

Working Capital Management

(A Case Study of Nepal Investment Bank Limited, Nepal)

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RECOMMENDATION

This is to certify that the thesis

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Entitled:

"Working Capital Management"

[A case study of Nepal Investment Bank Limited, Nepal]

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

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DECLARATION

I hereby declare that this thesis entitled to "**Working Capital Management (A Case Study of Nepal Investment Bank Limited, Nepal).**" Submitted to Ramswarup Ramsagar Multiple Campus. Faculty of Management, Tribhuvan University is my original work done in the form of partial fulfillment of the requirement for the Master Degree in Business Studies (MBS) under the supervision of Mr Binod Lal Karn, Lecturer R. R. Multiple Campus, Tribhuvan University.

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LIST OF ABBREVIATION

BS	=	Bikram Sambat
WC	=	Working Capital
CL	=	Current Liabilities
CA	=	Current Assets
NWC	=	Net Working Capital
GWC	=	Gross Working Capital
NIBL	=	Nepal Investment Bank Limited
LTD	=	Limited
MBS	=	Master in Business Studies
%	=	Percentage
NRB	=	Nepal Rastra Bank
NGBL	=	Nepal Girndlays Bank Limited
TU	=	Tribhuvan University
NLL	=	Nepal Lever Limited
RDL	=	Royal Drugs Limited
BTIL	=	Balaju Textile Industry Limited
NLOL	=	Nepal Lube Oil Limited

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CHAPTER I

INTRODUCTION

1.1 Background of the study

Bank can be defined as a place where the transactions of money take place. In other words, bank is an institution, which deals in money, receiving it on deposits from customers, honoring customer's drawings against such deposits on demand, collection cheques for customers and lending or investing surplus deposits until they are required for repayment. Generally, an institution established by law, which deals with money and credit is called bank, It is obvious that in a common sense, an institution involves in monetary transaction is called bank. A bank simply carries out the work of exchanging money, providing loan, accepting deposit and transferring the money. Section 2(a) of the Nepal Rastra Bank Act 2058 (2002) defines bank as follows.

“Bank” means the Nepal Rastra Bank established under section 3 of this Act. Like-wise, according to section 2 (b) of the Commercial Banks Act 2031 (1974), Bank means “a commercial bank established under this Act.” Though the banks established by both of these acts are called bank.

This world cannot run without banks. It is difficult to express its necessary and importance in a few words. Bank plays a significant role in the economic development of the country. Bank fills the gap between the searcher and provider of the fund. It also provides sufficient back support for the growth and expansion of trade of the country, which eventually helps to develop the economic condition of the country.

A bank can't perform all sorts of functions. So, today's banks are opened differently according to their nature. Such banks are Central Bank, Commercial Banks, Agricultural Development Bank, Industrial Bank, Rural Development Bank, Saving Bank, Exchange Bank, Indigenous Bank, Development Bank, Merchant Bank, Student Bank, Labor Bank etc. Central Bank is the supreme bank of a country. In the case of Nepal, Nepal Rastra Bank is the central bank, which was established in 2013 (1957) under the Nepal Rasta Bank Act 2012 (1956). It can accept the credit of Nepal Government, Commercial banks, the financial

institutions, government's offices and provides loan to the Nepal Government, commercial banks and financial institutions when needed. It keeps monetary system stable, develops banking system, issues coin and notes and controls the credit of money. It is called the bank of banks. The central bank is the supreme bank of monetary and banking system of the nation. This bank gives advice to the Nepal Government time to time on economic and financial matters.

Commercial Banks are considered second types of banks. These banks are established to improve people's economic welfare and facility, to provide loan to the agriculture, industry and commerce and to offer banking services to the people and the country. These banks have been playing a great role for the economic development of the country directly or indirectly. The services made by these banks are very important. For instance, the functions of banks are: to provide loan, to accept deposits, to perform task related to the agencies and the tasks concerned to the general utility.

Commercial banks are the heart of the financial system. They hold the deposits of individuals, government establishment and business units. They make funds available through their lending and investing activities to borrower: individuals, business firms and government establishments. These banks are the suppliers of finance for trade and industry and play a vital role in the economic and financial life of the country. By investing the saving in the productive areas, they help in the formation of capital.

In a developing country like Nepal the capacity to save is quite low. This low saving capacity is one of the major causes of bad economic condition of the developing countries. That's why the basic problem of the developing countries is raising the level of saving. Nowadays in Nepal, different banks such as Developing Banks, Joint Venture Banks, Industrial Bank, Commercial Bank, Agriculture Bank, Co-operative Bank etc. are coming into existence with the purpose to collect the scattered saving and put them into productive channels so that the saving will be safety and properly utilized for the all round development of the country.

Among Nepalese Joint Venture Banks, Nepal Investment Bank is one of the leading Joint Venture Banks. Nepal Investment Bank Ltd. (NIBL), previously Nepal Indosuez Bank Ltd., was established in 1986 as a joint venture between Nepalese and French partners. The French partner (holding 50% of the capital of NIBL) was Credit Agricole Indosuez, a subsidiary of one the largest banking group in the world. Nepal Investment Bank has been able to maintain a lead in the primary banking activities- Loans and Deposits. This bank undertakes lots of monetary transaction carried through out the country. Such as it receives deposits from customers, provide loans to different individuals, commercial enterprises. It provides the facility of remittance and other credit activities as well. So it will require large amount of time and energy as well as it will be tough to know over all function and activities performed by NIBL. That's why this report only tries to show the clear picture of working capital management of NIBL as much as possible.

1.1.1 Origin and Growth of Bank in Nepal

The growth of banking in Nepal is not so long. In comparison with other developing or developed country, the institutional development in banking system of Nepal is far behind. Nepal had to wait for a long and its beginning of growth is controversial. However, stage wise development of banking can be narrated as follows.

1.1.1.1 The First Phase of Banking Developing

Even through the specific date of the beginning of money and banking deal in Nepal is not obvious, it is speculated that during the reign of the king Manadev, the coin Manak and Gunank during the reign of the king Gunakamandev were in use. Historically, we find the evidence of minted coin of Amshuverma in 7th century, and later the coin of Jishnu Gupta. In the beginning of eighth century, king Gunakamadev renovated the Kathmandu city by taking loan and at the end of the same century; a merchant named Shankhadhar had started the New Year Nepal Sambat after freeing all the people of Kathmandu from the debt. Sadashiva Dev in 12th century, introduced, silver coins, King Jayasthiti Malla, had given the responsibility to a caste of society called Tankadhari while he had given the name of the castes and their professions for the purpose of transactions of money in the society. In the same century

copper coins were used by King Ratna Malla of Kathmandu, silver coins by Mahendra Malla and the gold coins by the last Malla King of Kathmandu Jaya Prakash Malla.

After the unification of Nepal, Prithvi Narayan Shah the great king had used coin Mohar in his name. An institution called “Takasr” was established in 1989 and it started to issue the coin scientifically. In this way, we see that the coins have been in use from the ancient time, and there was practice of taking and giving loan for the purpose of trade and other various purposes. During the reign of Ranodip Singh, an office named “Tejarat” was established in Kathmandu in 1933 B.S. It used to provide loans to the government officials and the people against deposit of gold and silver. It had also extended its branches outside Kathmandu valley for giving loan. But this office had no right to accept deposit of public and it had no characteristics of modern banks. Nevertheless we can say that the institutional banking system had started from then. After having concluded a treaty with British India in 1980 B.S, Nepal could trade over Sea freely for the diversification of trade. As a result, in 1993(1936) the draft of the company act and banking act were prepared by forming industrial council “A Jute Mill” was established in Biratnagar under this act and both commercial bank and industrial development as well as institutional banking system had been started together at a time in Nepal.

1.1.1.2 The Second Phase of Banking Development

Nepal Bank Limited

After the establishment of Nepal Bank Limited on 30th Kartik, 1994 (1938), modern banking system started in Nepal. Nepal was influenced by the renaissance and the industrial growth brought about by First World War. Nepal established first legation in international level in London in 1934 for creating international relation with the various countries. The first secretary Gunjaman Singh was posted to that legation, in his alertness, and under the international influence and the national necessity, Nepal Bank Limited was established under the Nepal Bank Act 1994 (1938). It has many important functions. The Nepal Bank Limited is the oldest bank of Nepal. Its initial authorized capital was 10 million rupees and issued capital was 25 lakh, paid up capital was 8 lakh 42 thousand but now it has increased its capital. Since, Ashwin 1st 2002, the notes of 5, 10 and 100 were brought into use from Sadar Muluki Khana of Nepal Government.

The economic and industrial development was stopped in Nepal from the Second World War. After 2007, the banking activities of Nepal were not satisfactory due to political instability. At first, though this bank was given the authority and responsibility of central bank, but with the change of time, it was necessary to establish a Central Bank.

Nepal Rastra Bank (Central Bank)

Under the Nepal Rastra Bank Act 2012 (1956), Nepal Rastra Bank was established in 2013 (1957), Baishak 14th in Nepal. But this act has been repealed and the Nepal Rastra Bank Act 2058 (2002) has been enacted by the parliament. After its establishment, it issued the Nepali notes on 7th Falgun 2016 for the first time. The bank is the Central Bank on Nepal. It was established with many objectives but mainly, the use of Nepalese currency in place of Indian currency. In addition to this, its function were to increase usages of Nepalese notes, to stop dual monetary system, to apply monetarism in all part of the kingdom of Nepal, to provide for issuance of notes, to bring Nepalese currency in use to manage the monetary system well, to keep stability of the exchange rate of Nepalese currency, to encourage national industry by mobilizing the capital for development and to develop the banking system in Nepal.

This is the government bank. This is the bank of banks. After the establishment of the Nepal Rastra Bank, the first 5 year plan was introduced in the country. To fulfill the necessity of the financial Development Corporation, 2016, Agricultural Development Bank, 2024 B.S (1968 A.D), the National Insurance Corporation were established under the special consideration of the bank.







Rastriya Banijya Bank

Rastriya Banijya Bank was another important bank to be established in Nepal. Due to the existence of only one bank (Nepal Bank Limited) and as it was functioning in the field of business only, establishment of RBB in 2022 B.S (1966 A.D) was of great significance. It was established under the Banijya Bank Act 2021 B.S, according to the recommendation of NRB. After enacting the commercial bank act 2031 B.S, both the Banijya Bank Act 2020 and the National Banijya Bank Act 2021 B.S were repealed. Intact, commercial banks are prominent bank in the people's point of view. Therefore, there is no doubt and dispute about





the significant role and the function of this bank. Its function is to accept the deposits, to provide loan, to carryout work relating to industries. It has rendered the great contribution to the development of the country.

The development of any country can't be imagined without economic activities. The development of the banking system is one of the grounds of economic development. In another word, there is no possibility of economic development of a country without the development of banking system. In order to establish and develop other joint venture commercial banks and other financial institution Nepal adopted liberal and free economy policy. Accordingly Nepal allowed establishing different joint ventures banks under collaboration with foreign banks. This was the great significant event in Nepalese banking history from which the real development of the banking system started in Nepal. The competition began to grow. The banks began to offer their valuable services to the people through new technologies. Banks that are opened as the joint venture banks are Himalayan Bank Ltd, Nepal Credit and Commerce Bank Limited, Nabil Bank Limited, Standard Chartered Bank Nepal Limited, Nepal Investment Bank Limited, Nepal SBI Limited, Nepal Bangladesh Bank Limited, Everest Bank Limited, Bank of Kathmandu Limited.

Table No.1
List of licensed Commercial Banks
2013



S.No.	Name of a Bank	Address
01	 <p>Nepal Bank Limited नेपाल बैंक लिमिटेड "WE STARTED BANKING IN NEPAL ... STILL WE ARE LEADING WAY"</p>	<p>Nepal Bank Limited Dharmapath Kathmandu (Head Office) P.O.Box: 36, Kathmandu SWIFT Code: NEBLNPKA Tel.: +977 1 422 2397 Fax: +977 1 422 0414 Email: info@nepalbank.com.np</p>
02	 <p>राष्ट्रिय बाणिज्य बैंक RASTRITYA BANJYA BANK</p>	<p>Rastriya Bannijya Bank Central Office Singhadurbar Plaza, Kathmandu Tel: (977-1) 425-2595 Fax: (977-1) 425-2931 E-mail: rbb.info@rbb.com.np</p>
03	 <p>NABIL BANK</p>	<p>Head Office Nabil House, Kamaladi, Kathmandu P.O. Box: 3729, Kathmandu Phone: 4430425, 4429546-47, 4435380-85 Telex: 2385 NABIL NP, 2431 NABILH NP Fax: 4429548 SWIFT: NARBNPKA</p>
04	 <p>नेपाल इन्भेष्टमेन्ट बैंक लि. NEPAL INVESTMENT BANK LTD.</p>	<p>KATHMANDU HEAD OFFICE Durbar Marg, P.O. Box 3412 Tel: 4228229, 4242530 (DISA) Fax: 977-1-4226349, 4228927 Swift: NIBL NP KT</p>
05	 <p>Standard Chartered Standard Chartered Bank Nepal Limited</p>	<p>New Baneshwor Branch P.O.Box 3990, New Baneshwar, Kathmandu, Nepal Tel:977-1-4782333, 4783753 Fax No:977-1- 4780762</p>
06	 <p>हिमालयन बैंक लिमिटेड Himalayan Bank Limited (A Joint Venture with Habib Bank Limited - Pakistan)</p>	<p>Head Office Karmachari Sanchaya Kosh Building Tridevi Marg, Thamel P.O. Box 20590, Kathmandu, Nepal. Telephones : 4227749, 4250201 Telefax : 977-1-4222800 Telex : 2789 HIBA NP, Swift HIMANPKA Email : himal@himalayanbank.com</p>

07		<p>NEPAL SBI BANK LIMITED, HATTISAR, KATHMANDU, NEPAL TEL: 00-977-1-4435516, 4253243 FAX: 00977-1-435612 TELEX: 2796 NSBL NP WEBSITE:www.nepalsbi.com.np,www.n sbl.com.np E-MAIL:nsblco@nsbl.com.np SWIFT: NSBINPKA</p>
08		<p>Head Office: (00) P.O.Box: 9062, New Baneswor, Kathmandu Tel: 4783972,4783975,4783976 Fax: 977-1-4780826</p> <p>Email : nbbkho@nbbank.com.np</p>
09		<p>Baneshwor Main Branch Kathmandu, Nepal Phone: 977-1-4780018 (hunting) Fax: 977-1-4781025 Email: ebllban@ebl.com.np</p>
10		<p>Head Office Bank of Kathmandu Limited P.O. Box 9044, Kamal Pokhari, Kathmandu, Nepal SWIFT: BOKLNPKA Telex: 2820 BOK NP Tel: (977 1) 4414541 Fax: (977 1) 4418990 Email: info@bok.com.np</p>
11		<p>Corporate Office / Kathmandu Main Branch NB Building, Bagbazar, Kathmandu, Nepal SWIFT : NBOCNPKA, Telex : 2843, 2812 Website : www.nccbank.com.np Phone : (01) 4246991; Fax : (01) 4244610 email : corporate@nccbank.com.np</p>
12		<p>Corporate Office: Durbar Marg, Kathmandu, Nepal. Tel: +977 1 4243158, 1 4243165 Fax: +977 1 4227590 SWIFT: LUBLNPKA email: info@lumbinibank.com.np</p>

13		<p>Corporate Office 279 Kamaladi Sadak, Kathmandu, Nepal P. O. Box: 7367 Tel: 977 01 4262277 Fax: 977 01 4241865 Email:kamaladi@nicbank.com.np</p>
14		<p>Head Office Corporate Office Kathmandu Branch P.O. Box: 41 Naya Bazar Pokhara, Nepal Tel: +977-61-530900 Fax: +977-61-530500 Email: mblbnk@mbl.com.np SWIFT Code: MBLNNPKA</p>
15		<p>Kumari Bank Limited Putali Sadak, Kathmandu Nepal Phone : 977-01-4-232112 977-01-4-232113 Fax : 977-01-4-231960 Telex : 2853 KUMARI NP Swift : KMBLNPKA Email : info@kbl.com.np</p>
16		<p>Hattisar Branch & Corporate Office Hattisar, Kathmandu, Nepal Tel. 01-4444684/4444685 Fax 01-4444640/4444743 SWIFT: LXBLNPKA Email: info@laxmibank.com</p>
17		<p>CORPORATE OFFICE 130/23, HATTISAR, KAMALADI KATHMANDU P.O. BOX : 13806 TEL. : 01-4442919, 01-4442920 FAX : 977-1- 4442921, Telex. 2757 SBL Swift-SIDDNPKA EMAIL : sbl@siddharthabank.com</p>
18		<p>Head Office, Ramshah Path Kathmandu, Nepal Tel : 977-1-4262885/4262596 Fax : 977-1-4262616/4262929 Email : info@adbn.gov.np</p>

19	 GLOBAL BANK LTD. ग्लोबल बैंक लि. "THE BANK THAT CARES"	Corporate Office Panipokhari, Kathmandu P.O. Box: 19327, Nepal Phone No: 4002507 / 4002508 Fax: 4441502
20	 Citizens Bank International Ltd. सिटिजनस बैंक इन्टरनेशनल लि. YOUR PARTNER FOR PROGRESS	Citizen Bank International Limited P.O.Box: 19681 , Sharda Sadan Kamaladi, Kathmandu, Nepal TEL: 977-1- 4262699 FAX: 977-1-4265030 EMAIL: info@ctznbank.com URL: www.ctznbank.com / www.citizensbank.com.np
21	 PRIME COMMERCIAL BANK LTD. प्राइम कमर्शियल बैंक लिमिटेड BIRA COMPLEX, NEW ROAD, KATHMANDU, NEPAL	Prime Commercial Bank Ltd. Bira Complex, New Road, Kathmandu , Nepal Phone No : 4233388 Fax : 4233390 Swift : PCBLNPKA Email : info@pcbl.com.np
22	 BANK OF ASIA NEPAL LTD. Growing Together	Head Office Tripureswore Kathmandu Metropolitan City - 11 P.O. Box: 11021 Nepal Tel No: + 977 1 4263212/4263218 Fax No: + 977 1 4258326 Email: boan@bankofasia.com.np
23	 सवराइज बैंक लिमिटेड SUNRISE BANK LIMITED	Sunrise Bank Limited P.O. Box: 15203 Gairidhara Crossing, Kathmandu, Nepal Tel: 4004560, 4004561, 4004562 Fax: 977-1-4422475 SWIFT: SRBLNPKA
24	 ग्रान्ड बैंक नेपाल लिमिटेड Grand Bank Nepal Limited  डिजिबिएल बैंक लिमिटेड DCBL Bank Limited <small>नेपाल राष्ट्र बैंकबाट काठमाडौं उपत्यकाका प्रमुख बजारमा</small>	DCBL Bank Ltd. is contemplating for changing its present name "DCBL Bank Ltd." to "Grand Bank Nepal Ltd." effective from 1st Baishak 2069.) DCBL Bank Limited Kathmandu Plaza, First Floor, Kamaladi GPO Box: 7716, Kathmandu, Nepal Tel no: 4168605, 4168606, 4168607, 4168608, 4168610, 4168612, 4168613, 4168615 Fax: 977-1-4168609 Swift : DCBNNPKA E-mail: info@dcbl.com.np

25	 NMB Bank Limited	NMB Bank Limited Babarmahal. GPO Box - 11543 Kathmandu, Nepal Phone: 977-1-4246160 Fax: 977-1-4246156 Email: info@nmb.com.np
26	 KIST BANK POWER TO SUCCEED	Main Branch KIST Building ,Anamnagar, Kathmandu Phone : +977-1-4232500 Fax No.:+977-1-4228588 E-Mail : main@kistbank.com E-Mail : info@kistbank.com Post Box No.:8975, EPC. : 5157
27	 Janata Bank Nepal Ltd. जनता बैंक नेपाल लिमिटेड	Janata Bank Nepal Ltd. Shankhamul Marg, 10 New Baneshwor, Kathmandu POBox:23600 Tel. 4786100/4785900 Fax. 4786300 Email. info@janatabank.com.np
28	 MEGA BANK NEPAL LIMITED मेगा बैंक नेपाल लिमिटेड	MEGA Bank Nepal Limited Corporate Office Mega Mahal, Kantipath, Nepal. Ph:977-1-4257711, Fax: 977-1-4266599
29	 Commerz and Trust Bank Nepal Ltd. कमर्ज एण्ड ट्रस्ट बैंक नेपाल लिमिटेड	Commerz and Trust Bank Nepal Ltd. Tindhara Road, Kamaladi, Kathmandu. House No: 130/23 P. O. Box: 23399 Phone: 4446150, 4446151 Fax : 4444770 Email: info@ctbn.com.np
30	 CIVIL BANK LTD. Thinking forward Moving forward Class "A" Institution Licensed by Nepal Rastra Bank	Head Office: Civil Bank Ltd. Classic Complex, Tindhara Road, Kamaladi, Kathmandu-31 P.O. Box: 9799 Tel No: 4255551, 4255523 Fax No: 4255500

31	 <p>सेन्चुरी कलर्सिचल बैंक लिमिटेड CENTURY COMMERCIAL BANK LIMITED</p>	<p>Century Commercial Bank Limited. Putalisadak, Kathmandu, Nepal. Swift Code : CCBNNPKA Phone: 977-1-4445062 (Hunting No.) 977-1-4412579 977-1-4428392 Fax: 977-1-4441422 Post Box No: 26100 Email: welcome@centurybank.com.np</p>
32	 <p>SanimaBank</p>	<p>Sanima Bank Limited Alakapuri, Narayanchaur, Naxal, Kathmandu G.P.O. Box: 20394 Phone: +977-1- 4428977, 4428979, 4428980 Fax: +977-1-4428969 SWIFT: SNMANPKA Email: sanima@sanimabank.com</p>

1.1.2 Overview of Nepal Investment Bank Limited

Nepal Investment Bank Ltd. (NIBL), previously Nepal Indosuez Bank Ltd., was established in 1986 as a joint venture between Nepalese and French partners. The French partner (holding 50% of the capital of NIBL) was Credit Agricola Indosuez, a subsidiary of one the largest banking group in the world.

With the decision of Credit Agricola Indosuez to divest, a group of companies comprising of bankers, professionals, industrialists and businessmen, has acquired on April 2002 the 50% shareholding of Credit Agricola Indosuez in Nepal Indosuez Bank Ltd.

