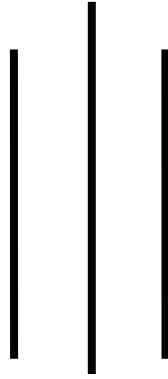


**ANALYSIS OF TOTAL DEPOSIT AND ITS
MARKETING SERVICE
(A Case Study of Everest Bank)**



**By:
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**A Thesis Submitted To
Office of the Dean
Faculty of Management
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**Biratnagar, Nepal
2013**



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RECOMMENDATION

This is to certify that the thesis

Submitted by
PRAVA SHRESTHA

Entitled
ANALYSIS OF TOTAL DEPOSIT AND ITS MARKETING
SERVICE
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Has Been Prepared as approved by this department in the prescribed format of faculty of Management. This thesis is forwarded for examination.

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VIVA VOICE SHEET

We have conducted the viva-voice examination of the thesis presented by
PRAVA SHRESTHA

**ANALYSIS OF TOTAL DEPOSIT AND ITS
MARKETING SERVICE
(A Case Study of Everest Bank Ltd.)**

*And found the thesis to be the original work of the student and
written according to the prescribed format. We recommend the
thesis to be accepted as partial fulfilment of the requirement for*

Master's In Business Studies (M.B.S)

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DECLARATION

I hereby declare that the work reported in this thesis entitled "**Analysis of total deposit and its marketing service of Everest Bank Ltd.**" Submitted to office of Dean, Faculty of management, Tribhuvan University, is my original work. It is done in the form of partial fulfilment of the requirement for the master's Degree in Business Studies (M.B.S.) under the supervision and guidance of Dr. Keshav Pd. Gadtaula.

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Abbreviation

1.	EBL	:	Everest Bank Limited
2.	PNB	:	Punjab National Bank
3.	ATM	:	Automated Teller Machine
4.	OBC	:	Outward Bills Collection
5.	IBC	:	Inward Bills Collection
6.	H/O	:	Head Office
7.	B/O	:	Branch Office
8.	O/C	:	Office Copy
9.	BOD	:	Board of Directors
10.	CFR	:	Credit Facility Report
11.	CIB	:	Credit Information Bureau
12.	CPPG	:	Credit Policy and Procedure Guide
13.	CRR	:	Cash Reserve Ratio
14.	FY	:	Fiscal Year
15.	L/C	:	Letter of Credit
16.	Mgmt	:	Management
17.	Mgr	:	Manager
18.	NRB	:	Nepal Rastra Bank
19.	NIBL	:	Nepal Investment Bank Limited
20.	NIC	:	Nepal Industrial and Commercial Bank
21.	NIDC	:	Nepal Industrial Development Corporation
22.	NPR	:	Nepalese Rupees
23.	NGO	:	Non Government Organization
24.	NTC	:	Nepal Telecommunication Corporation
25.	POS	:	Point of Sale
26.	RDM	:	Risk Description Mode

27. RM : Relationship Manager
28. WCC : Working Capital Cycle

Bank's Abbreviation:

1. NRB : Nepal Rastra Bank
2. ADB/N : Agricultural Development Bank/Nepal
3. RBB : Rastriya Banijya Bank
4. NBL : Nepal Bank Limited
5. SCB : Standard Chartered Bank Nepal Limited
6. NIBL : Nepal Investment Bank Limited
7. RDB : Rural development bank
8. HBL : Himalayan Bank Limited
9. SBI : Nepal SBI Bank Limited
10. NBB : Nepal Bangladesh Bank
11. BOK : Bank of Kathmandu
12. NCC : Nepal Credit and Commerce Bank
13. NIC : Nepal Industrial and Commercial Bank
14. SBL : Siddhartha Bank Limited
15. KBL : Kumari Bank Limited
16. LBL : Lumbini Bank Limited
17. MBL : Machhapuchchhre Bank Limited
18. DevCrB : Development Credit Bank
19. NCSIDB : Nepal C.S.I. Development Bank Limited
20. NDevB : Nepal Development Bank Limited
21. GDevB : Gorkha Development Bank

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The first recognizable banks developed in medieval Italy - the term 'bank' deriving from the merchant's market place bench which in Italian was called a 'banco'. The best known example of a medieval bank was the Medici bank, which was established by the powerful and wealthy Medici family of Florence in 1397. It had branches and representatives throughout Europe. Many Italian merchants from Lombardy came to London at this time to set up in business as money lenders and the banking centre of the City of London, where they settled, is still known as Lombard Street.

Later, the centre of European economic and financial power shifted northward from Italy to Amsterdam, London and Paris. Even so in 1601, when Queen Elizabeth I died, there were still no formal banks in Britain. During the second half of the seventeenth century, however, banking did begin to develop in London - a city that was not only the capital of England, but also a very important centre for trade and government.

Goldsmith Bankers

Child & Co's first printed banknote, issued in 1729. The first bankers were generally goldsmiths. Goldsmiths were craftsmen who made items from gold and silver. Many lent money to the royal family and during the Civil War began to take care of valuables deposited by the wealthy for safekeeping. Customers soon began to deposit cash too and could request its return or payment to a third party,

Any time. The bankers gave them a receipt as proof of deposit. These receipts eventually became known as banknotes. Similarly, the letters which customers wrote asking their

banker to give money to a third party later became known as cheques. These were the earliest kind of bank account and were called 'running cashes'. Goldsmith bankers also lent money on good security, a service for which they demanded interest. In 1677 there were 44 goldsmith bankers in London. Although there were also goldsmiths in Scotland's capital city, Edinburgh, at this time, their business did not develop into banks in the same way.

