

Regression Analysis

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	CDR, SIZE, CRR, CAR[b]		Enter

a. Dependent Variable: ROA

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.632[a]	.399	.266	1.5732

a. Predictors: (Constant), CDR, SIZE, CRR, CAR

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.366	4	.591	.239	0.015
	Residual	111.375	45	2.475		
	Total	113.741	49			

a. Dependent Variable: ROA

b. Predictors: (Constant), CDR, SIZE, CRR, CAR

Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.691	2.990		-.565	.021
	CAR	.037	.069	.084	.538	.053
	CRR	.006	.036	.028	.180	.040
	SIZE	-.206	.250	.129	.824	.142
	CDR	.002	.007	.037	.249	.010

a. Dependent Variable: ROA

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	CDR, SIZE, CRR, CAR[b]		Enter

a. Dependent Variable: ROE

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.493[a]	.243	.176	6.59536

a. Predictors: (Constant), CDR, SIZE, CRR, CAR

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	627.882	4	156.971	3.609	.012[b]
	Residual	1957.444	45	43.499		
	Total	2585.326	49			

a. Dependent Variable: ROE

b. Predictors: (Constant), CDR, SIZE, CRR, CAR

Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	13.947	12.536		4.303	.000
	CAR	-.712	.291	-.337	-2.450	.018
	CRR	.152	.150	.138	1.016	.315
	SIZE	-3.232	1.047	-.426	-3.087	.003
	CDR	.034	.029	.151	1.158	.0253

a. Dependent Variable: ROE

(Source: Authors' SPSS Calculation)

Liquidity and Profitability of Development Bank...

By: Jeevan Singh Dhami

As of: Aug 8, 2024 11:33:26 AM
16,835 words - 110 matches - 16 sources

Similarity Index
16%

Mode: Summary Report

sources:

633 words / 4% - from 09-Jul-2024 12:00AM
elibrary.tucl.edu.np

251 words / 2% - from 24-Mar-2024 12:00AM
elibrary.tucl.edu.np

113 words / 1% - from 09-Jul-2024 12:00AM
elibrary.tucl.edu.np

104 words / 1% - Internet from 14-Jan-2023 12:00AM
elibrary.tucl.edu.np

102 words / 1% - from 03-Feb-2024 12:00AM
elibrary.tucl.edu.np

98 words / 1% - from 17-Apr-2024 12:00AM
elibrary.tucl.edu.np

88 words / 1% - from 16-Feb-2024 12:00AM
elibrary.tucl.edu.np

159 words / 1% - Internet from 21-Feb-2023 12:00AM
www.researchgate.net

98 words / 1% - Internet from 18-Feb-2023 12:00AM
www.researchgate.net

84 words / 1% - Internet from 21-Feb-2023 12:00AM
www.researchgate.net

147 words / 1% - from 23-Jul-2024 12:00AM
www.sciencegate.app

146 words / 1% - from 29-Jun-2023 12:00AM
www.nepjol.info

123 words / 1% - Internet from 13-Dec-2020 12:00AM
www.tandfonline.com