The name of the bank has been changed to Nepal Investment Bank Ltd. upon approval of bank's Annual General Meeting, Nepal Rastra Bank and Company Registrar's office with the following shareholding structure.

- A group of companies holding 50% of the capital
- Rashtriya Banijya Bank holding 15% of the Capital.

- Rashtriya Beema Sansthan holding the same percentage.
- The remaining 20% be We believe that NIBL, (which means that NIBL is a Company listed on the Nepal Stock Exchange).

We believe that NIBL, which is managed by a team of experienced bankers and professionals having proven track record, can offer you what you're looking for. We are sure that your choice of a bank will be guided among other things by its reliability and professionalism.

The Bank's Vision

To be the leading Nepali Bank, delivering world class service through the blending of state-of-the-art technology and visionary management in partnership with competent and committed staff, to achieve sound financial health with sustainable value addition to all their stakeholders. They are committed to do this mission while ensuring the highest levels of ethical standards, professional integrity, corporate governance and regulatory compliance.

The Bank's Mission

The Bank's mission is to become preferred provider of quality financial services in the country. There are two components in the mission of the Bank; **Preferred Provider and Quality Financial Services**; therefore we at NIBL believe that the mission will be accomplished only by satisfying these two important components with the Customer at focus. The Bank always strives positioning itself in the hearts and minds of the customers.

The Bank's Objective

To become the Bank of first choice is the main objective of the Bank.

BOARD OF DIRECTORS

Nepal Investment Bank is managed by a professional management team. The members of the management have proven track record in the banking sector. The board of directors consists of the following personalities.

Board of Directors

Mr. Prithivi Bahadur Pandey	Chairman/Chief Executive Director	Group "A"
Mr. Prajanya Rajbhandari	Director	Group "A"
Mr. Deepak Man Serchan	Director	Group "A"
Mr. Krishna Prasad Sharma	Director	Rastriya Banijya Bank
Dr. Shiva Hari Shrestha	Director	Rastriya Beema Sansthan
Mr. Surendra Bdr. Singh	Director	Public Shareholder
Mr. Damodar Prasad Sharma Pandey	Professional Director	Under BFIA

Management Team of NIBL

Prithiv Bahadur Pandey Chairman/Chief Executive Director		
Jitendra Basnyat Company Secretary		
Jyoti Prakash Pandey General Manager		
Rajan Amatya Assistant General Manager Retail Banking	Bijendra Suwal Assistant General Manager Information Technology	Bijay Pant Assistant General Manager Credit Quality Control
Anuj Timilsina Head Corporate Banking	Deepak K Shrestha Head Trade Finance	Deepak Shrestha Head Legal
Rabin Sijapati Head Operation	Shreechandra Bhatta Head Branch Co-ordination Cell	Bikash Thapa Head Cards & Remittance
Sachin Tibrewal Head Accounts & Treasury	Sanjeev Karki Head Cash & Transfer	Tul Jung Pandey Head Reconciliation
Prabir SJB Rana Head Human Resource	Sammit Bhattarai Head Credit Administration	Binod Upadhaya Head Internal Audit and Compliance
Shivanth Pandé Head Research & Development	Manju Basnett Branch Manager Putalisadak Branch	Barun Shrestha Branch Manager Pulchowk Branch
Nikita Maskey Branch Manager Newroad Branch	Ratna Kumar Limbu Branch Manager Birjung Branch	Dhiraj Thapa Branch Manager Pokhara Branch
Uttam Bdr. K.C Branch Manager Seepadole Branch	Ajay K. Kafle Branch Manager Butwal Branch	Bipat Chaudhari Branch Manager Jeetpur Branch
Prakash Dhungana Branch Manager Narayangarh	Kumar Thapa Branch Manager Banepa Branch	Bivek jha Branch Manager Janakpur Branch
Bishal Thapa Branch Manager Biratnagar Branch	Gokarna P. Duwadi Branch Manager Bhairahawa Branch	Bhaskar N. Joshi Branch Manager Kalimati Branch
Mantri Lal Gupta Branch Manager Nepalgunj Branch	Ramraj Upadhyay Branch Manager Thamel Branch	Sanjit Pokhrel Branch Manager Birtamod Branch
Bandana Thapa Branch Manager Battisputali Branch	Subin Sijapati Branch Manager Dhangadi Branch	Purushottam Chalise Branch Manager Gongabu Branch
Sanket Dhungel Branch Manager Surkhet Branch	Eka Raj Mahat Branch Manager Jumla Branch	Shobha Shrestha Branch Manager Boudha Branch
Shekhar Singh Branch Manager Hetauda Branch	Baburam Kandel Branch Manager Palpa Branch	Keshab Mainali Branch Manager Lukla Branch
Radhika Singh Branch Manager Dhumbarahi Branch		

Branch Network of NIBL

KATHMANDU HEAD OFFICE Durbar Marg, P.O. Box 3412 Tel: 4228229 Fax: 4226349 Swift: NIBLNPKT	PULCHOWK BRANCH Pulchowk, Lalitpur Tel: 5010188,5010042 Fax: 5010142	BIRJUNG BRANCH Adarshanagar, Birjung Tel: (051) 523327 Fax: (051) 525297
SEEPADOLE BRANCH Arniko Highway Suryabinayak, Bhaktapur Tel: 6615617, 6612832 Fax: 6616617	BANEPA BRANCH Banepa, Kavre Tel: (011) 664315,662401 Fax: (011) 662402	JEETPUR BRANCH Jeetpur, Bara Tel: (053) 520297 Fax: (053) 520877
NEWROAD BRANCH Newroad, Kathmandu Tel: 4242858, 4230374 Fax: 4227050	BIRATNAGAR BRANCH Golcha Chowk, Biratnagar Tel: (021) 534523, 534524, 534525 Fax: (021) 534526	BUTWAL BRANCH Traffic Chowk, Butwal Tel: (071) 549991, 549992, 549993 Fax: (071) 549888
BHAIRAHAWA BRANCH Maitri Road, Bhairahawa Tel: (071) 526991, 526992 Fax: (071) 526990	BUTWAL BRANCH Traffic Chowk, Butwal Tel: (071) 549991, 549992, 549993 Fax: (071) 549888	BHAIRAHAWA BRANCH Maitri Road, Bhairahawa Tel: (071) 526991, 526992 Fax: (071) 526990
PUTALISADAK BRANCH Putalisadak, Kathmandu Tel: 4445302, 4445303 Fax: 4445304	POKHARA BRANCH Chiple Dunga, Pokhara Tel: (061) 538919, 539276 Fax: (061) 538920	NARAYANGARH BRANCH Pulchowk, Narayangarh Tel: (056) 532921,532922 Fax: (056) 532925
JANAKPUR BRANCH Mills Area, Janakpur Tel: (041) 527331 Fax: (041) 527332	NEPALGUNJ BRANCH Dhamboji, Nepalgunj Tel: (081) 525978,525682 Fax: (081) 521664	THAMEL BRANCH Chaksibari, Thamel Tel: 4218431,4218434, 4218485,4218486 Fax: 4218434
KALIMATI BRANCH Kalimati Chowk, Kalimati Tel: 4672493,4672494 4672495,4672548 Fax: 4272612	BIRTAMOD BRANCH Traffic Chowk, Birtamod Tel:(023) 543810,543811, 543814 Fax: (023)543815	BATTISPUTALI BRANCH Battisputali, Kathmandu Tel: 4471690,4471790 Fax: 4470202
DHANGADI BRANCH Chauraha Chowk, Dhangadi Tel:(091) 523620,523706 Fax: (091) 524090	GONGABU BRANCH Gongabu Chowk, Kathmandu Tel: 4365318,4365077 Fax: 4365302	SURKHET BRANCH Neta Chowk, Surkhet Tel: (083) 524330, 524331 Fax: 524332
JUMLA BRANCH Khalang Bazaar, Jumla Tel: (087) 520132	BOUDHA BRANCH Boudha, Kathmandu Tel: 4480121,4480122 Fax: 4480123	HETAUDA BRANCH Bank Road, Hetauda Tel: (057) 526001, 525946 Fax: (057) 526005
PALPA BRANCH Tansen, Palpa Tel: (075) 520832,520833 Fax:(075)-520891	LUKLA BRANCH Chaurikharka, Lukla Tel:(038) 550120 Fax: (038) 550220	DHUMBARAHI BRANCH Pipalbot Chowk, Kathmandu Tel: 4009006, 4009007 Fax: 4009009
NEW BANESHWOR BRANCH New Baneshwor, Kathmandu Tel:4785529		

Services Offered by NIBL

- Deposits

- E-zee Saving
- E-Banking
- Premier Banking
- ATM
- NTC Mobile Bill Payment
- Loans and Advances
- Vehicle Loans
- Credit Card
- Debit Card
- Safe Deposit Locker
- 365 Days Service
- Trade Finance
- remittance
- Export Credit
- Bills Purchase
- Tele-banking Service
- Any Branch Banking
- Funds Transfer
- Bank Guarantees
- Clearing/Collection

Remittance of NIBL

Nepal Investment Bank Limited (NIBL), operating under the guidelines set by The Government of Nepal and Nepal Rastra Bank (the Central Bank of Nepal), offers one of the safest and the most secured means of money transfer to Nepal. Remitters can send money to NIBL from any part of the globe through our correspondent banks, exchange houses and banks in the Middle East and using Prithivi Express, our in-house remittance software.

SWIFT TRANSFER:

NIBL offers fast and reliable money transfer services through SWIFT. Your bank account with them can be credited with remittance from anywhere in the world. The remitter has to

mention the NIBL's SWIFT Address "NIBLNPKT" and the beneficiary details to transfer money to Nepal through us. We cater the need of customers to remit fund anywhere in the world, denominated in major currencies, through SWIFT.

DEMAND DRAFT:

We have draft drawing arrangement with their correspondent banks in different countries. NIBL honors bank drafts drawn on/by various international banks denominated in major currencies like US Dollar, Euro, Great Britain Pound, etc.

TRAVELER CHEQUE:

NIBL offers "American Express Traveler's Cheque" that is accepted worldwide.

CASH MANAGEMENT SERVICES:

NIBL provides Cash Management Services in Nepal. Their Bank will help you to collect your bills receivables more efficiently if you are engaged in exporting goods to India. You can enroll yourself for the service and provide details of your buyer in India. Our correspondent bank in India will collect cheque from your buyer and credit your account in a shorter time through us.

Interest Rates of NIBL

Type	% per annum	
Savings	2.50	
E-Zee Savings *	4.00	
Fixed Deposits	% per annum	
	Prime	Others
14 Days	1.25	1.25
1 Month	1.75	1.75
3 Month	2.75	2.50
6 Month	4.50	4.00
1 Year	6.50	6.00
2 Years	6.75	6.25
Above 2 Years	7.00	6.50
Special Deposit Account	8.25	7.25

Lending Rates	% per annum	
	Prime	Others
Corporate/Multinational		
Overdraft		10.75

Working Capital		10.75
Short term Loan		10.75
90 Days Cash Credit		10.00
Term Loan		11.25
Export Credit		9.25
Trust Receipt (90 Days)		
Level 1		9.25
Level 2		9.50
Term Loan	12.00	13.00
Export Credit	10.50	11.50
Overdraft	12.00	13.00
Working Capital	12.00	13.00
Short Term Loan	12.00	13.00
Trust Receipt		
90 Days	10.75	11.00
Sector	Prime	Others
Deprived Sector	8.00	10.00
Hire Purchase Loan	10.00	12.00
Loan Against Govt. Bonds**	8.00	
Loan Against 1st Class Bank Guarantee	9.00	
Loan Against Fixed Deposits held with our Bank	2% above the coupon rate	
Loan Against USD Pledge	7.50	9.00
Other Loans		14.00
Housing Loan (Up to 5yrs)		10.50
Housing Loan(Above 5yrs)		11.50

Notes:

* Conditions apply

** or 2% above the coupon rate whichever is higher.

1.2 Focus of the Study

Working Capital Management is a crucial aspect of Financial Management of a firm. It plays vital role in every business organization, whether they are trading or manufacturing concerns. It is the life blood and controlling nerve centre for any type of business because without the proper control upon it no business organization can run smoothly. Management of current assets and current liabilities of the business organization is necessary for day to day operations. Thus, it plays the key role in the success and failure of an organization.

Generally we divide financial management decisions into the management of assets (investment) and liabilities (sources of financial) in the long term and in the short term. Short-term financial management is known as working capital management. It deals with management of the current assets and current liabilities of a firm. As we know that a firm's value cannot be maximized in the long run unless it survives the short run. Firms fails most often because they are unable to meet their working capital needs, consequently, sound working capital management is a requisite for firm survival.

Working capital deals with the matrix of current assets and current liabilities. The conversion process of current assets that include cash, inventory and accounts receivable must be quick as possible to get readily available cash with-in one year to meet current obligations. In a like manner, the current liabilities comprising sundry debtors, trade creditors, account payable, short-term bank loan, and outstanding expenses must be paid with-in one year as they become due.

Bank is a business organization where monetary transaction occurs. It creates funds from its client's saving and lends the same to needy person or business companies in term of loans, advances and investment. So, proper financial decision-making is more important in banking transaction for its efficiency and profitability. Most of the financial decisions of bank are concerned with current assets and current liabilities. The working capital management of a bank is different from other type of business enterprises. A bank plays a significant role to fulfill the requirement of working capital of any type of business enterprises. It also needs efficient management. Investment in working capital of other business enterprises is a part of

current assets of bank's working capital and we can consider deposits and short-term borrowings as a part of current liabilities.

Nepal Investment Bank Limited is joint venture with Credit Agricola Indosuez of French. It has been performing very well in Nepalese banking scenario. Once it used to be the only joint venture bank but with tremendous increment in the number of new joint venture it has to face a lot of competitions and to survive in this competitive atmosphere, one has not only to excel but also has to be able to manage all its functional areas very well. One of such aspects of the organization, which should be managed well, is working capital management. To compete with rivals it is considered as a vital tool, since it affects all functional areas of any organization. So, any firm should have the sound working capital management in order to survive in the market.

1.3 Statement of the Problem

Working Capital is a crucial capital, which is compared as life blood of the human beings, for any organization. In most enterprises the management of working capital has been misunderstood as the management of money rather than its efficient utilization. The management of working capital is synonymous to the management of short-term liquidity. It has been regarded as one of the conditioning factors in the decision-making issues. It is no doubt, very difficult to point out as to how much working capital needed by a particular business organization. An organization, which is not willing to take more financial risks, can go for more short-term liquidity. The more of short-term liquidity means more of current assets and less of current liabilities. The less current liabilities implies less short term financing heading to the lower returns resulting from the use of more high cost long term financing. So it is very essential to analyze and find out problems and its solutions to make efficient use of funds for minimizing the risk of loss to attain profit objective.

Working capital management on bank is also difficult that of manufacturing and non-manufacturing business organization. Commercial banks are playing important role to general welfare of the economy. The responsibility of commercial banks is more than any other financial institutions. They must be ready to pay on demand without warning or notice,

a good share of their liabilities. Banks collect funds from different types of deposits for providing loan and advances to different sector. To get higher return, banks must try to increase funds from deposits as well as their investment. The first motive of banking business is to borrow public saving and lend to needy people. But commercial banks always face the problem for utilizing more deposits as investment fully and productively. The gap between collection of deposits and disbursement of loans increase the cash balance on bank, which require paying its large amount of liabilities on its depositors demand without notice. But large amount of idle cash balance also decreased profitability of banks.

Basically this study has tried to find out the issues of working capital management of Nepal Investment Bank Limited. This has tried to solve the following research questions:

- 1) What are the major factor affecting the management of working capital in Nepal Investment Bank Limited?
- 2) Is Nepal Investment Bank Limited able to manage working capital properly?
- 3) Which of the current assets are more problematic in Nepal Investment Bank Limited?
- 4) What is lending pattern of loan and advances and other investment?
- 5) How are the Current Assets of NIBL financed?

1.4 Objectives of the Study

Working Capital Management plays vital role of success of the business. The excess working capital as well as short working capital is harmful for business. The main objective of this study is to examine of the management of working capital in Nepal Investment Bank Limited. The specific objectives of this study are as follows:

- 1) To analyze the factors determining the size of working capital on NIBL.
- 2) To verify whether the Nepal Investment Bank Limited has maintain optimum level of working capital or not.

- 3) To analyze the financing pattern of working capital of Nepal Investment Bank Limited.
- 4) To analyze the lending pattern of loan and advances and other investment of NIBL.
- 5) To evaluate the types of Current Assets that report more problematic in NIBL.

1.5 Significance of the study

Working Capital Management is a crucial aspect of Financial Management of a firm. There is availability of research work, journal and articles of "Working Capital Management". In this content present study is serving as a source of literature in the field of working capital management. The study attempts to fill a serious gap in this important area of capital structure practice. The research is useful for further researcher. It is useful for University student of new generation. It is helpful for financial managers and analyses. It would also be of interest to development banks, commercial banks, financial companies etc.

1.6 Limitation of the Study

As every study has limitation, it is not an exception. It has also some limitation, which are as follows:

- 1) Although there are many commercial banks, this study is concerned only one bank "Nepal Investment Bank Limited".
- 2) Unavailability of sufficient resources also limits the study.
- 3) The truth of the result is based upon the available data from the bank.
- 4) The study has done for the partial fulfillment of MBS program of T.U.
- 5) The study has been prepared under the limited time factor. Regardless of the limited time. I have devoted sincerely to gather analyze and report the best possible information.

1.7 Organization of the study

I) Introduction

The first chapter includes the background of the study, development of banking system in Nepal, origin and growth of bank, a brief overview of Nepal Investment Bank Limited etc. In this chapter, the chapter plan further includes the focus of the study, statement of the problem, objectives of the study and limitation of the study.

II) Review of Literature

The second chapter includes the conceptual framework, review of related studies, review of book, review of thesis, review of articles.

III) Research Methodology

The third chapter includes introduction, data plan, nature and sources of data, collection of data, data processing, and analysis techniques.

IV) Presentation and Analysis of data

Fourth chapter includes the analysis of the study. Analysis is done as per describe in chapter there. To the analysis of data, this chapter uses different charts, table, and statistical and financial tools for better understanding of data and information and to reach towards accurate interpretations.

V) Summary, Conclusion and Recommendation

The fifth chapter summarizes the whole study. Moreover, it draws the conclusion and forwards the recommendation of the improvement of working capital management of Nepal Investment Bank Limited.

CHAPTER - II

REVIEW OF LITERATURE

2.1 Conceptual Framework

The Main objective of this chapter is to provide the insight of the concept of working capital management. This chapter reviews literature on working capital management and the theoretical framework through the study and analysis of different book, research articles and dissertation of experts and researchers. The main purpose of this chapter is to provide an insight into working capital management of given bird eye view of different experts through regarding theory and studies of working capital and its implicates. In this chapter, focus will be on the review of literature on working capital management for disclosing its concept, which clarifies the need of the study rationally and systematically.

Working Capital is key component of every enterprise and management is challenging professional risky job. Of course, working capital is a controlling nerve center of business because every enterprise can run smoothly by only proper working capital management. Without working capital, no business can run for one hour. So, it is like as oxygen for living creature. While making review of related literature of working capital management, the researcher has gone through different books, documents, journals, articles, bulletins, reports and previous studies. So far the management of working capital in Nepal Investment Bank Ltd. is cornered, different financial experts and students of management, describing the working capital management of various banks, have undertaken a number of studies. To conduct this study, it is important to go through relevant literature on working capital management in context of the Nepal Investment Bank Ltd.

The cash and marketable securities are respectively considered as purely liquid and near liquid assets where all receivables and inventories are not. However, they can be liquidated when necessary with in a period of less than one year, so the capital investment on these assets is known as WC. The objectives of the managing WC are to aid in the value maximization of the firm by minimizing the cost of WC. In Particular, the cost of maintaining the WC depends on the source of finance used. The short-term source generally costs less than the long-term source. The job of financial manager is to balance the cost of WC and the risk associated with source of capital (Pradhan, 1992).

Glenn V. Henderson and his friends also suggest the gross and net concept and concluded that both concepts are important to firm management but special attention must be given to the net WC level because of its impact on liquidity. A firm could have a very desirable WC level but goes bankrupt because of liquidity problem, caused by a low net WC position. An increase in net WC reduces risk because liquidity is increased. A decrease in net WC implies that a greater proportion of funds are invested in fixed assets, which have a higher yield than CA. Thus profitability should increase. [Glenn. V. Henderson] WC can also be explained from negative and positive point of view. If the total CA are more than the total CL then it is said to be positive WC and vice-versa. WC is needed in every organization to run day to day business activities, since there is a time gap between the sales of product and realization of cash, every organization requires sufficient amount of WC to meet the daily requirement and to tackle the problem when arise for the smooth running for the business (Mathur, 1994).

Gross WC refers to the firm's investment in CA. Net WC means the difference between CA and CL and, therefore, represents that position of CA which the firm has to finance either from long term funds or bank borrowings. How much a firm will invest in CA depends on its operating cycles, where operating cycle means the time duration which the firm requires to manufacture and sell the products and to collect cash. So, it is major determinant to WC requirement and the firm's credit policy is also a major factor, which influences WC requirement. The firms' decision about the level of investment in CA involves a trade off between risk and return. When the firm invests more in CA it reduces the risk of liquidity but loses in terms of profitability, since the opportunity of earning from the excess investment in CA is lost. The firm, therefore, is required to strike a right balance. The financing of CA also involves a trade off between risk and return. A firm can choose from short or long term source of finance. If the firm uses more of short term fund for financing both CA and fixed assets, its financing policy is considered aggressive and risky. Its financing policy is considered conservative if it makes relatively more use in long-term source of financing its assets. The balance approach is to finance permanent CA by long-term source and temporary CA by short-term source of finance (Pandey, 1998).

An enterprise needs not only fixed capital but also working capital. The working capital is the capital that needs to conduct the day-to-day operation of a business firm, for day to day operation of the Concern, it finance in some of assets of short term nature like inventories, account receivable, cash and securities etc.. When all these short term assets are put together;

it is called working capital, so we can say that working capital is related with short term financing. The area of working capital management is not only related to the functional area of business but it is also related to other discipline like economic and accounting. There are two concepts of working capital. They are Gross working capital and Net working capital. Gross working capital means the current assets only. It is concerned with the liabilities side of balance sheets. Working capital is the excess of CA over current liabilities according to net concept of working capital. Working capital management is concerned with the problems that arise in attempting to manage the CA, the CL and interrelation ship that exist between them (Pradhan, 2000).

Therefore, working capital management is continuous process for crucial and critical decision of the problem that arises in attempting to manage the current assets and current liabilities, are interrelation between them. WCM involves deciding upon the amount and composition of CA and how to finance these assets. The investing the financing decision on working capital management is planning, utilization and controlling its current assets (Short-term assets) in term of the requirements of the company, and is concerned with profitability and liquidity position of the enterprise.

2.1.1 Working Capital Policy

The Component working capital constitute the current assets and their way a financing i.e. current liabilities, the level and quality of currents and current liabilities is guided by the working capital policy and management adopted by it. Working capital policy refers to decision relating to the target level investment and the financing mix of current assets. Working capital policy concerns with two basic issues among firm's balance sheet item. These two polices regarding (a) what is the appropriate level of current assets, both in total by specific account, and (b) How should the required level of current asset be financed? (Westen and Brigham, 1990, pp.407).

The issues, in the working capital management, firm has to determine how much funds should be invested in working capital in gross concept. Every firm can adopt different financing policy according to the financing managers' attitude towards the risk return trade of. One of the most important decision' of financial manger is how much current liabilities

should be used to finance current assets. So, working capital policy regards to the level of each category of current assets and financing of current liabilities on it.

Current Asset Investment Policy

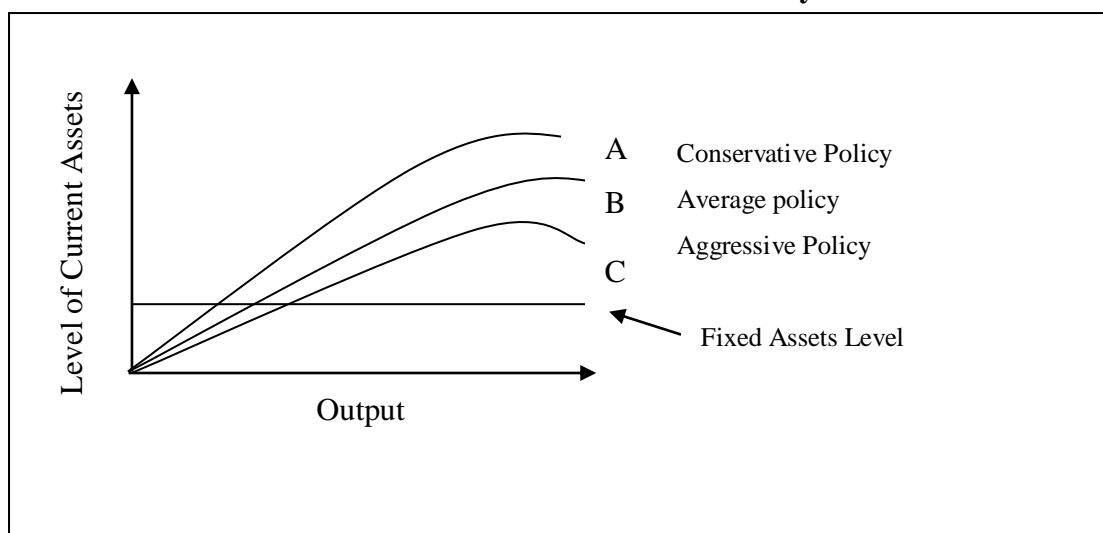
Current assets investment should be optimum level. Unbalance WC investment gives bad financial result, may be solvency. Current asset investment policy refers to the policy regarding the total amount of current of current assets to be carried to support the given level of sales. There are three-alternative current asset (working capital) investment policies, which are as follows (Weston and Brigham, 1990, pp.407-409)

1) Fat cat of Relaxed Working Capital Policy: In the relaxed WC investment policy, the firm holds relatively large amount of cash marketable securities, inventory and receivable to support a given level of sales. Sales are stimulated by the use of a credit policy which provide liberal financing to customers and then result in a corresponding high level of receivable with large collection period due to liberal credit policy. This policy provides the lowest expected return on investment with lower risk.

2) Lean & Mean or Restricted Current Asset Investment Policy: In this WC investment policy, a firm holds the minimum amount of cash, marketable securities, inventory and receivable to support a given level of sales. This policy tends to reduce the conversion cycle. Under this policy, firm follows a tight credit policy and bears risk of losing sales.

3) Moderate Current Assets Investment Policy: In this Policy, a firm holds the amount of current assets in between the relaxed and restrictive policies. Both risk and return are moderate in this policy

Figure 1
Current Assets Investment Policy



In Fig. 1 the most Conservative policy is indicated by alternative A, where CA/FA ratio is greatest at every level of output. Alternative C is the most aggressive policy, as CA/FA ratio is lowest at all levels of output. Alternative B lies between the conservative and aggressive policies and is an average policy.

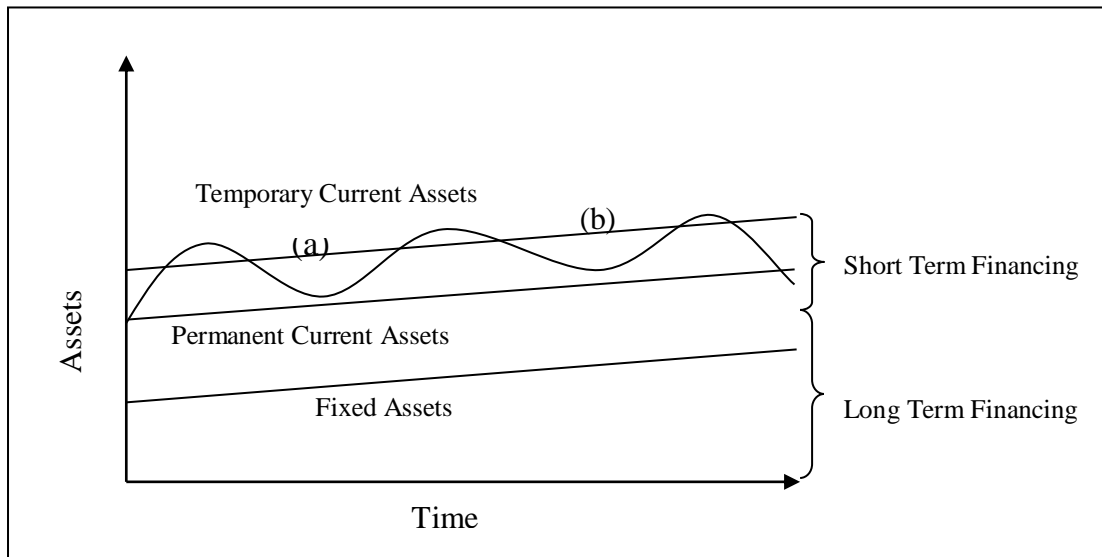
Current Assets Financing Policy

Financing the long term or short term funds to current assets has significant impact on an enterprise risk or return, liquidity and profitability, Deciding how should current liabilities be used to finance current assets is one of the most important decisions concerning working capital management (Pradhan, 1986, pp.23). Long term as well as short-term fund involves cost and cost of financing is a deciding factor in the use different type of funds. Working capital financing policy deals with the optimum financing mix of short term and long-term liabilities. Depending upon attitude toward risk, liquidity and profitability the management can follow following three alternative working capital financing approach.

1) Aggressive of Tiger Working Capital Financing Approach

In this policy, the firm financed not only temporary current assets but also a part of the permanent current assets with short term financing rest with long term financing sources. In other word, the firm financed not only temporary current asset but also a portion of the permanent current assets with short-term financing. Some aggressive firms may even finance a part of their fixed assets with short term financing. Hence, this sort of mix financing increases the profitability and exposes toward risk by financing restively longer position of its assets thorough lower cost short term borrowing. Under the policy, higher risk, higher the return and low liquidity position.

Figure 2
Aggressive of Tiger working capital financing approach

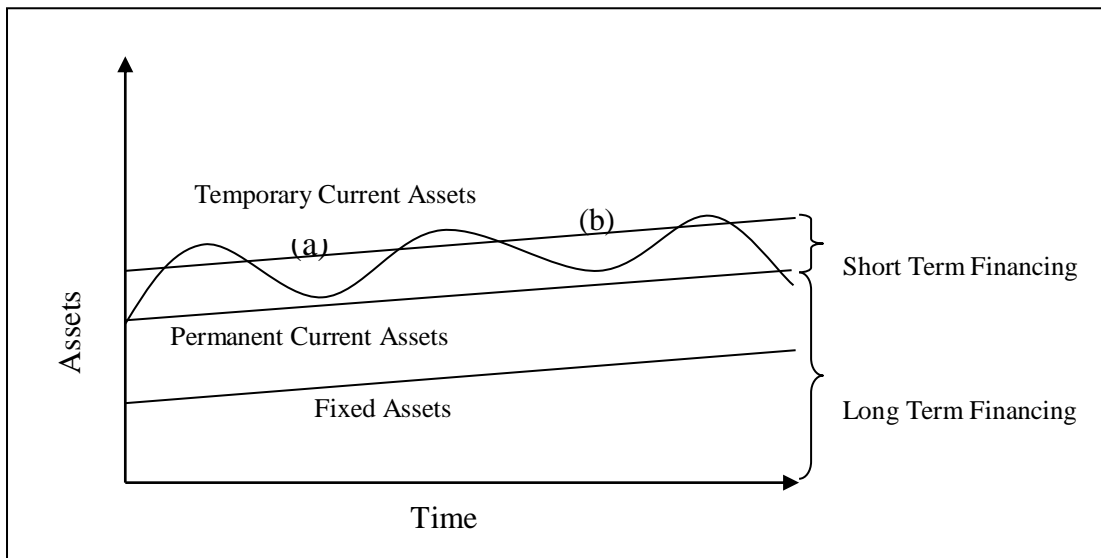


In Fig.2 it uses more short-term financing than warranted by the matching plan. Under an aggressive policy, the firm finances a part of its permanent current assets with short-term financing. Some extremely aggressive firms may even finance a part of the fixed assets with short-term financing. The relatively more use of short-term financing makes the firm more risky.

2) Conservation Policy

Conservation approach refers to a financing mix which is less risky leading to low profitability and high liquidity. The approach would finance all funds required from long term funds (Pradhan, 1986,pp.25). the financing policy of the firm is said to be conservative when it depends more or long term funds for financing needs, Under this financing policy, the firm finances its permanent assets and a part of temporary current assets with long term financing (Pandey, 1999,pp.829). This policy leads to high level of CAs, with long conversation cycle, low level of CLs and higher interest cost. The risk and return are lower than that of aggressive one. The adverse management follows this policy.

Figure 3
Conservative Working Capital Financing Policy



The conservative financing policy shown in Fig.3 Note that when the firm has no temporary current assets (e.g., at (a) and (b)); the long term funds released can be invested in marketable securities to build up the liquidity position of the firm.

3) Maturity Matching/Heading/self Liquidity/ Moderate Approach

This approach of working capital policy entails moderate risk with moderate return. The firm can return adopt a financial plan which involves the matching of the expected life of assets with the expected life of the sources of funds raise to finance assets. "When the firm follows matching approach, long term financing will be used to financing fixed assets and permanent current assets and short term financing to finance temporary or variable current assets (Pandey, 1999 pp.828). This approach tries to achieve trade of between profitability and liquidity with neither too risky nor least risky by financing mix. It lies in between a low-liquidity, high profitability case a high-liquidity low profitability case (Pradhan , 1986 pp.25).

Figure 4
Maturity Matching Working Capital financing policy

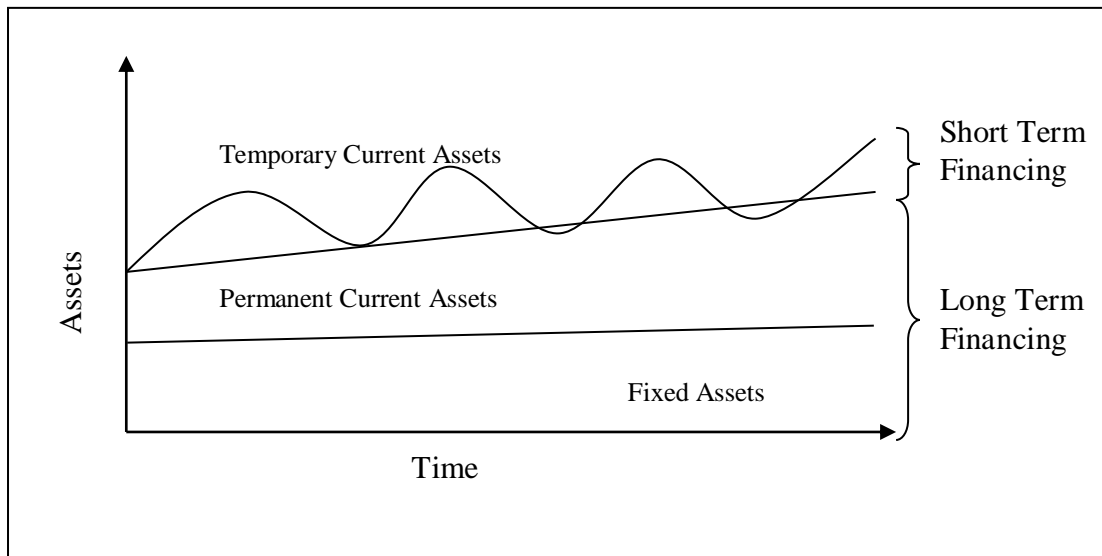


Fig.4 is used to illustrate the matching plan over time. The firm's fixed assets and permanent current assets are financed with long-term funds and as the level of these assets increases, the long-term financing level also increases. The temporary or variable current assets are financing short-term funds and as their level increases, the level of short-term financing also increases. Under matching plan, no short-term financing will be used if the firm has a fixed current assets need only.

In the conclusion conservation or looser WC policy refers to that policy under which a firm keeps high level of investment in WC variables like high level of receivable throughout liberal policy, High inventory and cash/bank balance. While aggressive or tight WC policy just follows the reversed policy that of former policy. But moderate policy follows the medium way between aggressive way between aggressive and conservative WC policy.

2.2 Review of related empirical studies

This part is mainly focused on the review of Thesis/ journals /articles published by different management experts and students in working capital management.

2.2.1 Review of Thesis

Besides the review of available books and research studies, some researcher studies have been made by students of MBS relating to working capital management in different financial enterprises and private companies of Nepal. This section will review some of those dissertations.

1. A study made by Aryal, Biswas Raj on "Working capital management of Pharmaceutical industry of Nepal" (2003) a case study on Royal Drug Limited (RDL). His study is based on eight years financial statement from the FY 2061/62 to 2068/69.

The main objectives of the study are: (i) Finding the liquidity turnover and profitability ratio, and their comparison with trend, and (ii) give the recommendations to achieve organizational goal. He has used various statistical tools (i.e. correlation and probable error) and financial tools (i.e. ratio analysis) for data analysis to get research finding.

From the study analysis he has found that:

1. RDL is following conservative working capital policy,
2. It has more inventories which is the largest portion of CAs,
3. Investment in CAs is high with respect to TA and NFA,
4. Level of investment in inventory is very fluctuating due to fluctuating sales volume and inventory management is not satisfactory,
5. CA conversion period is high,
6. Inefficient utilization of current assets, and
7. Profitability is not satisfactory

After finding this situation in RDL, Aryal suggested that the management should formulate effective WC management policy improve turnover position, minimize the operating cost, prepare effective attitude towards risk and increase the efficiency of personal and staff.

2. Another study made by Shrestha, Prabita on "A study of working capital management with reference to the listed companies of hotel sector (Yak and Yeti, and Soaltee)." 2007. She focused her study on working capital management of these two hotels in relation to appropriateness of investment in CAs, financing mix, liquidity position and utilization of CAs. This study covers the four years data from 2063/64 to 2067/68. The specific objectives of the study are : (i) to analyze the composition of WC, liquidity, profitability, and cash conversion cycle, (ii) to analyze the relationship between sales and different variables of WC or turnover position and (iii) to know current assets financing and investment is correct or not. She has used financial as well as statistical tools to data analysis.

From the study she found that (i) the liquidity position of both hotels in the week condition (ii) The profitability ratio is decreasing and fluctuating in the study period of both hotel but Yak and Yeti can able earn high profit compare to Soaltee. (iii) Both hotel gross profit and sales and perfectly positive relationship. (iv) Soaltee has followed highly aggressive financing policy and it has negative net WC, and (v) Current asset of Yak and Yeti has not been properly utilized.

To overcome the above weakness, she made some recommendation: which are (i) Soaltee should followed mix financing policy not only aggressive policy (ii) operating expenses should reduced (iv) Receivable and inventory conversion period should managed by applying suitable credit policy.

3. Shrestha, Basudev has done the research on "A study on working capital management of Dairy Development Corporation" (2007). He has shown working capital and its management for five year period of corporation and has used the secondary data that is used for calculating various financial and statistical tools.

He has found that (i) Inventory holds large amount of major component of CAs of DDC (ii) the overall proportion of current assets on total assets is in decreasing trend but proportion of CA to FA was found in increasing trend during his study period. (iii) DDC has used conservative working capital policy (iv) liquidity and turnover are not satisfied situation (v) profitability position is very poor and (vi) The company has not able to efficiently utilize its CAs and TAS.

He has suggested that DDC had to minimize its CAs by adjusting on inventory and cash balance. It should increase production capacity by avoiding unnecessary manpower and expenses.

4. Sharma Yam Prasad has focused in his study, "working capital management of manufacturing companies of Nepal (Listed on Nepal stock exchange Ltd.)" (2010) has tried to analyze the management of WC of 16 manufacturing industries. He has used 10 years historical data from 2001 to 2010. the specific objectives of this study: (i) to study of WC management and policies adopted by them, (ii) Empirical testing of variables affecting WC management such as CA, sales CLs, NP, TA, cost of good sold, and (iii) to analyze turnover, liquidity and profitability position, and evaluate the relationship between variables. He has used quantitative as well as qualitative method for study analysis.

From the study he found that overall profitability of PEs is negative among listed Mfg. Companies. He has analyzed that Nepalese PEs are suffering from sickness and the must determine the appropriate financing Mix. These manufacturing companies undertake measure like; identification of need funds, regular check, development of marketing information system, right combination of short term and long term sources of funds to finance combination of investment in CA, minimizing operating cost, preparing effective sales, plan, specific working capital policy, improving liquidity position and speedy cash conversion period and the major ways to make healthy efficient management of WC of manufacturing PEs of Nepal.

5. A study conducted by Ghimire, Ram Babu on Working capital Management of Selected Manufacturing Company. (Listed in Nepal Stock Exchange)" (2011). He has collected five years historical data from 2006 to 2010 of sever manufacturing companies He has focused his study on the issue of working capital management in relations to selected manufacturing companies.

The main objective of his study are: (i) to study WC practices of listed Nepalese manufacturing companies (ii) to analyze the variables affecting WC management in

Nepalese manufacturing companies, and (iii) to determine the issue and gaps in WC management of these companies.

For finding the answer of above problem of objective, he has employed quantitative method and qualities method. In the quantitative method he has used financial tools (ratio analysis, cash conversion cycle, predicting power of ration of success/failure and DU point) and Statistical tools. (Karl Peron's correlation coefficient and simple linear regression). In the qualitative method he has used opinion survey method.

6. Gurung Bikram Om has done the research on the title of 'A Study on WC Management of Nepal Lever Limited' (NLL) Main objectives of that study is to analyze the WC management of NLL. The specific objectives of that study are to analyze the liquidity composition of WC. Asset utilization and profitability of WC to analyze financing pattern and to examine the relation between liquidity and profitability of NLL.

The study covered 5 years period and analyze secondary data by using financial and statistical models. He has found that major components of CAs are inventories, receivables, and prepaid expenses. Among them inventories holds major portion of CAs. He has mentioned that all the components of CAs were fluctuating during study period. It indicates that company didn't have any clear vision about the investment of WC. CA investment policy of NLL has been sifting towards the moderate policy. The current ratio of the company was satisfactory. The CR contains more inventory and receivables and there was insignificance relationship in between CA and CLs. This management had not proper policy of maintain the liquidity position and its liquidity position was not sound.

As study on WC management of pharmaceutical industry of Nepal with special reference Royal Drugs Ltd. (RDL) was conducted by Bishwas Raj Aryal a student of management. The main objective of that study was to find out WC management system and its effect on profitability of the company by using nine years data. The major findings of the study are described in the next paragraph.

WC is more difficult to manage than that of fixed capital. 65% of respondents of RDL said that WC was more difficult to manage than fixed capital and only 35% were in favors of that fixed capital management is more difficult to manage than WC. So, far as the importance of CAs management, 82% of respondents of RDL opine that a lot of time has taken to it. With respect to receivable management the major factors affecting the larger investment in

receivable is found to be liberal credit policy. The major reason for holding inventories is to facilitate smooth operation of production and sales, majority of respondents of RDL performs for it not for to take advantage of price increase.

7. Pathak has carried out another study relating to working capital management. (Pathak, 2011, T.U.). He has tried to make an evaluation of working capital management of the Nepal Lube Oil Ltd. For five years (056/57 to 060/61). He has focused on the working capital management with respect to cash credit and inventory management, and relationship between sales and different variable of working capital. He has used ratio analysis, Karl Pearson's Co-efficient 'r' and t-test.

Major findings of this study were high portion of current assets, unfavorable liquidity position and very low level of cash. Inventories have occupied the major portion of current assets, but the share of finished goods stock is very low. Receivable has the second place in current assets and it is continuously growing. Finally, he concluded that this company had adopted the moderate financing policy.

8. Giri Rajendra (Giri, 2010, T.U) in his study has attempted to evaluate working capital management of 'Balaju Textile Industry Limited'. The major findings of his study are no significant improvement in working capital during study period. Increased working capital was financed by sales of fixed assets or sources of share capital. Current assets was financed by long term financing and high level of sluggish inventory's amount to unnecessary tied up of funds, impairment of profit and increased costs.

He has suggested for efficient working capital management of BTIL. It is better to fix a minimum target rate of return, make regular check to identify both excess and excess and deficient current assets to avoid risk in management of working capital, financing current assets from the appropriate combination of short term and long term sources to preserve liquidity and maintain stability: take necessary actions for disposing a huge inventory with tied up working capital, involved huge carrying cost risk of losses; sick position and working inefficiency of corporation should improve.

He has set only three research questions to analyze working capital management of BTIL,

which is insufficient. He has used ratio analysis as a research tools. But he has not done analysis to evaluate the relationship of current asset components with total current assets. Similarly, he has set null hypothesis but has not tested it though appropriate tools to find out whether null hypothesis is accepted or rejected. So we can say it is not fully analytical type of research.

9. Joshi (Joshi, 2009, T.U.) in his study seeks to have true insight into the working capital management in Biratnagar Jute Mill. Tile study is concerned with management of current assets and covers five year period.The study has embodied various financial ratios for measuring Biratnagar Jute Mill's financial viability. The study is based on secondary data with opinion survey method and limited to gross concept of working capital. The study has indicated mismanagement of inventory, no proper policy of cash holding and heavy dependence on short term bank credit. He has recommended for effective working capital management of the mill by planning realistic turnover target specimen, designing effective inventory management program, following productive investments approach preparing effective sales plan and exhaustive market research program, using short term bank credit up to certain reasonable limit, maintaining optimum cash balance and making proper utilization of accumulated collection debts.

10. Bhandhari Raj Anir (Bhandhari, 2060 B.S.) in his thesis entitled "working capital management "(A case study of Nepal Bank Ltd)", has done research work for the ten year period, 2050 to 2059 B.S. He has drawn some major findings from his study were as follows. The bank has heavy liquid assets that reflect the improper utilization of the bank's fund due to heavy growth in deposit and other borrowed capital, the volume of share capital became insufficient. Rate of return on shareholders investment is considered insufficient; the bank could not fully utilize its fund and not paid attention to the portfolio management in investment.

The thesis entitled "An appraisal of financial position of Nepal Bank Limited" by Narendra Bahadur Amatya (Amatya, 1993, T.U.) analyzed, examine and interpret the financial position of the bank from 1980/81 to 1989/90. Main finding of his study are as follows:

Regarding the liquidity management, the bank is in a better position. But the bank has been following a uniform policy to finance current assets and current liabilities.

The bank is successful in deposit collection but it has always adopted conservative and traditional credit policy.

The trade and commerce advances are playing major role in the credit composition of the bank. So the reserve of the bank is increasing gradually. The reserve plays a nominal role in the credit expansion control.

The major portion of investment of the bank is in NG'S securities. And the volume of transaction is high in all respects but the bank does not show higher ratio of profit or it shows a decreasing trend of profit.

11. Ramji Poudel (Poudel, 1997, T.U.) in his thesis entitled "A comparative analysis of financial performance between NBL and NGBL" has drawn some major findings. Although the liquidity position of NBL is better than NGBL but on the whole the current assets of these banks are adequate to meet the current liabilities. NGBL has better credit position than NBL, in terms of short term investment. It also found that NBL has better turnover and highly levered than NGBL. Joint venture banks such as NGBL is fast growing, the overall Profitability are higher but government owned commercial banks such as NBL has higher expenditure and the profit making capacity is lower and gradually decreasing.

The thesis entitled "Comparative Study of Working Capital Management of NBL and Himalayan Bank Ltd" by Niraj K.C (Niraj K.C, 2000, Shankar Dev Campus.) aims to examination the management of working capital in NBL and Nabil. The specific objectives undertaken in his study are.

1. To study the current assets and current liabilities and their impact and relationship to each other of NBL and Nabil.
2. To analyze the comparative study of working capital management of NBL and Nabil.
3. Recommendation and Suggestions for the improvement of working capital management NBL & Nabil in the future.

Study has mentioned the following findings.

1. The average cash and bank balance and loan and advance are higher on Nabil than NBL. Management of loan and advances is more problematic in NBL than Nabil.
2. Interest income of NBL is better than Nabil.
3. Liquidity management policy of these two banks is significantly different.
4. Nabil has the better utilization of deposits in income generating activity than NBL. It also shows that Nabil has better investment efficiency in loan and advances.
5. Due to more conservative working capital policy risk of insolvency is lesser but cost of fund is higher on NBL than Nabil.
6. Profitability position of Nabil is far better although NBL earned higher interest than Nabil.

12. Hari Prasad Lamsal, in his thesis entitled "A Comparative of Study Working Capital management of Nabil and Standard Chartered banks" (Prasad Lamsal, 2002, shankar Dev Campus) Has drawn some major findings. He found that average cash & bank balance and government securities percentage are higher in standard Chartered than Nabil but loan & advances percentage is higher in Nabil bank. Standard Chartered has less costly source of fund. So, Nabil has higher interest income. Liquidity position of Standard Chartered (except in current ratio) is better than Nabil bank. Due to conservative working capital policy risk of insolvency is lesser but cost of fund is higher in Nabil than in Standard Chartered. Profitability position of Standard Chartered is better although Nabil earns higher interest than Standard Chartered.

2.2.2 Review of Articles

This part is mainly focused on the review of journals /articles published by different management experts in working capital management.

1. Dr. R.S. Pradhan and K.D Koirala (Pradhan & Koirala, 1982) jointly prepared a research study on the 'Aspect of Working Management in Nepalese Corporations' during 031/32 to 035/36.

Among the eleven public corporations, five manufacturing and six non-manufacturing corporations. The problem dealt in this study were size of investment in current assets

management and it also dealt with the motive for holding cash and inventory and the major factors affecting the size of investment. In this study report, they concluded that investment of current assets had declined over the period of time in both type of corporations. However, the Nepalese PEs had consistently more investment in cash and receivables as compared to Non-manufacturing Corporations due to more liberal and less consistent credit policies. Inventory management is of great significance to manufacturing corporations and the management of cash and receivables is of great significance to Non-manufacturing Corporation. The major motive for holding cash in Nepalese corporation was to provide a reserve for routine net outflows of cash and for holding inventories was to facilitate smooth operation of production and sales. They also found that working capital was more difficult to manage than fixed capital. Further more, the inventory in manufacturing corporations and cash and receivables in non-manufacturing ones were more problematic to manage.

With reference to the above problems and findings they recommended the need to control investment in working capital as a whole for manufacturing corporation as the average proportion of a working capital to sales increased over time. Since manufacturing and Non-manufacturing Corporation been trying to control investment in receivables. The focus of the attention should be derived to control of investment in cash and inventory. But Manufacturing Corporation should pay attention to control the investment in inventory.

2. The next article relating to working capital management is by Dr. K. Acharya. (Acharya, 1985). He has described the two major problems- operational problems and organizational problems, regarding the working capital management in Nepalese PEs. The operational problems he found are listed in the first part which are: increase of current liabilities than current assets, not allowing the current ratio 2:1 and slow turnover of inventory. Similarly change in working capital in relation to fixed capital had very low impacts over the profitability, thin transmutation of capital employed to sales, absent of apathetic management information system, break even analysis, funds flow analysis, and ratio analysis were either undone or ineffective for performance evaluation. Finally monitoring of the proper functioning of working capital management has never been considered a managerial job.

In the second part he has listed the organizational problems in the PEs. In most of the PEs there is lack of regular internal and external audit system as well as evaluation of financial

results. Similarly very few PEs have been able to present their capital requirement, functioning of finance department is not satisfactory and some PEs are even facing the underutilization of capacity.

To make an efficient use of funds for minimizing the risk of loss to attain profit objectives, he has made some suggestions. The PEs should avoid the system of crisis decision which prevailed frequently in their operation, avoid fictitious holding of assets, the finance staff should be acquainted with the modern scientific tools used for the presentation and analysis of data and lastly, he has suggested optimizing its level of investment at a point of time. Neither over nor under investment in working capital is desired by the management of an enterprise because both of these situation will erode the efficiency of the concern.

3. M.K. Shrestha has studied the WC management of ten selected public enterprises (PEs) focused on the liquidity, turnover and profitability position of those selected PEs. The studies found that majority of PEs were unable to maintain adequate liquidity position. The turnover and profitability aspect of the PEs were also unsatisfactory. In his study he has brought certain issues and problems faced by PEs such as, lack of appropriate financing planning, negligence of WC management and deviation between liquidity and turnover to assets. At last, he had made some suggestive measures to overcome for the above issue i.e. identification of required funds. Regular check of accounts, positive attitude towards risk and return, development of management information system and determination of right combination of source of funds (i.e. short term and long term funds to finance and choice appropriate WC policy.

4. Conducted a research study on WC in public manufacturing enterprise at 1984. This study does not cover all the PEs in manufacturing sectors. Study has been based on sample of nine manufacturing PEs. The manufacturing PEs selected for the study differs in their nature of work. The study covers ten years period from FY 1973 to 1982. The major objectives of his study were to examine the behavior and management of WC in Nepalese Manufacturing PEs and the specific objectives undertaken in his study are. To conduct risk return analysis of WC position, to assess the financial liquidity position of the enterprise to determine the structure and utilization of WC and estimate transaction demand function of WC and its various

companies(Pradhan).

This study used a variety of financial ratios to accomplish the objectives. It employed discriminates analysis to examine the short term liquidity position and multiple regression analysis to estimate the transaction demand functions of WC and its various components. The major findings of the study are described in the following paragraph.

Most of the selected enterprise had been achieving a trade off between risk and return. Thereby following neither an aggressive nor a conservative approach of WC. The study of risk return trade off over a period of time indicates that most of the enterprises have been moving slowly towards the conservative approach while some of them towards an aggressive approach of WC. He found that almost all the selected enterprises had positive net WC. The negative net WC has been observed in few cases. The enterprises have an average, half of their total assets in the form of CAs. The study showed that share of cash as well as receivable have declines slowly and steadily, whereas the share of inventories has increased in the majority of the selected enterprises. He concluded that Nepalese public manufacturing enterprises should pay more attention to management of inventories. The regression result also show that the level of WC and its component of an enterprises desired to hold depend not only on sales but on holding cost also. The study showed that WC management is the weakest and neglected part of financial management in almost all of the manufacturing PEs in Nepal.

5. The article related to WC management by R.S. Pradhan has studied on "The Demand for Working Capital by Nepalese Corporation." [Pradhan] He has selected nine manufacturing public corporation with 12 years dates for 1973 to 1984. Those nine corporations has represented about 80 percent of Nepalese manufacturing public corporation established before 1973 regression analysis has been used or adopted as the tools of analysis. The earlier studies concerning the demand for cash and inventories by business firms did not report unanimous finding. A lot of controversies exist with respect to the presences of economies of scale, role of capital cost, and capacity utilization rates and the speed with which actual cash and inventory are adjusted to desired cash and inventories respectively. That study paper had investigated these various issued in the context of manufacturing public corporation of Nepal.

The pooled regression result showed the presence of economies of scale with respect to the demand of WC and its various components. The regression results suggested strongly that the demand for WC and its components is a function of both sales and their capital costs.

6. The article related to WC management by Sushila Shrestha has conducted a research study on financial management of public enterprise in Nepal at 1978, concluded that WC was not properly managed. Most of the public enterprises are suffering from high liquidity ratio because of undesirable inventory, accumulation amount of debt and high cost balance. Similarly, she found that the management did not see seriously about inventory and receivable management. Capital utilization of enterprise was very poor. In short WC management had not taken as major part of financial management in Nepal PEs.

2.3 Concluding Remarks

In conclusion, it can be said that working capital management is the effective life blood of any business. Hence the management of working capital plays a vital role for existing of any public enterprises successfully while studies it. Different books, documents, journals, articles, bulletins, reports and previous studies are studied. After reviewing the related literature of working capital management, it is found that most of the Public Enterprises (PEs) are facing same kind of problems such as lack of appropriate financing planning, negligence of WC management, lack of regular internal and external audit system as well as evaluation of financial results and deviation between liquidity and turnover to assets. To overcome these problems some suggestions such as identification of required funds, regular check of accounts, positive attitude towards risk and return, development of management information system and determination of right combination of source of funds (i.e. short term and long term funds) to finance and choice appropriate WC policy. Similarly different management students conducted thesis in working capital management, it was found that most of the public enterprises and banks are unable to maintain the standard current and quick ratio i.e. 2:1 and 1:1 respectively.

CHAPTER III

RESEARCH METHODOLOGY

3.1 Introduction

This is the third chapter of this thesis. This chapter is named as Research methodology. Research Methodology is the way to solve the research problem systematically. The research methodology considers the logic behind the methods used in the context of research study and explains why particular method or technique is used. It also highlights about how the research problem has been defined, what data have been collected, what particular method has been adopted, why the hypothesis has been formulated etc. (P.R. Joshi, 2002/19).

This chapter describes the methodology employed in this study. It consists of research design, population and sample study, source of data, data processing procedure and technique of analysis of data. This study is more analytical and empirical. It covers quantitative methodology using financial and statistical tools. The study is mainly based on secondary data gathered from respective annual reports of concerned bank especially from profit and loss account, balance sheet and other publications made by the bank.

3.2 Research Design

Research design is a plan structure and strategy of investigation conceived so as to obtain answer to research questions and to control variances (C.R. Kothari, 1984/43).

The study aims to portraying accurately up on the working capital, (or current assets and current liabilities) and its impact on overall financial position of the bank. The research design followed for this study is basically a descriptive cum analytical research methodology is followed.

3.3 Population and Sample

In Nepal, till now 32 commercial banks are in existence. Among them few are government owned banks, few are joint venture banks and few are private banks. To carry out this study, Nepal Investment Bank Ltd has been taken as a sample. Financial statements of last seven years from the bank have been taken as sample data for the study of working capital management.

3.4 Sources of Data

The data used in this study is of secondary nature. The data relating to financial performance are directly obtained from concerned bank. And other information are obtained from unpublished official records of concerned bank, booklets, journals, bank's official website, related publications of performance and other organization like Nepal Rastra Bank.

3.5 Data Processing Procedure

Data are analyzed by using simple methods so that everyone would easily understand it. The obtained data are presented in various tables, diagrams and chart, which definitely helps to reach towards meaningful interpretation of the presented data. For the seek of convenience, the calculations that cannot be shown in the body part of the report are presented in the appendices section.

3.6 Tools and Techniques of Analysis

Different tool and techniques are used to analysis the numerical data. For this study, financial and statistical tools have been used.

3.6.1 Financial Tools

In this research study various financial tools are employed for the analysis. There are various ratios but in this study some selected ratios among them are used.

3.6.1.1 Ratio Analysis

In financial analysis, ratio is used as an index of yardstick for evaluating the financial position and performance of the firm. It is a technique of analysis and interpretation of financial statements. It helps in making decisions as it helps establishing relationship between various ratios and interprets there on. It helps analysis to make quantitative judgment about the financial position and performance of the firm. Liquidity, turnover, capital structure and profitability ratios are calculated under presentation and data analysis chapter.

A) Liquidity Ratio

One of the main objectives of working capital management is keeping sound liquidity position. Cash is a main liquid asset and other assets which can be easily converted into cash are also called near cash or liquid asset. So managing or maintaining liquid assets is termed as liquidity. In banking sector liquidity is very essential for smooth operation of daily banking business. Thus liquidity is concerned with maintaining adequate liquid assets.

I) Current Ratio

It is a test of liquidity. It measures short-run debt paying ability of the firm. In other words, it measures the availability of current assets for meeting current liabilities. This ratio is also called working capital ratio. It is calculated by dividing current assets by current liabilities and 2:1 is regarded as standard. This ratio indicates the current short term solvency position of bank. Higher current ratio indicates better liquidity position. In other words, current ratio represents a margin of safety, i.e. a 'cushion' of protection for creditors and the highest the current ratio, greater the margin of safety, large the amount of current assets in relation to current liabilities, more the banks ability to meet its current obligations.

Current Ratio =

$$\frac{\text{Current Assets}}{\text{Current Liabilities}}$$

II) Quick Ratio

It measures the short-term liquidity of the term but it emphasis the instant debt paying capacity of the firm. Liquidity refers to the ability of a concern to meet its current obligations as and when these become due. The short term obligations are met by realizing amount from current assets. The current assets should be either liquid or near liquidity. Liquid assets include current assets less stock and prepaid expenses. Liquid ratio is calculated by dividing liquid or quick assets by current liabilities and 1:1 is regarded as standard.

$$\text{Quick Ratio} = \frac{\text{Quick Asset}}{\text{Current Liabilities}}$$

III) Cash and Bank Balance to Current, Margin and Other Deposit Ratio

This ratio is employed to measure whether bank and cash balance is sufficient to cover its current calls margin including deposits. It is calculated by dividing cash and bank balance by saving margin and current deposits (excluding fixed deposits). This ratio is calculated as:

$$\text{Cash and Bank Balance to Current, Margin and other Deposit ratio} = \frac{\text{Cash and Bank Balance}}{\text{Total Deposit (excluding fixed deposit)}}$$

IV) Saving Deposit to Total Deposit Ratio

Saving deposit is interest bearing short-term deposit. The rate of interest in this deposit is less than fixed deposit. In this deposit only limited amount of money can be withdrawn each day. The limit of withdrawing money from this account differs according to banks' rule and regulations. The ratio is developed in order to find out the proportion of saving deposit, which is interest bearing and short term in nature. It is find out by dividing the total amount of saving deposits by the amount of total deposit, which is given as follows.

$$\text{Saving Deposit to Total Deposit Ratio} = \frac{\text{Saving Deposit}}{\text{Total Deposit}}$$

B) Activity Ratio/ Turnover Ratio

Activity ratios are intended to measure the effectiveness to employment of the resources in a business concern. Through these ratios it is known whether the funds employed have been used effectively in the business activities or not. The following are the ratio employed to analyze the activeness of the concerned joint venture.

I) Loan and Advances to Total Deposit Ratio

This ratio assesses to what extent the bank is able to utilize the depositors' funds to earn profit by providing loans and advances. It is computed dividing the total amount of loans and advances by total deposited funds. The formula used to compute this ratio is as:

$$\text{Loan and Advance to Total Deposit Ratio} = \frac{\text{Loan and Advance}}{\text{Total Deposit}}$$

High ratio is the symptom of higher/proper utilization of funds and low ratio is the signal of balance remained unutilized/ idle.

II) Loan and Advances to Fixed Deposit Ratio

This ratio examines that how many times the funds is used in loans and advances against fixed deposits. For commercial banks, fixed deposits are long-term interest bearing obligations-, whereas investment in loans and advances are the main sources of earning. This ratio is computed dividing loans and advances by fixed deposit as under. A low ratio indicates idle cash balance. It means total funds not properly utilized. This ratio is computed as:

$$\text{Loan and Advance to Fixed Deposit Ratio} = \frac{\text{Loan and Advance}}{\text{Fixed Deposit}}$$

This ratio examines to what extent the fixed deposits are utilized for income earning purpose.

III) Loan and Advances to Saving Deposit Ratio

This ratio assesses, how many times the fund is used to loans and advances against saving deposits. Saving deposits are interests bearing short term obligation and the major sources of investment in loan and advances for income generating purpose by CBs. This ratio indicates how many times the short term interest bearing deposits are utilized for generating income, is calculated by dividing the amount of loan and advances by total deposit in saving account. The following formula is used to calculate this ratio as:

$$\text{Loan and Advance Ratio} = \frac{\text{Loan and Advance}}{\text{Total Saving Deposit}}$$

C) Capital Structure or Leverage Ratio

This ratio is also called capital structure ratios. To judge the long term financial position of the firm, the leverage ratio is calculated. Leverage refers to the ratio of debt to equity in the capital structure of the firm. Debt and equities are long-term obligations and remaining parts in the liability side of the balance sheet are termed as short term obligations. Both types of obligations are required in forming the capital structure of the firm. The appropriation mix of all types of securities in capital structure result sound position of the firm. Therefore, a firm has a strong short term liquidity as well as long term financial position. The long term financial position of the firm is determined by the leverage or capital structure. The difference leverage ratios are mentioned to measure the financial risk or proportion of outsiders fund and owners' capital used by the firm.

I) Long Term Debt to Net worth Ratio

Long term debt refers to the amount of fixed deposits and loan of the banks. The ratio measures the proportion, of outsiders and owners' fund employed in the capitalization of banks. It is calculated by dividing the fixed obligations of the banks by owner's claim. It is calculated as follows

$$\text{Long Term Debt to Net worth Ratio} = \frac{\text{Long term Debt}}{\text{Net Worth}}$$

II) Net Fixed Assets to Long Term Debt Ratio

Net fixed assets are applied to both physical and financial assets. This ratio is calculated to find out how many times net fixed assets are compared to the fixed liabilities. It is calculated as follows

$$\text{Net Fixed Assets to Long Term Debt Ratio} = \frac{\text{Net Fixed Assets Long}}{\text{Term Debt}}$$

D) Profitability Ratio

This ratio shows the overall efficiency of the business concerns. The relation of the return of the firm to either its sales or its equity or the assets is known as profitability ratios. This ratio is related to profit of the business. Profit is essential for the survival of the business. So it is regarded as the engine that drives the business and indicates economic progress. Different profitability ratios are required to support the purpose of the study so the various ratios have been developed, which have been mentioned below.

I) Interest Earned to Total Assets Ratio

It is the ratio, which formed to find out the percentage of the interest earned to total assets. This is derived by dividing the amount of interest earned by the total assets of the firms.

$$\text{Interest Earned to Total Assets Ratio} = \frac{\text{Interest Earned}}{\text{Total Assets}}$$

II) Net Profit to Total Assets Ratio

This ratio is very much crucial for measuring the profitability of funds invested in the bank's assets. It measures the re-urn or, assets. It is computed by dividing the net profit after tax by total assets. The formula used for computing this Ratio is as:

$$\text{Net Profit to Total Assets Ratio} = \frac{\text{Net Profit}}{\text{Total Assets}}$$

III) Net Profit to Total Deposit Ratio

This ratio is used for measuring the internal rate of return from deposits. It is computed by dividing the net profit by total deposits. The following formula is used as:

$$\text{Net Profit to Total Deposit Ratio} = \frac{\text{Net Profit}}{\text{Total Deposit}}$$

Higher ratio indicates the return from investment on loans and advances are desirable and lower ratio indicates the funds are not properly mobilizing.

IV) Composition of working Capital

Cash and Bank balance

Loan and Advances

Government Securities

Other Current Assets

3.6.2 Statistical Tools

In this research study some statistical tools are used for analysis the data more accurately.

The tools are:

(A) Trend Analysis

The tools that are used to show grandly increase or decrease of variables over a period of time is known as trend analysis. With the help of trend analysis the tendency of variables over the period can be seen clearly.

(B) Correlation Analysis

Correlation is the statistical tools that we can use to describe the degree to which one variable is linearly related to another. The coefficient of correlation measures the degree of relationship between two sets of figures. If two quantities vary in a related manner so that a movement an increase or decrease in one tends to accompanied by a movement in the same or opposite direction in the other, they are called correlated. If the relationship is direct they are called positively correlated and if the relationship is inversed they are called negatively correlated. If any change in one does not affect the other variable they are called uncorrected. The correlation may be perfect, imperfect or zero. Among the various methods of finding out coefficient of correlation, Karl Person's method is applied in the study. The result of coefficient of correlation is always between +1 and -1, when r is +1, it means there is perfect relationship between two variables and vice versa. When r is 0, it means there is no relationship between two variables.

(C) Multiple Regression Analysis

Regression is the estimation of unknown values or prediction of one variable from known values of other variables. Multiple regression analysis is a logical extension of the simple linear regression analysis. In multiple regression analysis, instead of a single independent variable, two or more independent variables are used to estimate the unknown values of a dependent variable.

CHAPTER IV

PRESENTATION AND DATA ANALYSIS

4.1 General Background

This is the fourth chapter of this thesis. This chapter is the most important part of this thesis work. It is the heart of the entire report. After the collection of data, an analysis of the data and the interpretation of the results are necessary. Analysis of data comes prior to interpretation. The facts and figures collected are to be processed with a view to reducing them to manageable proportions. Only by such a careful and systematic processing, the data collected will lend itself for statistical treatment and meaningful interpretation. The main purpose of this study is known thoroughly about the working capital management of Nepal Investment Bank Ltd.. The major variables of this study are cash and bank balance, loan and advances and investment in government securities. The relevant data and information of working capital as well as financial performance of Nepal Investment Bank Ltd. is presented, tabulated and analyzed accordingly. To reach toward accurate interpretation, this study analyzes composition of current assets, different ratios such as liquidity, leverage and profitability, trend analysis as well as correlation analysis.

4.2 Composition of Working Capital

Business needs different types of assets to operate its activities. Few needed assets are for long term fulfillment of the business activities and few assets are needed to carry out the day to day operation of the business. The assets that are used to carry out day to day operation of the business are known as current assets. The compositions of current assets of the Nepal Investment Bank Ltd. are cash, loan and advances, government securities and other current assets.

The following table shows the amount of cash and bank balance, loan and advances, government securities and other current assets of Nepal Investment Bank Ltd.. from 2005/06 to 2011/12.

Table 2
Composition of Current Assets of Nepal Investment Bank Ltd.
(Rs. In Million)

Fiscal Year	Cash and Bank Balance	Loan and Advance	Government securities	Other current assets	Total
2005/06	446.69	2429	300.00	53	3228.69
2006/07	338.92	2713.5	224.40	60.38	3337.2
2007/08	966.54	5921.79	400.00	72.9	7361.23
2008/09	1536.92	7338	2001.10	85.43	10961.45
2009/10	1480.48	10453	1948.50	127.58	14009.56
2010/11	2406.52	13178	2522.30	133.28	18240.1
2011/12	2804.48	17769	3256.40	139.37	23969.25

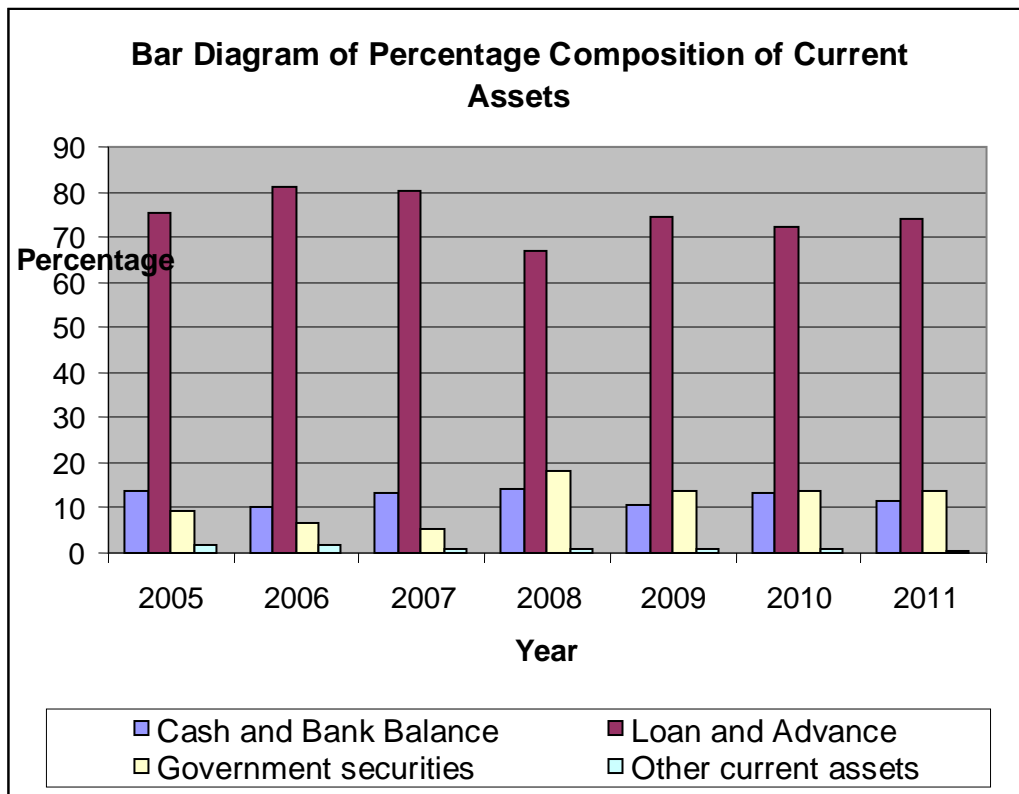
From the table we came to know that each item of current assets contains different amount of rupees. To be clearer about the proportion of each item of current assets, percentage of each item of current assets to total current assets has been taken and shown in the following table.

Table 3
Percentage composition of Current Assets of Nepal Investment Bank Ltd.
(Rs. In Million)

Fiscal Year	Cash and Bank Balance	Loan and Advance	Government securities	Other current assets	Total
2005/06	13.84	75.23	9.29	1.64	100.00
2006/07	10.16	81.31	6.72	1.81	100.00
2007/08	13.13	80.45	5.43	0.99	100.00
2008/09	14.02	66.94	18.26	0.78	100.00
2009/10	10.57	74.61	13.91	0.91	100.00
2010/11	13.19	72.24	13.83	0.73	100.00
2011/12	11.70	74.13	13.59	0.58	100.00
Average	12.37	71.99	11.58	1.06	100.00

The above percentage composition of current assets to total assets has also been plotted in graph in Bar Diagram for the easier understanding of the given data.

Figure 5



In the figure, cash and bank balance, loan and advance, government securities and other current assets are the component of current assets. Among these component loan and advance covers the large portion and then after comes cash and bank balance then come government securities and at last other current assets.

4.2.1 Cash and Bank Balance Percentage

Nepal Investment Bank's Cash and Bank Balance percentage are fluctuating over the study period. In first year, the percent is 13.84% and in the second year, the percentage decreased to 10.16% but from the third year it is started to increase. In the third year, the percentage still increase to 13.13% and in the fourth year, the percentage even increase to 14.02% than decrease to 10.57% in the fifth year, 13.19% increase in six year and percentage decrease to 11.70% in seven year. The average cash and bank balance percentage is 12.37%.

4.2.2 Loan and Advances Percentage

Loan and advances percentage in first year is 75.23% than slowly increased in second year to 81.31%. In the third year the percentage decreased to 80.45% than suddenly decreased in fourth year and in the fifth year percentage increase from 66.94% to 74.61%, in six year

percentage of cash and bank balance is decrease to 72.24% and in seven year, the percentage tremendously increased to 74.13%. The average Loan and Advance percentage is 71.99%.

4.2.3 Government Securities Percentage

With in the study period government security is fluctuating. It is highest in the year 2003/04 i.e. the forth year and its percentage is 18.26%. It is the lowest in the year 2002/03 i.e. the third year and its percentage is 5.43%. The average investment in government securities is 11.58%. The percentage of Government securities of first year is 9.29 than decrease in second year to 6.72%. In fifth, six and seven years the percentage is decrease from 13.91% to 13.83% and to 13.59%.

4.2.4 Other Current Assets Percentage

Other current assets percentage to total current assets is low in comparison to above mentioned current assets over the study period. It is highest in the year 2006/07 i.e. in the second year with 1.81% and lowest in the year 2011/12 i.e. in the seven year with 0.58%. The average other current assets percentage is 1.06%. The percentage of first year is 1.64%, from forth year percentage is decrease from third year from 0.99% to 0.78% and the fifth and six year other current assets percentage are 0.91% to 0.73%.

From above analysis, it has been clear that loan and advances covers the highest proportion in total current assets than after cash and bank balance. Government securities holds third place and at last the other current assets comes.

4.3 Composition of Current Liabilities

Current liabilities are equally important as current assets. Current liabilities are those claims of outsiders, which are expected to mature for payment within an accounting year and include creditors, bills payable and outstanding expenses. In case of commercial banks their current liabilities are slightly different than manufacturing company. The components of current liabilities are as follows.

Table 4
Components of Current Liabilities

(Rs.In Millions)

The table shows that saving deposit, current and other deposits, bills payable, tax provision,

Fiscal Year	Saving Deposit	Current & Other Deposit	Bill Payable	Staff Bonus	Tax provision	Other Current Assets	Total Current liabilities
2005/06	1259.57	769.01	5.18	10.4	325.24	40.16	2409.56
2006/07	1278.79	785.4	6.82	8.6	275.58	88.02	2443.21
2007/08	2434.05	979.01	31.63	18.9	332.67	248.93	4045.19
2008/09	4886.1	1500.11	57.84	25.7	82.405	387.24	6939.395
2009/10	6703.5	1583.03	15.01	37.1	185.11	231.49	8755.24
2010/11	8081.98	1705.67	18.82	50.49	-	127.11	9984.07
2011/12	10742.33	2175.03	32.4	72.34	-	137.9	13160

staff bonus and other current liabilities are the components of the current liabilities. Among these components saving deposit covers the large portion then after current & other deposits.

4.4 Ratio Analysis

As mentioned in research methodology- liquidity, turnover, capital structure and profitability ratios are calculated. To find the overall performance as well as general movement of important ratios, trend analysis is used.

4.4.1 Liquidity Ratios

Liquidity ratio is employed to measure the company's ability to meet short-term obligations. This ratio provides insight into the present cash solvency in the event of adverse financial condition. To measure the bank's liquidity position, various liquidity ratios are calculated and to know the trend of liquidity, trend analysis of major liquidity ratios has been considered. It is calculated as follows

$$\text{Liquidity Ratio} = \frac{\text{Liquid Asset}}{\text{Current Liabilities}}$$

4.4.1.1 Current Ratio

This ratio measures the short term solvency, i.e. its ability to meet short term obligation. As a measure of creditors versus current assets, it indicates each rupee of CAs availability by dividing current assets by current liabilities.

$$\text{Current Ratio} = \frac{\text{Current Asset}}{\text{Current Liabilities}}$$

The following table shows the current ratio of Nepal Investment Bank Limited.

Table 5
Current Ratio (Times)

(Rs. In Million)

Year	Current Assets	Current Liabilities	Ratio
2005/06	3228.69	2409.56	1.3
2006/07	3337.2	2443.21	1.4
2007/08	7361.23	4045.19	1.8
2008/09	10961.45	6939.395	1.6
2009/10	14009.56	8755.24	1.6
2010/11	18240.1	9984.07	1.8
2011/12	23969.25	13160	1.8

The table shows that the current assets of Nepal Investment Bank Ltd. are increasing over the study period. Likewise a current liability is also increasing in all the study period. In the context of current ratio, it is always fluctuating it is 1.3 times in the first and second year the ratio is 1.4 times, in third year the current ration is 1.8 times, but in fourth and five year it is decreasing to 1.6 times then after it is increasing continuously up to the last year. The ratio is highest in the year third, six and seven with 1.8 times and the lowest in the year first, second with 1.3 times, 1.4 times and fourth and fifth year with 1.6 times. The average current ratio is 1.6 times which is equal to fourth and fifth.

From the above analysis, it can be concluded that although the bank is not meeting the standard ratio i.e. 2:1. Its current ratio can be considered good, as its current assets excess current liabilities. There is a decreasing trend of current ratio which implies that the bank is trying to utilize its idle money in income generating sector to increase its profitability. For commercial banks liquid funds are very essential but it should not keep huge amount of its fund in idle state rather it should employed such fund in earning extra profits.

4.4.1.2 Quick Ratio

Quick ratio establishes a relationship between quick or liquid assets and current liabilities. For this study, cash and bank balance and government securities are included in quick assets. It is calculated as follows

$$\text{Quick Ratio} = \frac{\text{Quick Asset}}{\text{Current Liabilities}}$$

The following table shows the quick ratio of Nepal Investment Bank Limited

Table 6
Quick Ratio (Times)

(Rs. In Million)

Year	Quick Assets	Current Liabilities	Ratio
2005/06	746.69	2409.56	0.3
2006/07	563.32	2443.21	0.2
2007/08	1366.54	4045.19	0.3
2008/09	3538.02	6939.395	0.5
2009/10	3428.98	8755.24	0.4
2010/11	4928.82	9984.07	0.5
2011/12	6060.88	13160	0.5

The above table depicts that the quick ratio of Nepal Investment Bank is always fluctuating over the study period. The ratio is highest in the year forth, six and seven year with 0.5 times and lowest in second year with 0.2 times. The average Quick Ratio is 0.4 times. In the forth, six and seven year the quick ratio is higher than average ratio, but rest of the year the yearly quick ratio are lower than the average ratios.

The above analysis helps to conclude that the bank's yearly quick ratios are not meeting the standard ratio neither the average ratio is meeting the standard ratio. Even though this ratio can be regarded well because only keeping larger quick assets cannot help in the bank profitability.

4.4.1.3 Cash and Bank Balance to Deposit Ratio (Excluding fixed deposit)

The ratio shows the ability of banks immediate funds to cover their (current margin, other and saving) deposits. It can be calculated by dividing cash and bank balance by deposits (excluding fixed deposit).

Table 7
Cash and Bank Balance to Deposit Ratio (Excluding Fixed Deposit)
(Rs. In Million)

Fiscal Year	Cash and Bank Balance	Deposit	Ratio
2005/06	446.69	2597.55	0.17
2006/07	338.92	3228.83	0.10
2007/08	966.54	6249.95	0.15
2008/09	1536.92	9230.32	0.17
2009/10	1480.48	11042.73	0.13
2010/11	2406.52	13514.03	0.18
2011/12	2804.48	20074.31	0.14

The table depicts that the ratio of Nepal Investment bank is decrease in the study period. In the year 2010/11, the ratio is 0.18% times which is highest ratio and in year 2006/07, the ratio is 0.10% which is lowest ratio. In year 2005/06 and year 2008/09 the ratios are 0.17% times. In 2007/08 year the ratio is 0.15% times. In year 2009/10 and year 2011/12 the ratios are respectively 0.13% times and 0.14% times.

The above analysis helps to conclude that the bank's cash and bank balance is decreasing year by year which it is good as it can utilize idle balances into income generating sectors. An idle cash and bank balance badly affect the profitability of bank as well. So this decreasing trend can be considered as a plus point of the bank but at the same time low cash and bank balance reduces the promptness of bank to repay its current, margin, call and saving deposit whenever demanded by its customers. This is the one thing the bank has to be careful about.

4.4.1.4 Saving Deposit to Total Deposit Ratio

Saving deposit is interest bearing short term deposit. The ratio is developed in order to find out the proportion of saving deposit, which is interest bearing and short term in nature. It is find out by dividing the total amount of saving deposit by the amount of total deposit.

The following table shows the bank's saving deposit to total deposit ratio

Table 8
Saving Deposit to Total Deposit Ratio

(Rs. In Million)

Fiscal Year	Saving Deposit	Total Deposit	Ratio
2005/06	1259.57	4256.21	0.30
2006/07	1278.79	4174.76	0.31
2007/08	2434.05	7922.77	0.31
2008/09	4886.1	11525	0.42
2009/10	6703.51	14255	0.47
2010/11	8081.98	18927	0.43
2011/12	10742.33	27591	0.39

The above table depicts that the amount of saving deposit is gradually increasing during the study period. The saving deposit to total deposit ratio is constant in second and third year but fifth year it increasing than fourth year. The average ratio is 0.37. In the year 2008/09 to 2011/12 the ratios are highest than average. In the year 2005/06 to 2007/08 the ratio are lowest than average and the ratio is highest in the year 2009/10 i.e. fifth year with 0.47 and the lowest in the year 2005/06 i.e. the first year with 0.30

In compare to current, margin, and other deposit, saving deposit is long term deposit. So the large amount of saving deposit in total deposit shows the high liquidity of the bank. For saving deposit bank has to pay interest but current, margin, and other deposit are non-interest bearing deposit. That's why they are called nominal cost fund. As the bank has to pay interest on saving deposit, higher amount of saving deposit to total deposit increases the burden of interest payment to the bank, which may affect the profitability of the bank.

4.4.2 Activity or Turnover Ratio

Activity ratios are used to evaluate the efficiency with which the firm manages and utilizes its assets. These ratios are also employed to evaluate the speed with which assets are being converted and turnover. These ratios moreover, help in measuring the bank's ability to utilize their available resources.

4.4.2.1 Loan and Advances to Total Deposit Ratio

This ratio measures the extent to which banks are successful in utilizing the profit generating purpose. In other words how quickly collected deposits total are converted into loan and advances given to the client to earn income. It is calculated as follows

The following table shows the bank's loan and advances to total deposit ratio.

Table 9
Loan and Advances to Total Deposit Ratio

(Rs. In Million)

Fiscal Year	Loan and Advances	Total Deposit	Ratio
2005/06	2429	4256.21	0.57
2006/07	2713.5	4174.76	0.65
2007/08	5921.79	7922.77	0.75
2008/09	7338	11525	0.64
2009/10	10453	14255	0.73
2010/11	13178	18927	0.70
2011/12	17769	27591	0.64

The above table depicts that the amount of loan and advances is increasing continuously over the study period. The average ratio is 0.67, which is higher than the year 2005/06, 2006/07, 2008/09 and 2011/12. In the year 2007/08, 2009/10 and 2010/11 the ratio is the highest than the average i.e. is 0.75, 0.73 and 0.70.

The above analysis helps to conclude that loan and advances to total deposit ratio or total deposit turnover ratio is satisfactory. It is employing its funds in income providing sectors.

4.4.2.2 Loan and Advances to Fixed Deposit Ratio

This ratio examines that how many times the fund is used in loan and advances against fixed deposit. Fixed deposits are interest bearing long term obligation where as loan and advances are the major sources of investment in generating income for commercial banks.

The following table shows the effective loan and advances to fixed deposit ratio.

Table 10
Loan and Advances to Fixed Deposit Ratio

(Rs. In Million)

Fiscal Year	Loan and Advances	Fixed Deposit	Ratio
2005/06	2429	1658.66	1.46
2006/07	2713.5	945.93	2.87
2007/08	5921.79	1672.82	3.55
2008/09	7338	2294.68	3.20
2009/10	10453	3212.27	3.25
2010/11	13178	5412.97	2.43
2011/12	17769	7516.69	2.36

The above table shows

s that the loan and advances to fixed deposit ratio is increasing in till fifth year but after it is started to decrease. The ratio is the highest in the year 2007/08 i.e. third year with 3.55 and the lowest in the year 2005/06 i.e. in the first year with 1.46 ratio. The average ratio is 2.73 which is higher than first sixth and seven years but the lowest in the rest of year.

The above analysis helps to conclude that the bank is efficiently utilizing its fixed deposit in loan and advances so that it could earn more profit and reduces its idle balances.

4.4.2.3 Loan and Advances to Saving Deposit Ratio

This ratio is employed for the purpose of measuring the utilization of saving deposits in generating revenue by giving loan and advances to the client i.e. to what extent collected saving deposit amount is deploying in providing loan and advances to generate income. Saving deposit are interests bearing obligation for short-term purpose whereas loan and advances are the short-term investment for revenue income. This ratio indicates how many times short term interest bearing deposit for income generating purpose.

The following table shows the loan and advances to saving deposit ratio:

Table 11
Loan and Advances to Saving Deposit Ratio

(Rs. In Million)

Fiscal Year	Loan and Advances	Saving Deposit	Ratio
2005/06	2429	1259.57	1.93
2006/07	2713.5	1278.79	2.12
2007/08	5921.79	2434.05	2.43
2008/09	7338	4886.1	1.50
2009/10	10453	6703.51	1.56
2010/11	13178	8081.98	1.63
2011/12	17769	10742.33	1.65

The above table depicts that the ratios of Nepal Investment Bank are fluctuating over the study period. The loan and advances to saving deposit ratio is 1.93 in the first year i.e. 2005/06 but it is increasing in the second and third year. In the fourth year it is tremendously decreasing than after it is increasing slightly. The highest ratio is 2.43 in the year 2007/08. The average ratio is 1.83 which is higher than fourth, fifth, sixth and seventh years, but it is the lowest than in the first, second and third year.

From the above analysis it can be concluded that the bank is utilizing short term of outsiders effectively.

4.4.3 Capital Structure or Leverage Ratio

Leverage refers to the ratio of debt to equity in the capital structure of the firm. Debt and equity are long term obligations and remaining parts in the liability side of the balance sheet are termed as short term obligations. Both types of obligations are required in forming the capital structure of the firm. The long term financial position of the forming the capital structure of the firm. The long term financial of the firm is determined by the leverage or capital used by the firm.

4.4.3.1 Long Term Debt to Net worth Ratio

This ratio measures the proportion of outsiders and owners in the capitalization of bank. In the study amount of fixed deposit of the bank is considered as long term debt.

It is calculated by dividing the fixed obligations of the banks by owners claim. The following table shows the long term debt to net worth ratio

Table 12
Long Term to Net worth Ratio

(Rs. In Million)			
Fiscal Year	Long Term Debt	Net Worth	Ratio
2005/06	193.65	469.09	0.41
2006/07	1658.66	523.47	3.17
2007/08	945.66	638.54	1.48
2008/09	1672.82	729.05	2.29
2009/10	2294.68	1180.17	1.94
2010/11	2487.98	1415.44	1.76
2011/12	2354.32	1878.12	1.25

The above table depicts that the long term debt to net worth ratio of the bank is the highest in the second year i.e. 2006/07 with 3.17 then after the ratio falls down to 1.48 then increases to 2.29 then starts to fall down till seven years. The average ratio is 1.76 which is higher than first, third and seventh years and lower than second, fourth and fifth years. In the sixth year the ratio is equal to the average ratio.

From the above analysis it can be concluded that the long term debt to net worth ratios are little high which implies that the proportion of outsiders' claim in total capitalization is high. The larger amount of fixed deposits makes ratios higher and it increases the cost also as the bank has to pay a large amount of money as interest on fixed deposits. So, if the bank does not have the profitable and secured sectors to invest the collected funds, it should reduce to accept the fixed deposits.

4.4.3.2 Net Fixed Assets to Long Term Debt Ratio

This ratio is calculated to find out how many times net fixed assets are in comparison to the fixed liabilities. Here a net fixed asset consists of both physical and financial assets and long term debt consists of fixed deposit.

The following table shows the net fixed assets to long term debt ratio

Table 13
Net Fixed Assets to Long Term Debt Ratio

(Rs. In Million)

Fiscal Year	Net Fixed Assets	Long Term Debt	Ratio
2005/06	33.97	193.65	0.18
2006/07	35.88	1658.66	0.02
2007/08	191.12	945.66	0.20
2008/09	249.79	1672.82	0.15
2009/10	320.59	2294.68	0.14
2010/11	343.45	2487.98	0.14
2011/12	759.46	2354.32	0.32

The table depicts that the ratios are fluctuating over the study period. The ratios are increasing up to second year then after it is up and down. The highest ratio is in the year 2011/12 i.e. 0.32 and the lowest ratio is in the year 2006/07 i.e.0.02.The average ratio is 0.16 which is highest than second, fourth, fifth and sixth year and lower than first, third and seven.

From the above analysis, it can be concluded that net fixed assets covers very low portion of long term debt. It means large portion of long term debt is used in the capital formation of the bank.

4.4.4 Profitability Ratios

Profitability ratios indicate the degree of success in achieving desired profit. Various profitability ratios are calculated to measure the operating efficiency of business enterprises. Through profitability ratios the lender and investors want to decide whether to invest to in a particulars business or not. Some of the important profitability ratios used is as follows:

4.4.4.1 Interest Earned to Total Assets Ratio

This ratio helps to find out how much a firm has earned interest from its investment with reference to its total assets. This is derived by dividing the amount of interest earned (Income from interest) by the total assets of the firm.

The following table shows the interest earned to total assets ratio of Nepal Investment Bank Limited:

Table 14
Interest Earned to Total Assets Ratio

(Rs. In Million)

Fiscal Year	Interest Earned	Total Assets	Ratio
2005/06	186.33	5017.17	0.037
2006/07	195.79	4973.81	0.039
2007/08	270.3	9014	0.030
2008/09	405.2	13255	0.031
2009/10	532.25	16274	0.033
2010/11	681.8	21330	0.032
2011/12	899.46	27591	0.033

The table shows that the ratios are fluctuating over the study period. In the second year ratio is increasing as compare to first year. In the third year it is decreasing to 0.30. The highest ratio is in the second year 2006/07 with 0.039% and the lowest is in the year 2007/08 with 0.030%. The average ratio is 0.033% which is equal to year fifth and seven year.

The above analysis helps to conclude that the bank is mobilizing its total assets (fund) to earn interest income by providing loan and advances to its different types of customers.

4.4.4.2 Net Profit to Total Assets Ratios

This ratio helps to finds out the profitability of all financial resources invested in the firm's assets. The return on assets or profit to assets ratio is calculated by dividing the amount of net profit by the amount of total assets employed.

The following table shows the net profit to total assets ratio.

Table 15
Net Profit to Total Assets Ratio (%)

(Rs. In Million)

Fiscal Year	Net Profit	Total Assets	Ratio
2005/06	52.32	5017.17	0.010
2006/07	57.11	4973.81	0.011
2007/08	116.82	9014	0.013
2008/09	152.67	13255	0.012
2009/10	232.15	16274	0.014
2010/11	350	21330	0.016
2011/12	501	27591	0.018

The table depicts that the overall profitability ratio or net profit to total assets ratio is low. In the study period, the highest ratio is in the year 2011/12 i.e. with 1.8% and the lowest ratio is in the year 2005/06 with 1%. The average ratio is 1.4% which is higher first, second, third and fourth year and lower sixth and seven year. In year fifth the ratio is equal to average ratio.

The above analysis helps to conclude that the overall profitability is not satisfactory. The bank should use its working fund efficiently to earn higher rates of profit. Increasing and decreasing ratios indicate that the growth rate of the firm is not stable.

4.4.4.3 Net Profit to Total Deposit Ratio

Collected deposits are mobilized by the bank through giving loan and advances to different individuals and institutions with a purpose to earn revenue. The ratio measures the percentage of profit earned from the utilization of the total deposits. It is calculated as follows: The following table shows the net profit to total deposits ratio

Table 16
Net Profit to Total Deposit Ratio (%)

(Rs. In Million)

Fiscal Year	Net Profit	Total Deposit	Ratio
2005/06	52.32	4256.21	0.012
2006/07	57.11	4174.76	0.013
2007/08	116.82	7922.77	0.015
2008/09	152.67	11525	0.013
2009/10	232.15	14255	0.016
2010/11	350	18927	0.018
2011/12	501	27591	0.018

The table depicts that the ratios are up and down. In the year 2005/06 the ratio is 0.012 than increasing up to third year than decrease after that start to increasing from fifth year to till seven. The average ratio is 0.015 which is higher than first, second and fourth. In third year the ratio is equal to average. In the fifth, sixth and seven year the ratios are lower than average.

The above analysis helps to conclude that the bank has improved its net profit to total deposit in last and it must give continuity to this step. For any commercial bank mobilization of outsiders fund is very crucial to earn profit.

4.5 Trend Analysis

The tools that are used to show grandly increase or decrease of variables over a period of time is known as trend analysis. With the help of trend analysis the tendency of variable over the period can be seen clearly. It is expressed by means of an equation of the form: i.e.

$$Y = a + bx$$

4.5.1 Trend Analysis of Cash and Bank Balance

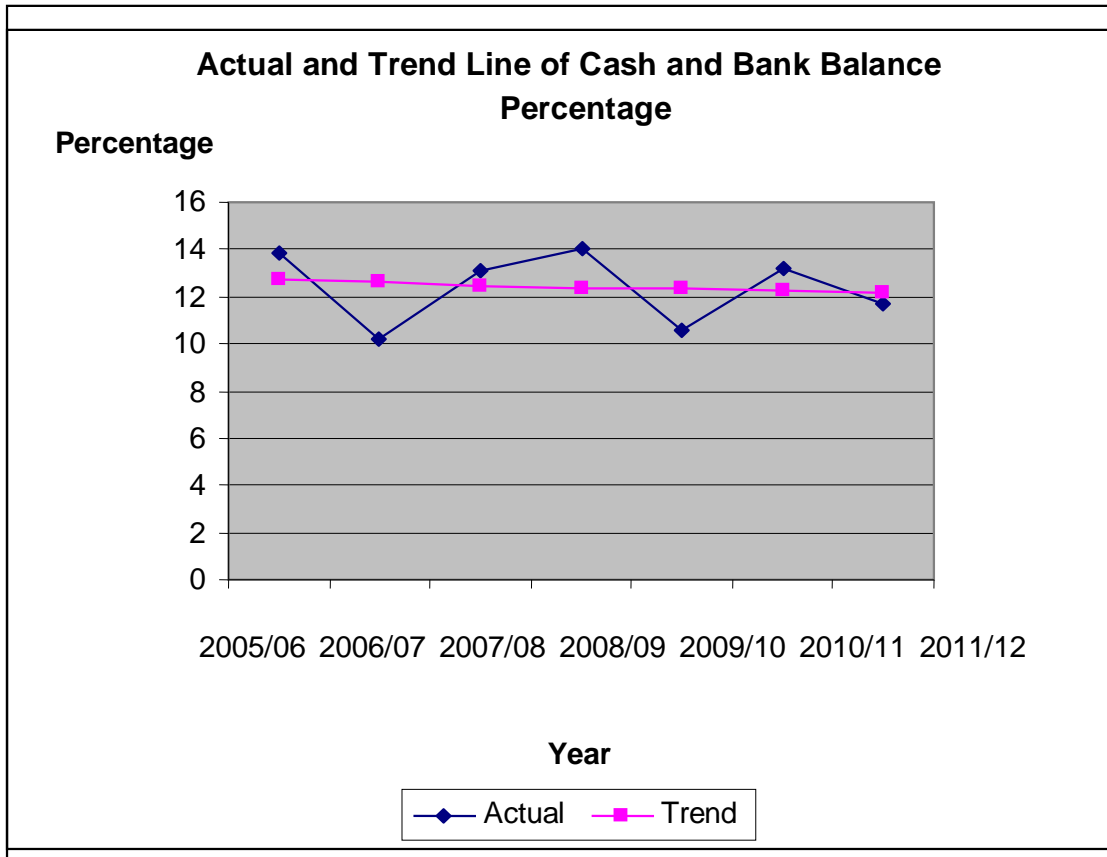
From the calculation of cash and bank balance percentage trend as per appendix 5, the value of the constants 'a' and 'b' are as follows:

$$a = 12.79$$

$$b = -0.104$$

The rate of change on cash and bank balance percentage 'b' is negative which implies that the bank has decreasing trend of cash and bank balance percentage to total current and bank balance and vice versa. Greater the negative value of 'b' faster the decline in cash and bank balance and vice-versa. Higher negative trend value of cash and bank balance percentage indicates the better utilization of cash on productive field.

Figure 6



(Source: Appendix 1)

In the figure, downward sloping trend line depicts that the cash and bank balance percentage to total current assets is decreasing. Comparing the actual and trend line, we can find out the trend line is higher in the first year. In the first, third, fourth and sixth years the actual line is higher than trend line. In the second and fifth year, the actual is lower than trend line.

4.5.2 Trend of Loan and Advance

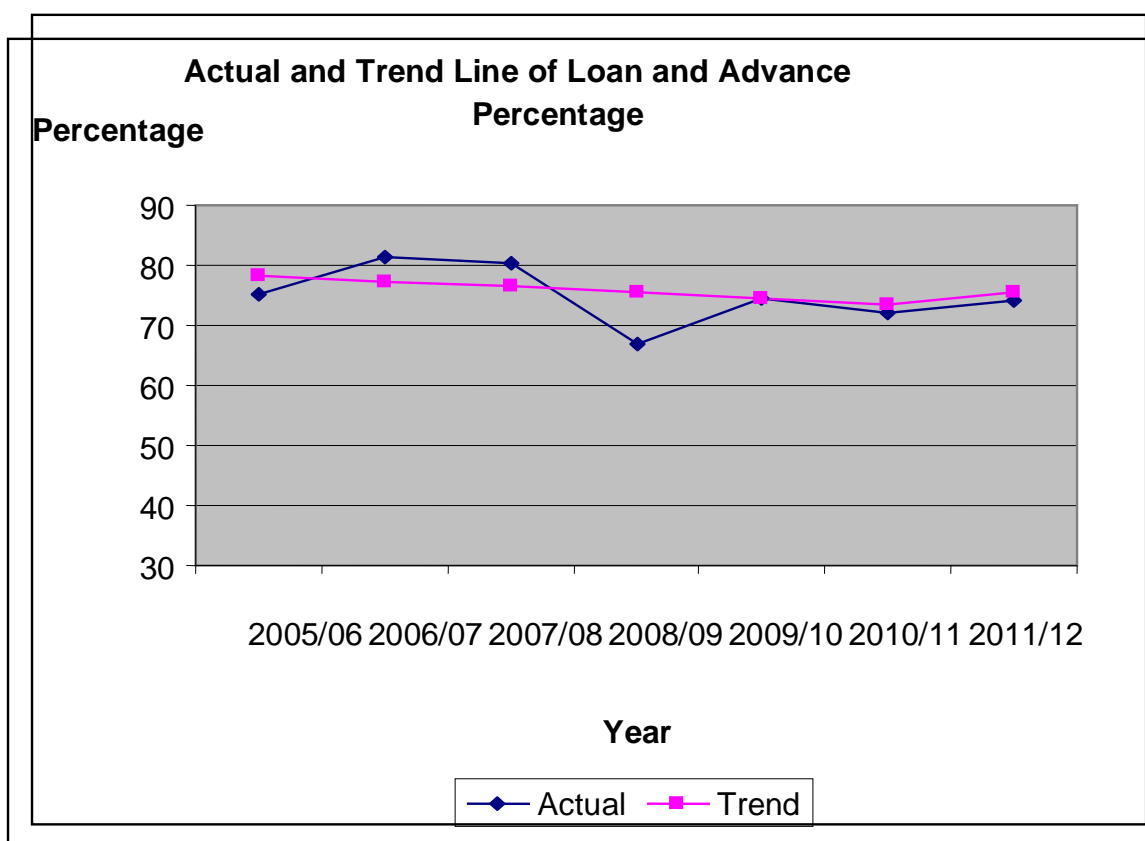
From the calculation of loan and advances percentage trend as per appendix 6, the value of the constants 'a' and 'b' are as follows:

$$a = 79.30$$

$$b = -0.97$$

The rate of change on loan and advances percentage 'b' is positive which implies increasing loan and advances percentage to total current

Figure 7



(Source: Appendix 2)

The figure shows that the trend line is straightly decreasing and the actual line is sometimes decreasing and sometimes increasing. The trend line is higher in the first and fourth year than actual line. In the fifth, six and seven years trend line is seem to me equal with actual line. In the second and third year trend line is lower than actual line. Increasing trend of loan and advances shows the positive sign that bank is utilizing more its current assets in income generating sector. Decreasing trend shows the bank is not utilizing more its current assents in income generating sector.

4.5.3 Trend of Government Securities

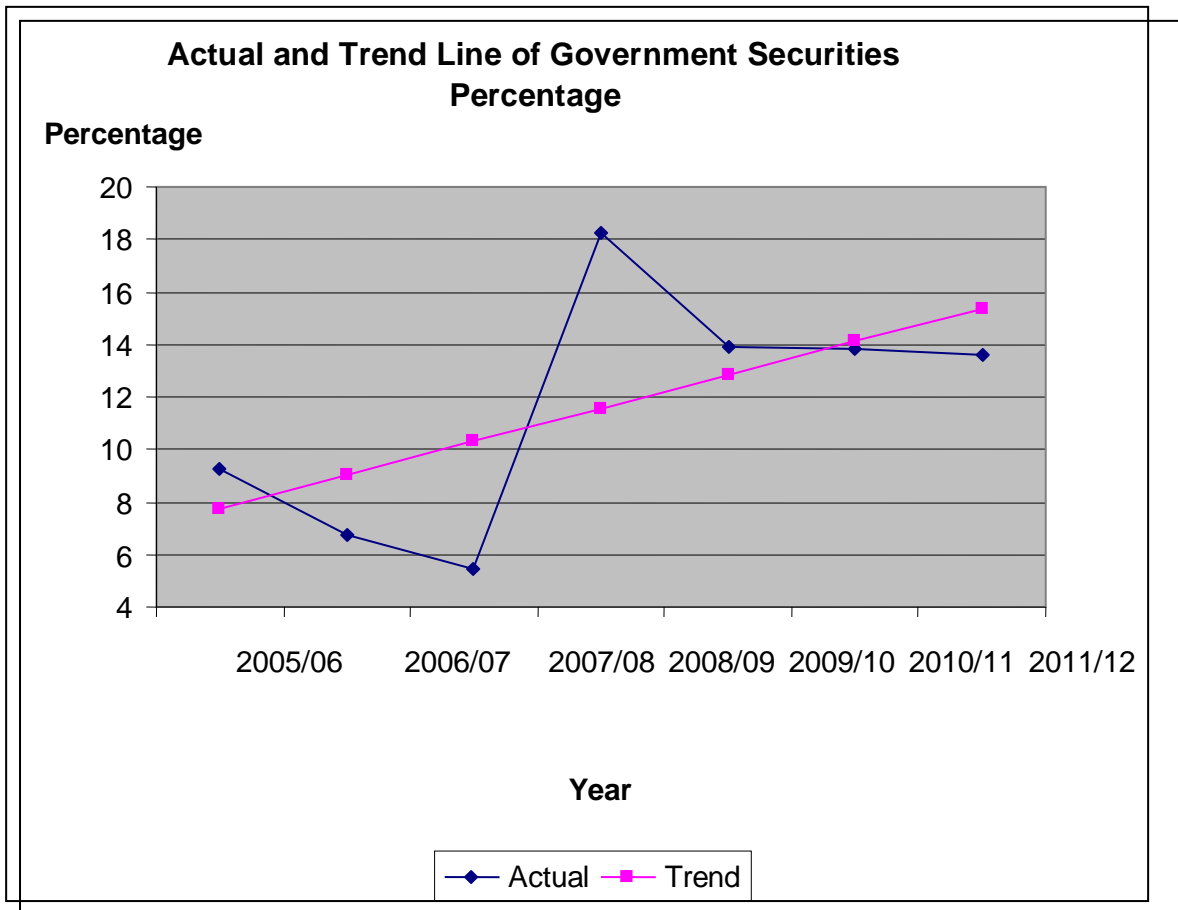
From the calculation of government securities percentage trend as per appendix 7, the value of constant 'a' and 'b' are as follows

$$a = 6.50$$

$$b = 1.27$$

The rate of change on government securities percentage 'b' is positive which implies increasing government securities percentage to total current assets.

Figure 8



(Source: Appendix 3)

The figure depicts that the trend line of government securities is upward sloping, which indicates increase investment in government securities, but actual line is fluctuating over the study period. Government securities are the safest source of current assets. It has got high liquidity and zero risk so the bank should give priority to invest in government securities rather than loan and advances because it has high risk of bad debt.

4.5.4 Trend of Other Current Assets

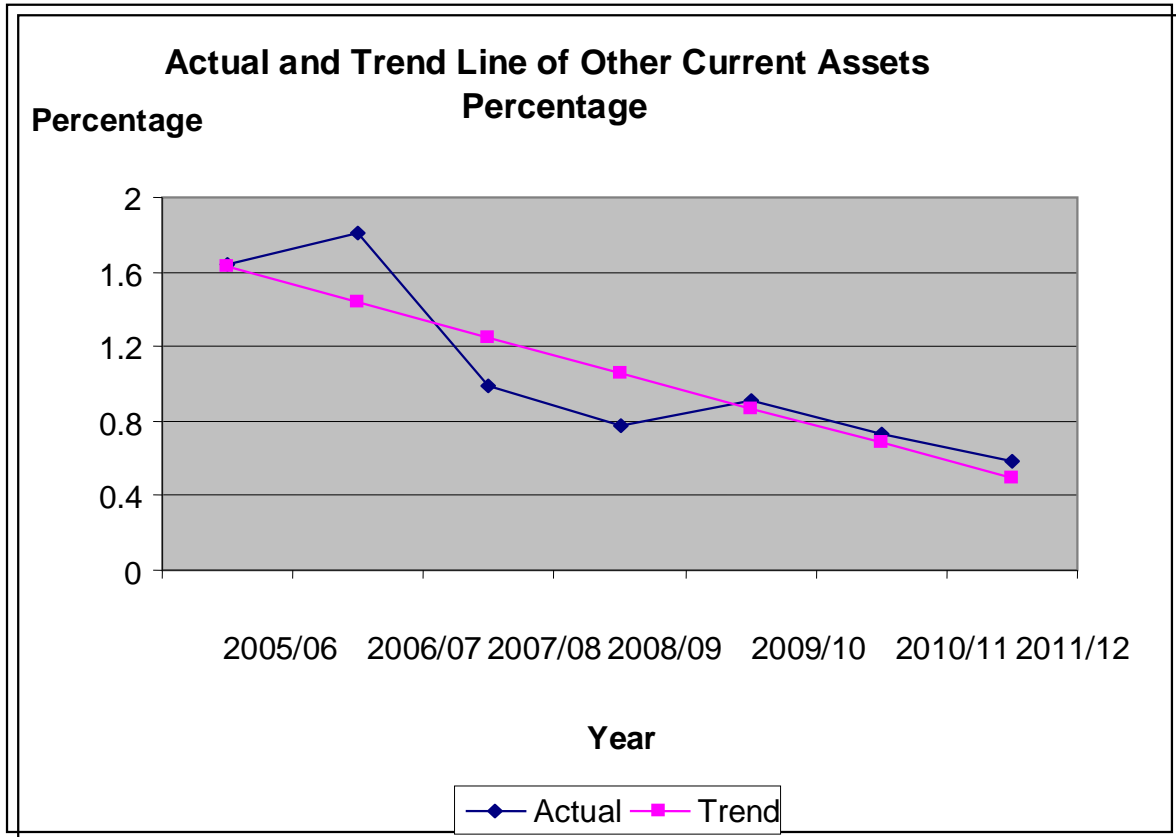
From the calculation of other current assets percentage trend as per appendix 8, the value of constant 'a' and 'b' are as follows :-

$$a = 1.82$$

$$b = -0.19$$

The rate of change on other current assets percentage 'b' is negative which implies that the bank has decreasing trend of other current assets percentage to total current assets. Greater the negative value of 'b' faster the decline in other current assets and vice-versa. Higher negative trend value of other current assets percentage indicates the better utilization of other current assets on productive field.

Figure 9



(Source: Appendix 4)

In the figure, downward sloping trend line depicts that the other current assets percentage to total current assets is decreasing. Comparing the actual and trend line, we can find out that the trend line is higher in the third year and the fourth year and in the fifth, six and seven year trend lines seem equal to actual line. In the rest of the year the actual line is higher to trend line which indicates Nepal Investment Bank can still reduce its other current assets percentage on total current assets so it will able to utilize its resources in profit earning areas.

4.5.5 Trend of Current Ratio

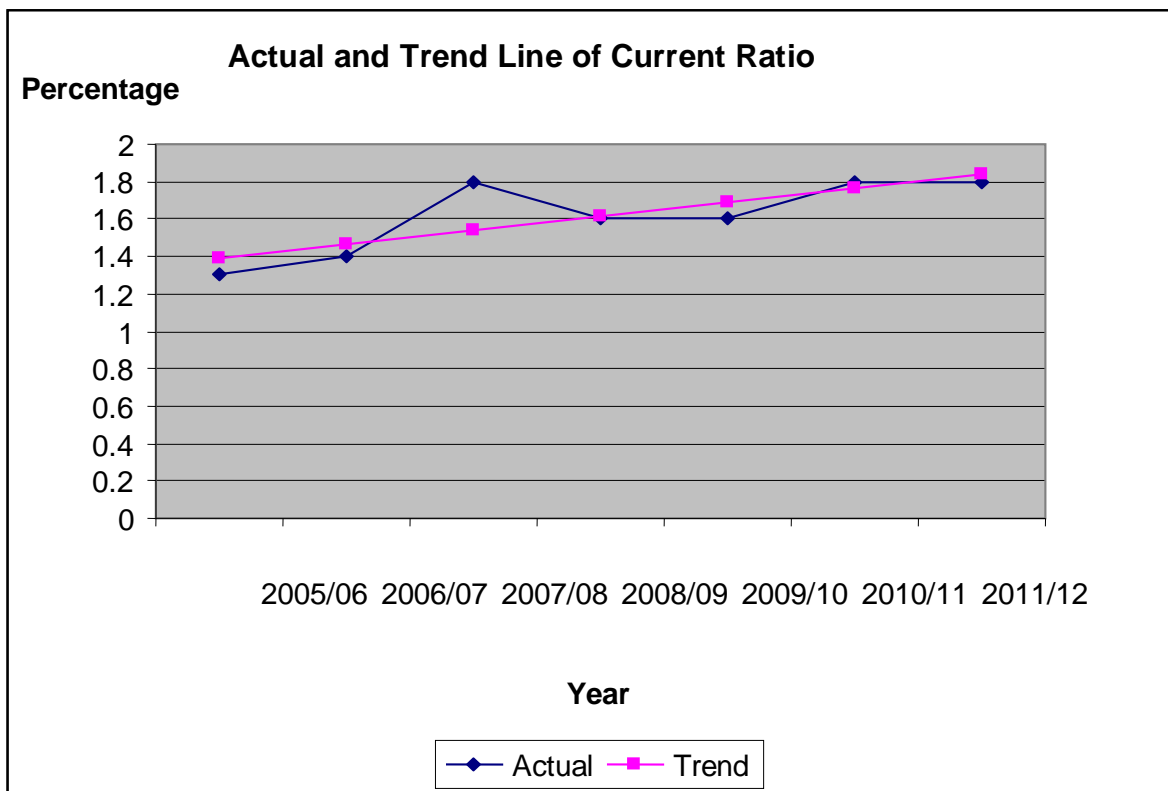
From the calculation of Current Ratio trend as per the appendix 9, the value of the constants 'a' and 'b' are as follows:-

$$a = 1.31$$

$$b = 0.075$$

The rate of change in current ratio 'b' of the bank is positive which implies the increasing trend of current ratio

Figure 10



(Source: - Appendix 5)

The figure depicts that the trend line of the bank is slightly increasing and at the third year, the trend line is lower than actual line. In first, second and fifth year the trend line is higher than actual line. In the fourth, six and seven year trend line is equal to actual line and rest of the year's trend line is lower than actual line. The above analysis helps to conclude that the liquidity position of Nepal Investment Bank is not meeting standard i.e. 2:1 time's ratio but the ratio are close to standard ratio.

4.5.6 Trend of Quick Ratio

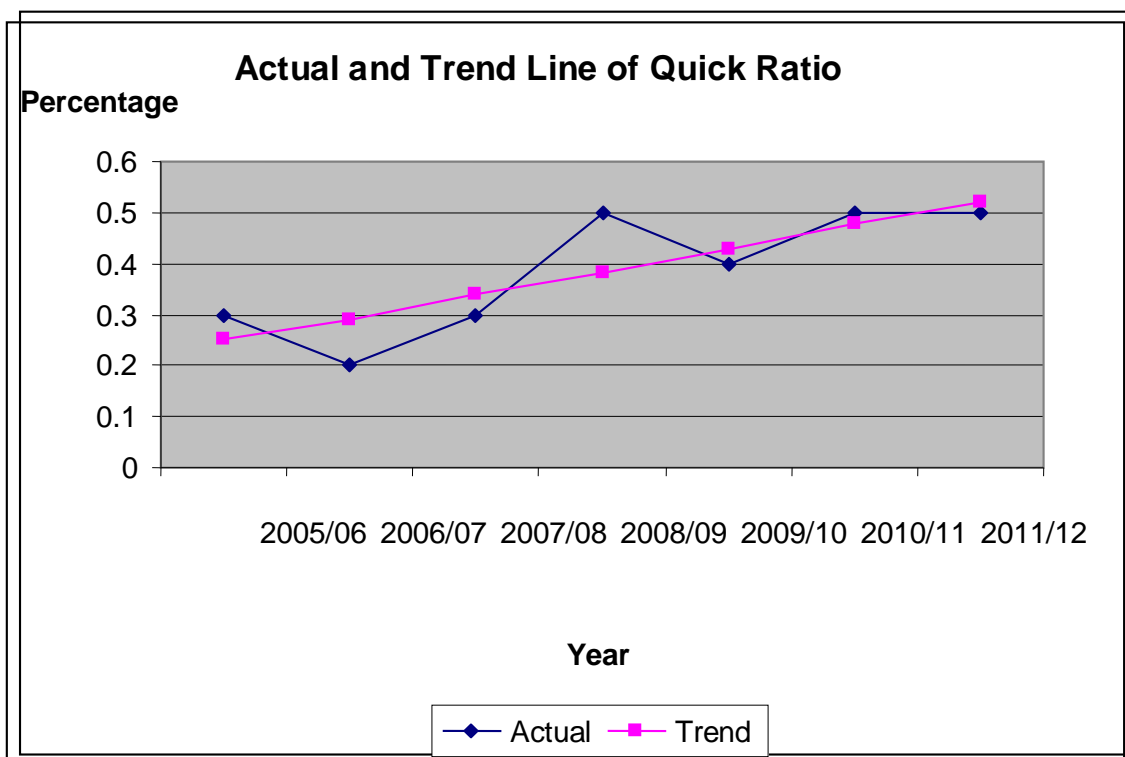
From the calculation of quick Ratio trend as per the appendix 10, the value of the constants 'a' and 'b' are as follows:-

$$a = 0.20$$

$$b = 0.046$$

The rate of change in current ratio 'b' of the bank is positive which implies the increasing trend of Quick ratio

Figure 11



(Source: Appendix 6)

The figure depicts that the trend line is slowly but continuously increasing and the actual line is fluctuating over the study period. The above analysis helps to conclude that the bank not meeting the standard ratio even though the ratios are satisfactory.

4.6 Correlation Analysis

Correlation is the statistical tool, which measures the relationship between two or more characteristics of a population or a sample. In other words, it describes the degree of relationship between two variables (i.e., independent and dependent) is calculated. Under this chapter the mostly used method in practice i.e., "Karl Pearson's correlation co-efficient" for calculation the degree of relationship between two variables. This correlation coefficient is calculated directly using the Microsoft Excel. It is calculated by inputting the data directly in two arrays of the command.

Using Standard Error (S.Er) where,

$$S.E (r) = \frac{(1 - r^2)}{\sqrt{n}}$$

$$P.E. (r) = 0.6745 \times S.E (r)$$

The Probable Error is used to test whether the calculated value of sample correlation coefficient is significant or not. A few rules for the interpretation of the significance of correlation coefficient are as follows:

- i. If $r < P.E. (r)$, then the value of 'r' is not significant (i.e., insignificant)
- ii. If $r > 6 \times P.E. (r)$, then r is definitely significant
- iii. In other situations, nothing can be calculated with certainty.

4.6.1 Co-efficient of Correlation between Cash and Bank Balance and Current Liabilities

Cash and bank balances are most liquid component of current assets. This is required to meet the unexpected short term obligation i.e. current liabilities. The coefficient of correlation between cash and bank balance and current liabilities is to measure the degree of relationship between cash and bank balance and current liabilities. To find out the correlation, various calculations are done.

The following table shows the coefficient of correction between cash and bank balance and current liabilities.

Table 17
Result of Co-efficient Correlation

Correlation (r)	R²	PEr	6PEr
0.97	0.9409	0.01504	0.090

(Sources: Appendix 7)

The table shows that the correlation between cash and bank balance and current liabilities is 0.97. It shows positive relationship between these two variables. By considering the probable error, since the value of 'r' i.e. 0.97 is greater than six times of PEr i.e.0.09, so it can be concluded that there is significant different between cash and bank balance and current liabilities.

4.6.2 Co-efficient of Correlation between Investment on government Securities and Total Deposit

The coefficient of correlation between investment on government security and total deposit is to measure the degree of relationship between government security and total deposit. Bank utilizes its collected deposit loan and advances as well as in government securities. But Commercial bank uses larger amount of deposit on loan and advances. Only the idle deposits are invested on government securities. The purpose of computing correlation coefficient is to justify whether the excess deposits are significantly used in government securities or not whether there is any relationship between these two variables. The table shows the coefficient of between these two variables. The following table shows the coefficient of correlation of correlation between deposits and government securities i.e. Correlation (r), Probable Error (PEr), 6 PEr.

Table No. 18
Result of Co-efficient Correlation

Correlation (r)	R²	PEr	6PEr
0.95	0.9025	0.0248	0.12

(Sources: Appendix 8)

The above table depicts that the coefficient of correlation between government securities and total deposit value 'r' is 0.95. It shows positive relation between these two variables. By considering the probable error, since the value of 'r' i.e. 0.95 is higher than six times of PEr i.e. 0.12, so it can be said that there is significant relationship between investment of government securities and total deposits.

4.6.3 Coefficient of Correlation between loan and advances and total deposit

The coefficient of correlation between loan and advances and total deposit is to measure the degree of relationship between major components of current assets i.e. loan and advances and major sources of fund on bank i.e. total deposits. In correlation analysis, deposit is independent variable (Y) and loan and advances is dependent variable (X). The purpose of computing coefficient of correlation is to justify whether the deposits are significant used in loan and advances or not and whether there is any relationship between these two variables.

The following table shows the coefficient of correlation between loan and advances and total deposits

Table 19
Result of Co-efficient Correlation

Correlation (r)	R²	PEr	6PEr
0.99	0.9801	0.0051	0.031

(Sources: Appendix 9)

The above table depicts that the correlation coefficient between loan and advances and total deposit 'r' is 0.99, which shows highly positive relationship between these two variables. By considering the probable error, since the value of 'r' i.e. 0.99 is higher than six times of PEr i.e. 0.031, it can be concluded that there is significant relationship between total deposits and loan and advances.

4.6.4 Coefficient of Correlation between Loan and Advances and Net Profit

The basic function of commercial bank is to collect deposit and invest these funds on loan and advance to generate higher profit. Large amount of loan and advances generate higher profit. The coefficient of correlation between loan and advances and net profit is to measure the degree of relationship between loan and advances and net profit. In correlation analysis, loan and advances is independent variable (Y) and net profit is dependent (X). The purpose of computing the correlation of the coefficient is to justify whether the loan and advances are significantly generate profit or not and whether there is any relationship between these two variables.

The following table shows the coefficient of correlation between loan and Advances and Net Profit.

Table 20
Result of Co-efficient Correlation

Correlation (r)	R²	PEr	6Per
0.99	0.9801	0.0051	0.031

(Sources: Appendix 10)

The table shows that the coefficient of correlation between loan and advances and net profit 'r' is 0.99, which shows the positive relation relationship between loan and advances and net profit. By considering the probable error, since the value of 'r' i.e. 0.99 is higher than 6PEr i.e. 0.031, it can be concluded that there is significant relation between loan and advance and net profit.

4.7 Multiple Regressions of Cash and Bank Balance on Total Deposit and Loan and Advance

Regression is the estimation of unknown values or prediction of one variable from known values of other variables. Multiple regression analysis is a logical extension of the simple independent variable; two or more independent variables are used to estimate the unknown values of a dependent variable.

The multiple regression equation of dependent variable Y on two independent variables X₁ and X₂ is given by

$$Y = a + b_1X_1 + b_2X_2 \quad \dots\dots\dots (1)$$

Where,

Y = Cash and Bank balance (Dependent Variable)

X₁ = Total deposit (Independent Variable)

X₂ = Loan and Advance (Independent Variable)

a = Constant value

b₁ = Co-efficient of Total Deposit

b₂ = Co-efficient of Loan and Advance

The result of the regression equations is shown as follows:

$$a = 0.06$$

$$b_1 = 0.044$$

$$b_2 = 0.095$$

Now, substituting these values in equation (1), we get estimated regression equation of Y on X_1 and X_2

$$Y = 0.06 + 0.044 X_1 + 0.095 X_2$$

The standard error of estimate measure the variability or scatter of the observed value around the multiple regression line. The reliability of the estimates obtained through regression equation is studied through the calculation of standard error of estimate. The standard error estimate of dependent variable Y on two independent variables X_1 and X_2 is 0.21

4.8 Major Findings

The major findings of this study during the period of seven years in Nepal Investment Bank Limited from the analysis are summarized below:-

1. The major components of current assets in Nepal Investment Bank Limited are cash and bank balance, loan and advance, and government securities, Other current assets are also the component of the current assets. The average percentage covered by these components during the study are cash and bank balance is 12.37%, loan and advances is 71.99%, government securities is 11.58%, and other current assets is 1.06%. It shows that the average percentage of loan and advances is higher and then in the second place comes cash and bank balance after those come government securities. Other current assets hold very little percentage of total current assets. The trend value of loan and advances and government securities proportion are positive and trend value of cash and bank balance and other current assets is negative, which implies that Nepal Investment Bank Limited is investment its currents assets in income generating sectors. The trend value shows that the management of loan and advances is more problematic in the bank's current assets management.

2. Among the major four current assets components, government securities hold the smallest portion and it is fluctuating every year with in the study period. The ratios range from 18.23% to 5.43%. The total average percentage of loan and advances and government securities are 71.99% and 11.58% respects. It shows that interest income is satisfactory.
3. The liquidity position of bank is analyzed with the current ratio, quick ratio, cash, and bank balance to deposit ratio and cash bank balance to current, margin and other deposit ratio. The current ratio is ranging from 1.8 to 1.3. Nepal Investment Bank Limited has maintained its current ratio of 1.6 in an average over the study period. The current assets ratio trend is negative. The average quick ratio is 0.4. So it is found that the current ratio and quick ratio of the bank can be considered good but still it is not meeting the standard ratio i.e. 2:1 and 1:1 respectively. The trend of quick ratio and current ratio are decreasing which show that the bank is trying to reduce its idle cash and bank balance. Although higher liquidity consider as lower risk, lower profit but in commercial bank higher liquidity is not always the cause of lower profitability.
4. Saving deposit to total ratios are ranging in between 47% to 49% with an average ratio is 37%. It shows that the bank has only 37% deposit on saving account out of total deposit which can be considered little low because saving deposit are less costly than fixed deposit.
5. The average value of loan and advance to total deposit ratio, loan and advances to fixed deposit ratio and loan and advances to saving deposit ratio are 0.67, 2.73 and 1.83 respectively. The trend of these ratios are either fluctuating or decreasing. From the analysis of turnover it is found that the bank is utilizing its deposit in income generating activities and it shows that the bank has better investment efficiency on loan and advances.
6. The average long term debt to net worth and net fixed ratio assets to long term debt ratio are 1.76 and 0.16 respectively. It shows that net fixed assets cover very low portion of long term debt. So it is found that the larger portion of long term debt is used in current assets of the bank. It also shows that the bank follows the conservative working capital policy. Due to conservative working capital policy risk of insolvency is lesser but cost of fund is higher.

7. Profitability is the measure of efficiency. The profitability position of Nepal Investment Bank Limited is analyzed from various angles. The average value of interest earned to total assets ratio is 3.3%. The trend value of interest earned is fluctuating. The average net profit to total assets, net profit to total deposit ratio, and is 1.4% and 1.5% respectively.
8. Coefficient of correlation between cash and bank balance and current liabilities is 0.97. It shows that the holding of cash and bank balance is not related with current liabilities.
9. Correlation between investment on government security and total deposit are significant. It shows that there is close relationship between investment on government securities and total deposits. This significant correlation between government securities and total deposits shows that cash balances are invested on government securities there are more opportunities to invest on loan and advances. Loan and advances and total deposit are significantly correlated with coefficient value $r = 0.99$. It shows that the bank utilizes its total deposit on loan and advances effectively.
10. Coefficient of correlation between loan and advances and net profit is 0.99 which is more than 6PEr. It shows that the net profit is significantly related with loan and advances. It shows that change on loan and advances change the amount of profit significantly.
11. The standard error of estimate measure the closeness of estimates derived from the regression equation to actual observed value. From above regression analysis, standard error of dependent variable cash and bank balance on two independent variable total deposit and loan advance is 0.21.

CHAPTER V

SUMMARY, CONCLUSION, RECOMMENDATION

5.1 Summary

In general a bank refers to commercial bank. The activities of commercial bank are synonyms to banking. Bank is such a place where money is transacted. It is hard to define banking exactly because the concept of banking has been arrived from century to century at least in legal sense. Bank relates to collection of deposits and advancing loans and other credit activities. A bank generally collects deposits from different individuals and institution. The collected deposits are utilized for giving loans to different industries and commercial enterprises. Bank performs payment or remittance and other activities also.

For many developing countries, banking sector has become the medium of developing economic situation as banks help in capital formation of the country. Bank fills the gap between the searcher and provider of the fund. It provides sufficient back support for the growth and expansion of trade and industry of the country, which eventually helps to develop the economic condition of the country. In this process, Joint venture banks are putting their best effort. Such banks help to transfer foreign investment and advanced technology from one country to another. Nepal has adopted different liberal and free economy policy to encourage such foreign investment in banking sector.

The main purpose of this study is to make familiar about the working capital management as well as financial performance of Nepal Investment Bank Limited to the readers. Among many joint venture banks, Nepal Investment Bank Limited is one of them. To make this thesis more understandable to the readers available data and information are presented in different suitable table, diagrams with appropriate analysis and interpretations.

This thesis work has been divided into five chapters. They are: Introduction, Review of Literature, Research Methodology, Presentation and Data Analysis and finally Summary, Finding and Recommendation.

To carry out thesis work secondary data have been used. The necessary data are derived from the balance sheet and Profit and Loss Account of Nepal Investment Bank Limited for the period of seven years from the year 2005/06 to 2011/12.

To fulfill the objectives mentioned in chapter one, a suitable research methodology has been developed, which includes the ratio analysis as a financial tool and trend analysis and correlation as statistical tools. The major ratio analysis consists of the composition of working capital position, liquidity position, turnover position, capital structure position and profitability position. Under these main ratios, their trend values are also studied in the chapter four. In order to test the relationship between the various components of working capital, Karl Pearson's correlation coefficient 'r' is calculated and analyzed. And in this chapter findings of the whole study and some suggestions & recommendation, which can be used by the concerned bank to improve its present situation, has been presented.

5.2 Conclusion

In conclusion, it can be said that two or more person are required to direct the joint venture banks. It is the mutual agreement, which operate under the supervision and direction of the two or more person. Joint venture banks are financial intermediaries, financing deficit units with money deposited with them by surplus units. Bank should have optimal policy to collect the deposit in various accounts. Deposit is the major organ of the joint venture bank to live in the industry.

Higher the deposit higher will be the chance to operate day to day transaction and make profit there on. Banks should not invest their fund haphazardly. It should be careful while advancing loan because loan is the blood of the joint venture banks for survival. If joint venture bank does not apply sound working capital management it will be the great problem in future to operate day to day transaction, hence the possible of bankruptcy there on. Bank should invest their fund in various portfolios after the deep study of the project to be safe from being bankruptcy. If banks concentrate on their working capital in little organization there is the high chance of default risk. Diversification is indeed need to all the business houses but it has seen immense importance to joint venture banks. Diversification of working

capital is very much importance to joint venture banks than other business houses because bank use the money of other people for the benefit of its own. And lastly it can be said that banks are important for the nation. It helps in the capital formation to the nation, which is the most important element for the economic growth of the country. Capital helps to solve the various problems arising in the country. In overall it can be concluded that the working capital management have both positive and negative impacts.

The conclusions of analysis are as follow

1. The liquidity position of Nepal Investment Bank Limited is not meeting the standard ratio i.e. 2:1 its current ratio and 1:1 in quick ratio it can be considered good, as its current assets excess current liabilities. There is a decreasing trend of current ratio, quick ratio which implies that the bank is trying to utilize its idle money in income generating sector to increase its profitability.
2. The activity position of Nepal Investment Bank Limited is satisfactory. It is employing its funds in income providing sectors. There is efficiently utilizing of its fixed deposit in loan and advances so that it could earn more profit and reduce its idle balances.
3. The profitability position of Nepal Investment Bank Limited is not satisfactory. The bank should use its working fund efficiently to earn higher rate of profit. . The bank has improved its net profit to total deposit ratio in last and it must give continuity to this step.
4. The capital structure position of Nepal Investment Bank Limited is high in fixed deposit. Net fixed assets cover the low portion of long term debt
5. There is increasing trend of loan and advance and government securities and decreasing trend of cash and bank balance and other current assets
6. The coefficient of correlation between investment in government securities and total deposit and between loan and advance and total deposit and between cash and bank balance and current liabilities is significant. Also loan and advance and net profit is significant.
7. The multiple regressions in between cash and bank balance, loan and advance and total deposit is satisfactory and its standard error is 1.45.

5.3. Recommendations

On the basis of the above study, following recommendations are being made:

1. Out of the total current assets, proportion of loan and advances is more than 50% in average, which can be considered good but this proportion is fluctuating over the study period. Bank should give first priority to invest its fund on loan and advances to get higher return. So the bank in any case should not decrease its investment in loan and advances below 50% of total current assets.
2. Total deposit turnover position of bank is less than one. Fixed deposits and saving deposits turnover position are also not satisfactory. Due to the poor turnover position the chances of bad debts and non earning idle fund are high. So the bank should give proper attention on collection of over dated loan and advances and utilization of idle fund in more productive sectors.
3. Although interest earned to total assets ratio is higher but net profit ratio is less. It is due to higher cost of fund used by the bank So the bank should reduce its cost through reduce high cost deposit and operating in proper way so that it can have least operating cost which further maximize its profitability and maximize shareholder return.
4. By adopting the matching working capital management policy instead of adopting conservative working capital policy, the bank can improve in its profitability in the short run as well as in the long run.
5. Proportion of saving deposit to total deposit is less than 50%. Due to less costly sources of fund in saving deposit than fixed deposit, the bank should try to increase its saving deposit account's balance than other account.
6. Although the bank has almost 31 branches, all branches are operating in the major cities of the Kingdom. Nepal Investment bank should implement government plan & policy and share social responsibility. So, Nepal Investment bank should expand its operations on villages as well as in remote areas of the country to provide banking services with a purpose to enhance economic condition of people all over Nepal.

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Appendix

Appendix 1

Trend of Cash and Bank Balance From 2005/06 to 2011/12

Year	Year (X)	X ²	Cash and Bank Balance (Y)	XY
2005/06	1	1	13.84	13.84
2006/07	2	4	10.16	20.32
2007/08	3	9	13.13	39.39
2008/09	4	16	14.02	56.08
2009/10	5	25	10.57	52.85
2010/11	6	36	13.19	79.14
2011/12	7	49	11.70	81.9
Total	28	140	86.61	343.52

Here, Actual Equation of the linear trend is $Y = a + bX$

Two normal equations are

$$\Sigma Y = na + b\Sigma X$$

$$\Sigma XY = a\Sigma X + b\Sigma X^2$$

Putting the value on normal equation from the above table

$$86.61 = 7a + b28 \dots\dots\dots (i)$$

$$343.52 = 28a + b140 \dots\dots\dots (ii)$$

To solve the above equation we multiple equation (i) by 4 and subtracting

$$346.44 = 28a + 112b$$

$$343.52 = 28a + 140b$$

$$\begin{array}{r} - \\ - \\ \hline 2.92 = \quad -28b \end{array}$$

$$b = -0.104$$

Substituting the value of b in equation (i) we get

$$86.61 = 7a + 28(-0.104)$$

$$7a = 86.61 + 2.912$$

$$a = 12.79$$

Thus the required trend is

$$Y = 12.79 - 0.10X$$

$$2005/06 = 12.79 - 0.10 \times 1 = 12.69$$

$$2006/07 = 12.79 - 0.10 \times 2 = 12.59$$

$$2007/08 = 12.79 - 0.10 \times 3 = 12.49$$

$$2008/09 = 12.79 - 0.10 \times 4 = 12.39$$

$$2009/10 = 12.79 - 0.10 \times 5 = 12.29$$

$$2010/11 = 12.79 - 0.10 \times 6 = 12.19$$

$$2011/12 = 12.79 - 0.10 \times 7 = 12.09$$

Appendix 2

Trend of Loan and Advance From 2005/06 to 2011/12

Year	Year (X)	X ²	Loan and Advance (Y)	XY
2005/06	1	1	75.23	75.23
2006/07	2	4	81.31	162.62
2007/08	3	9	80.45	241.35
2008/09	4	16	66.94	267.76
2009/10	5	25	74.61	373.05
2010/11	6	36	72.24	433.44
2011/12	7	49	74.13	518.91
Total	28	140	524.91	2072.36

Here, Actual Equation of the linear trend is $Y = a + bX$

Two normal equations are

$$\Sigma Y = na + b\Sigma X$$

$$\Sigma XY = a\Sigma X + b\Sigma X^2$$

Putting the value on normal equation from the above table

$$524.91 = 7a + b28 \dots\dots\dots (i)$$

$$2072.36 = 28a + b140 \dots\dots\dots (ii)$$

To solve the above equation we multiple equation (i) by 4 and subtracting

$$2099.64 = 28a + 112b$$

$$2072.36 = 28a + 140b$$

$$\begin{array}{r} - \\ - \\ - \\ \hline 27.28 = \quad -28b \end{array}$$

$$b = -0.97$$

Substituting the value of b in equation (i) we get

$$527.91 = 7a + 28 \times (-0.97)$$

$$7a = 527.91 + 27.16$$

$$a = 79.30$$

Thus the required trend is

$$Y = 79.30 - 0.97X$$

$$2005/06 = 79.30 - 0.97 \times 1 = 78.33$$

$$2006/07 = 79.30 - 0.97 \times 2 = 77.36$$

$$2007/08 = 79.30 - 0.97 \times 3 = 76.39$$

$$2008/09 = 79.30 - 0.97 \times 4 = 75.42$$

$$2009/10 = 79.30 - 0.97 \times 5 = 74.45$$

$$2010/11 = 79.30 - 0.97 \times 6 = 73.48$$

$$2011/12 = 79.30 - 0.97 \times 7 = 75. \quad \text{Appendix 3}$$

Trend of Government Securities From 2005/06 to 2011/12

Year	Year (X)	X ²	Government Securities (Y)	XY
2005/06	1	1	9.29	9.29
2006/07	2	4	6.72	13.44
2007/08	3	9	5.43	16.29
2008/09	4	16	18.26	73.04
2009/10	5	25	13.91	69.55
2010/11	6	36	13.83	82.98
2011/12	7	49	13.59	95.13
Total	28	140	81.03	359.72

Here, Actual Equation of the linear trend is $Y = a + bX$

Two normal equations are

$$\Sigma Y = na + b\Sigma X$$

$$\Sigma XY = a\Sigma X + b\Sigma X^2$$

Putting the value on normal equation from the above table

$$81.03 = 7a + b28 \dots\dots\dots (i)$$

$$359.72 = 28a + b140 \dots\dots\dots (ii)$$

To solve the above equation we multiple equation (i) by 4 and subtracting

$$324.12 = 28a + 112b$$

$$359.72 = 28a + 140b$$

$$\begin{array}{r} - \\ - \\ - \\ \hline -35.6 = \quad -28b \end{array}$$

$$b = 1.27$$

Substituting the value of b in equation (i) we get

$$81.3 = 7a + 28 \times 1.27$$

$$7a = 81.03 - 35.56$$

$$a = 6.50$$

Thus the required trend is

$$Y = 6.50 + 1.27 X$$

$$2005/06 = 6.50 + 1.27 \times 1 = 7.77$$

$$2006/07 = 6.50 + 1.27 \times 2 = 9.04$$

$$2007/08 = 6.50 + 1.27 \times 3 = 10.31$$

$$2008/09 = 6.50 + 1.27 \times 4 = 11.58$$

$$2009/10 = 6.50 + 1.27 \times 5 = 12.85$$

$$2010/11 = 6.50 + 1.27 \times 6 = 14.12$$

$$2011/12 = 6.50 + 1.27 \times 7 = 15.39$$

Appendix 4

Trend of Other Current Assets From 2005/06 to 2011/12

Year	Year (X)	X ²	Other Current Assets (Y)	XY
2005/06	1	1	1.64	1.64
2006/07	2	4	1.81	3.62
2007/08	3	9	0.99	2.97
2008/09	4	16	0.78	3.12
2009/10	5	25	0.91	4.55
2010/11	6	36	0.73	4.38
2011/12	7	49	0.58	4.06
Total	28	140	7.44	24.34

Here, Actual Equation of the linear trend is $Y = a + bX$

Two normal equations are

$$\Sigma Y = na + b\Sigma X$$

$$\Sigma XY = a\Sigma X + b\Sigma X^2$$

Putting the value on normal equation from the above table

$$7.44 = 7a + b28 \dots\dots\dots (i)$$

$$24.34 = 28a + b140 \dots\dots\dots (ii)$$

To solve the above equation we multiple equation (i) by 4 and subtracting

$$29.76 = 28a + 112b$$

$$24.34 = 28a + 140b$$

$$\frac{-}{5.42} = \frac{-}{-28b}$$

$$b = -0.19$$

Substituting the value of b in equation (i) we get

$$7.44 = 7a + 28 \times (-0.19)$$

$$7a = 7.44 + 5.32$$

$$a = 1.82$$

Thus the required trend is

$$Y = 1.82 - 0.19 X$$

$$2005/06 = 1.82 - 0.19 \times 1 = 1.63$$

$$2006/07 = 1.82 - 0.19 \times 2 = 1.44$$

$$2007/08 = 1.82 - 0.19 \times 3 = 1.25$$

$$2008/09 = 1.82 - 0.19 \times 4 = 1.06$$

$$2009/10 = 1.82 - 0.19 \times 5 = 0.87$$

$$2010/11 = 1.82 - 0.19 \times 6 = 0.68$$

$$2011/12 = 1.82 - 0.19 \times 7 = 0.49$$

Appendix 5

Trend of Current Ratio From 2005/06 to 2011/12

Year	Year (X)	X ²	Current Ratio (Y)	XY
2005/06	1	1	1.3	1.3
2006/07	2	4	1.4	2.8
2007/08	3	9	1.8	5.4
2008/09	4	16	1.6	6.4
2009/10	5	25	1.6	8
2010/11	6	36	1.8	10.8
2011/12	7	49	1.8	12.6
Total	28	140	11.3	47.3

Here, Actual Equation of the linear trend is $Y = a + bX$

Two normal equations are

$$\Sigma Y = na + b\Sigma X$$

$$\Sigma XY = a\Sigma X + b\Sigma X^2$$

Putting the value on normal equation from the above table

$$11.3 = 7a + b28 \dots\dots\dots (i)$$

$$47.30 = 28a + b140 \dots\dots\dots (ii)$$

To solve the above equation we multiple equation (i) by 4 and subtracting

$$45.2 = 28a + 112b$$

$$47.3 = 28a + 140b$$

$$\begin{array}{r} - \\ - \\ - \\ \hline -2.1 = \quad -28b \end{array}$$

$$b = 0.075$$

Substituting the value of b in equation (i) we get

$$11.3 = 7a + 28 \times 0.075$$

$$7a = 11.3 - 2.1$$

$$a = 1.31$$

Thus the required trend is

$$Y = 1.31 + 0.075 X$$

$$2005/06 = 1.31 + 0.075 \times 1 = 1.39$$

$$2006/07 = 1.31 + 0.075 \times 2 = 1.46$$

$$2007/08 = 1.31 + 0.075 \times 3 = 1.54$$

$$2008/09 = 1.31 + 0.075 \times 4 = 1.61$$

$$2009/10 = 1.31 + 0.075 \times 5 = 1.69$$

$$2010/11 = 1.31 + 0.075 \times 6 = 1.76$$

$$2011/12 = 1.31 + 0.075 \times 7 = 1.84$$

Appendix 6

Trend of Quick Ratio From 2005/06 to 2011/12

Year	Year (X)	X ²	Quick Ratio (Y)	XY
2005/06	1	1	0.3	0.3
2006/07	2	4	0.2	0.4
2007/08	3	9	0.3	0.9
2008/09	4	16	0.5	2
2009/10	5	25	0.4	2
2010/11	6	36	0.5	3
2011/12	7	49	0.5	3.5
Total	28	140	2.7	12.1

Here, Actual Equation of the linear trend is $Y = a + bX$

Two normal equations are

$$\begin{aligned}\Sigma Y &= na + b\Sigma X \\ \Sigma XY &= a\Sigma X + b\Sigma X^2\end{aligned}$$

Putting the value on normal equation from the above table

$$2.7 = 7a + b28 \dots\dots\dots (i)$$

$$12.1 = 7a + b140 \dots\dots\dots (ii)$$

To solve the above equation we multiple equation (i) by 4 and subtracting

$$10.8 = 28a + 112b$$

$$12.1 = 28a + 140b$$

$$\begin{array}{r} - \\ - \\ - \\ \hline -1.3 = \quad -28b \end{array}$$

$$b = 0.046$$

Substituting the value of b in equation (i) we get

$$2.7 = 7a + 28 \times (0.046)$$

$$7a = 2.7 - 1.29$$

$$a = 0.20$$

Thus the required trend is

$$Y = 0.20 + 0.046 X$$

$$2005/06 = 0.20 + 0.046 \times 1 = 0.25$$

$$2006/07 = 0.20 + 0.046 \times 2 = 0.29$$

$$2007/08 = 0.20 + 0.046 \times 3 = 0.34$$

$$2008/09 = 0.20 + 0.046 \times 4 = 0.38$$

$$2009/10 = 0.20 + 0.046 \times 5 = 0.43$$

$$2010/11 = 0.20 + 0.046 \times 6 = 0.48$$

$$2011/12 = 0.20 + 0.046 \times 7 = 0.52$$

Appendix 7

$$\begin{aligned}\text{S.E (r)} &= 1 - r^2 / \sqrt{n} \\ &= 1 - 0.9409 / 2.65 \\ &= 0.0591 / 2.65 \\ &= 0.0223\end{aligned}$$

$$\begin{aligned}\text{P.E (r)} &= 0.6745 \times r \\ &= 0.6745 \times 0.0223 \\ &= 0.01504\end{aligned}$$

Appendix 8

$$\begin{aligned}\text{S.E (r)} &= 1 - r^2 / \sqrt{n} \\ &= 1 - 0.9025 / 2.65 \\ &= 0.0368\end{aligned}$$

$$\text{P.E (r)} = 0.6745 \times r$$

$$= 0.6745 \times 0.0368$$

$$= 0.0248$$

Appendix 9

$$S.E (r) = 1 - r^2 / \sqrt{n}$$

$$= 1 - 0.9801 / 2.65$$

$$= 0.0075$$

$$P.E (r) = 0.6745 \times r$$

$$= 0.6745 \times 0.0075$$

$$= 0.0051$$

Appendix 10

$$S.E (r) = 1 - r^2 / \sqrt{n}$$

$$= 1 - 0.9801 / 2.65$$

$$= 0.0075$$

$$P.E (r) = 0.6745 \times r$$

$$= 0.6745 \times 0.0075$$

$$= 0.0051$$

Appendix 11

Multiple Regressions of Cash and Bank Balance on Total Deposit and Loan and Advance

(Rs in '000'million)

Year	Y	X ₁	X ₂	Y X ₁	Y X ₂	X ₁ X ₂	Y ²	X ₁ ²	X ₂ ²
2005/06	0.4467	4.256	2.429	1.9012	1.0850	10.338	0.1995	18.1135	5.9000
2006/07	0.3389	4.175	2.714	1.4149	0.9197	11.331	0.1149	17.4306	7.3658
2007/08	0.9665	7.923	5.922	7.6576	5.7236	46.920	0.9341	62.7739	35.070
2008/09	1.5369	11.525	7.338	17.713	11.278	84.570	2.3621	132.826	53.846
2009/10	1.4804	14.255	10.453	21.103	15.475	149.01	2.1916	203.205	109.27
2010/11	2.4065	18.927	13.178	45.548	31.713	249.42	5.7912	358.231	173.66
2011/12	2.8045	27.591	17.769	77.379	49.833	490.26	7.8652	761.263	315.74
Total	9.9804	88.652	59.803	172.72	116.03	1041.85	19.459	1553.84	700.84

The multiple regression equation of dependent variable Y on two independent variables X₁ and X₂ is given by

$$Y = a + b_1X_1 + b_2X_2 \dots\dots\dots (1)$$

The value of the constants a, b₁ and b₂ can be obtained by solving following three normal equation simultaneously obtained by the method of least squares.

$$\Sigma Y = na + b_1\Sigma X_1 + b_2\Sigma X_2$$

$$\Sigma Y X_1 = a\Sigma X_1 + b_1\Sigma X_1^2 + b_2\Sigma X_1X_2$$

$$\Sigma Y X_2 = a\Sigma X_2 + b_1\Sigma X_1 X_2 + b_2\Sigma X_2^2$$

Here, we get,

$\Sigma Y = 9.9804$	$\Sigma Y X_1 = 172.72$	$\Sigma Y^2 = 19.459$
$\Sigma X_1 = 88.652$	$\Sigma Y X_2 = 116.03$	$\Sigma X_1^2 = 1553.84$
$\Sigma X_2 = 59.503$	$\Sigma X_1 X_2 = 1041.85$	$\Sigma X_2^2 = 700.84$

Substituting the value in above three normal equations then we get,

$$9.9804 = 7a + 88.652 b_1 + 59.503 b_2 \dots\dots\dots (3)$$

$$172.72 = 88.652a + 1553.84b_1 + 1041.85b_2 \dots\dots\dots (4)$$

$$116.03 = 59.503a + 1041.85 b_1 + 700.84 b_2 \dots\dots\dots (5)$$

To solve the above equation we multiple equation (3) by 88.652 and equation (4) by 7 and subtract it we get,

$$\begin{array}{r}
 884.78 = 620.564a + 7859.18 b_1 + 5275.06 b_2 \\
 1209.04 = 620.564a + 1876.88 b_1 + 7292.95 b_2 \\
 \hline
 - 324.26 = - 3017.70 b_1 - 2017.89 b_2 \dots\dots\dots (6)
 \end{array}$$

To solve the above equation we multiple equation (4) by 59.503 and equation (5) by 88.652 and subtract it we get,

$$\begin{array}{r}
 10277.36 = 5275.06 a + 92458.14 b_1 + 61993.20 b_2 \\
 10286.29 = 5275.06 a + 92362.09 b_1 + 62130.87 b_2 \\
 \hline
 \dots\dots\dots
 \end{array}$$

$$- 8.93 = 96.05 b_1 - 137.67 b_2 \dots\dots\dots (7)$$

Multiple equation (6) by 137.67 and equation (7) by 2017.89 and subtract it then we get,

$$- 44640.87 = - 415446.76 b_1 - 277802.92 b_2$$

$$- 18019.76 = 193818.33 b_1 - 277802.92 b_2$$

$$+ \qquad \qquad - \qquad \qquad +$$

$$- 26621.11 = - 609265.09 b_1$$

$$b_1 = 0.044$$

Now, putting the value of b_1 in equation (6), we get,

$$- 324.26 = - 3017.70 \times 0.044 - 2017.89 b_2$$

$$-324.26 + 132.78 = -2017.89 b_2$$

$$-191.48 = -2017.89 b_2$$

$$b_2 = 0.095$$

Again putting the value of b_1 and b_2 in equation (3) then we get,

$$9.9804 = 7a_1 + 88.652 \times 0.044 + 59.503 \times 0.095$$

$$9.9804 = 7a_1 + 3.901 + 5.653$$

$$9.9804 - 9.554 = 7a$$

$$a = 0.06$$

Nepal Investment Bank Limited
Durbar Marg, Kathmandu, Nepal

Comparative Balance Sheet

NRP in Thousand

Fiscal Year	2007/08	2008/09	2009/10	2010/11	2011/12
Cash and Bank Balance	926,535	1,226,923	1,340,481	2,335,521	2,441,514
Money at call & Investment	1,745,240	4,172,483	4,074,189	5,672,869	6,868,650
Loan and Advance	5,921,788	7,338,566	10,453,164	13,178,152	17,769,100
Net Fixed Assets	191,116	249,788	320,592	343,450	759,456
Other Assets	379,216	476,177	202,226	201,090	234,797
Total Assets	9,163,895	13,463,937	16,390,652	21,732,081	28,073,517
Liabilities					
Borrowing	6,829	361,500	350,000	550,000	800,000
Customers' Deposit	7,922,766	11,524,680	14,254,574	18,927,306	24,488,856
Other Liabilities	446,111	640,269	278,796	437,392	423,866
Provision For Loan Loss	149,647	208,441	327,108	401,944	482,673
Total Liabilities	8,525,359	12,734,889	15,210,479	20,316,642	26,195,394
Net Assets	638,542	720,048	1,180,173	1,415,440	1,878,124
Shareholders' Fund					
Paid-Up Capital	295,293	295,293	587,739	590,586	801,353
Profit Capitalization	-	-	-	-	-
Reserve Fund	314,845	419,082	567,511	778,904	955,417
Profit & Loss Account	28,404	14,663	24,924	45,950	121,354
Total Shareholders' Fund	638,542	729,048	1,180,173	1,415,440	1,878,124

Nepal Investment Bank Limited
Durbar Marg, Kathmandu, Nepal

Comparative of Profit and Loss Account

NRP in Thousand

<u>Interest Income</u>	2007/08	2008/09	2009/10	2010/11	2011/12
Loans, Advances & Overdraft	421,847	663,016	769,195	964,689	1,302,122
Others	37,662	68,387	117,605	208,053	282,865
Interest Expenses	(189,214)	(326,202)	(354,549)	(490,947)	(685,530)
Net Interest Income	270,295	405,201	532,251	681,795	899,457
Exchange Gain	50,834	87,980	102,518	125,747	135,355
Commission Income	40,811	55,747	93,551	115,942	163,899
Other Operating Income	26,288	36,816	56,567	46,607	114,096
Other Non-Operating Income	487	1,768	6,192	391	1,426
Total Income	388,715	587,512	791,079	970,482	1,314,233
Staff Expenses	61,288	89,749	97,004	120,664	145,371
Operating Expenses	108,038	149,479	182,915	190,605	243,431
Non Operating Expenses	-	-	-	-	-
Staff Bonus	18,905	25,719	37,075	50,491	72,338
Total Expenses	188,231	264,947	316,994	361,760	461,139
Profit before Tax	200,484	322,565	474,085	608,22	853,094
Loan Loss Provision	30,335	91,092	103,808	129,719	1626.47
Income Tax	53,332	78,801	101,529	154,678	221,977
Net Profit/(Loss) after Tax	116,817	152,671	232,147	350,536	501,399

CURRICULAM VITAE

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Career Objective

To work in a professional company this appreciates the caliber and qualities of any employee at every level. Looking for a stable job at a level where I can do justice with the organization and towards me in job enrichment, job satisfaction & set standards for myself.

Professional Qualification

<u>Course</u>	<u>Session</u>	<u>University/(College)</u>	<u>(%) class</u>
BBS	2004-08	Shankar Dev College Tribhuvan University	2 nd Div
MBS	2008-12	R.R.M. Campus Tribhuvan University	Pass*

*Thesis not completed.

Academic Qualification

<u>Graduation/Class</u>	<u>University/Board</u>	<u>Division/Class</u>	<u>(%)</u>
10+2 (2004)	H.S.E.B	2 nd Division	45%

S.L.C (2002)	H.M.G	2 nd Division	58 %
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Experience

- Working as accountant in Ritika Quality Ralling Stone, Janakpurdham, Nepal.
- Internship for 2 months in Everest Bank Limited, Janakpur Branch, Janakpur.
- Worked as a contract staff in Everest Bank Ltd, Janakpur Branch for 10 month in operation department (Customer Service Dept, Teller and Remittance Dept).

Training

- Diploma in computer from Maxpro Computer Institute, Kalanki, Kathmandu.
- Tally 7.2 in the accounting and documentation from Maxpro Computer Institute, kalanki, Kathmandu.
- General Banking Course of 35 days from KFA, Mid - Baneshwor, Kathmandu, Nepal.

Personal memoranda

Father's Name : Ram Prasad Yadav

Mother's Name : Sampat Devi

DOB : 07th April 1986

Nationality : Nepalese

Language Known : English, Nepali, Maithili, Bhojpuri, Hindi

Strengths : Will to win, Discipline & Quick learner and Ability to work in a team

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References

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I hereby declare that all above information furnished by me is true to the best of my knowledge and belief.

DATE:

(Ramesh Kr Yadav)