The very first banks were probably the religious temples of the ancient world. In them were stored gold in the form of easy-to-carry compressed plates. Their owners justly felt that temples were the safest places to store their gold as they were constantly attended, well built and were sacred, thus deterring would-be thieves. There are extant records of loans from the 18th Century BC in Babylon that were made by temple priests to merchants.

Ancient Greece holds further evidence of banking. Greek temples as well as private and civic entities conducted financial transactions such as loans, deposits, currency exchange, and validation of coinage. Interestingly, there is evidence too of credit, whereby in return for a payment from a client, a money Lender in one Greek port would write a credit note for the client who could "cash" the note in another city, saving the client the danger of carting coinage with him on his journey.

Ancient Rome perfected the administrative aspect of banking and saw greater regulation of financial institutions and financial practices. Charging interest on loans and paying interest on deposits became more highly developed and competitive. This information seems to have many assumptions and no factual proof. For exchange rates to exist much more than a simple temple with gold plates is required. Logically an organized system for the entire region (Europe) needs to exist in order to make sure nobody cheats.

What Is Bank?

Banks are among the most important financial institutions in the economy and essential business in thousands of local towns and cities. In this context, there is much confusion about exactly what a bank is. Different people give different view on this question. But in common words, we can say Bank is an institution that deals with money by accepting deposits, providing loan and rendering other financial services. Certainly, banks must be identified by the functions (services and roles) they perform in the economy. It is a major financial institution all around the world. Bank is an establishment to individuals such advances of money, as may be required and safely made, and to which individuals entrust money when not required by them for use.

So, we can say that a bank is a financial institution which collects the deposit from general people and also gives loan to public. In another words, a bank must performs two essential functions, ie acceptance of deposit and lending or investment of such deposits to maximize profit. There is diversity in the concept given by many professors about bank. Bank is briefly defined as institutional in the law also. So, for the more reference about Bank, the below definition given by some professors can be the useful points....

“A bank is an institution whose principal operations are concerned with the accumulation of the temporarily idle money of the general public for the purpose of advancing to other for expenditure.” – By Prof. Kent.

Similarly the Pro. R.S. Sayers says “A bank is an institution whose debts are widely accepted in settlement of other people’s debts.”

In these days, bank is a compulsory component of an economy. Banking condition is improving, so the economic condition is also improved. Bank is like a mirror of economy.

Nowadays, bank offers different services like saving and checking accounts, saving premium account, mortgages, personal loans, debit cards, credit cards, ATM card, LC, pay on telephone bills, telebanking, Visa card, remittance of money from one place to another, creation of money etc.

In Nepal, the economic liberalization of government has encouraged the private sector to invest in various fields like provision of credit to the neglected sections of the society, finance to small industries etc. to support in overall economic growth of the country.

The study of customer's behavior at deposit on Everest bank ltd. will try to find out the various deposit schemes that suits the requirement of customer, their need for saving patterns with higher yields.

An Introduction To Commercial Bank

The Commercial Banks are those banks that pool together the savings of the community and arrange for their productive use. They supply the financial needs of modern business by various means. They accept deposits from the public on the condition that they are repayable on demand or on short notice.

Commercial banks are restricted to invest their funds in corporate securities. Their business is confined to financing the short term need of trade and industries such as working capital financing. These banks are profit seeking organization. So, the main objective of the bank is profit maximization. They grant loans in the form of cash credits and overdrafts. Apart from financing, they also render services like collection of bills and cheques, safe keeping of valuables, financial advising, etc to their customers.

"Commercial Bank is the corporation which accepts demand deposits subjects to check and makes short term loan to business enterprises regardless of the scope of its other sources."-----American Institute of Banking

"A Commercial bank means a bank which deals in exchange currency, accepting deposits, giving loans and doing commercial transaction-----As per Commercial bank act 2031.

From the classification of banks, commercial banks are authorized to receive deposits from the public and transfer it to the economic upliftment of the country by offering loans and advances to the needed people. They also operate off balance sheet functions such as issuing guarantees, bonds, letter of credit etc

History Of Banking In Nepal

Banking, perhaps the most important component of the financial system, plays a pivotal role in the economy of any country. Banking provides raw materials for the promotion of the financial system and, through it, the economy of a country.

In Nepalese banking context, Nepal Bank Limited is the first commercial bank, which was established in 1994 B.S. Later NRB, the central bank was established in 2013 B.S. with objectives for providing the policy decision, guidance and control the banking & to monitor this sector. After that RBB, which is fully Government owned commercial bank, was established in 2022 B.S.

The practice of banking emerged in Nepal 70 years ago with the establishment of Nepal Bank Limited in 1994 BS. In its 70 years' banking history, the country has made much headway in the banking sector. There is now a wide-ranging network of financial institutions scattered across the length and breadth of the country. The financial system of the country now consists of the central bank, commercial banks, development banks, finance companies and cooperatives engaged in limited banking transactions.

Since the mid-1980s, private and joint-venture banks have stepped into the banking sector of the country. The number of such banks has snowballed, especially since the 1990s, when the waves of economic liberalization and open-market economy spread across the world. Nepal Bank Limited and Rastriya Banijya Bank have a wide network of branches and so have penetrated the rural areas as well.

Today there are all together 32 commercial banks that are operating in Nepalese Financial market, Agricultural Development Bank (ADB) being the last one. Among them three banks are Government Controlled, Eight are private sector banks and Seven are Joint Venture with foreign banks.

The growth of JVB's increased dramatically after restoration of a democracy when the government adopted liberal & market oriented policy. As a result, several commercial banks established in joint venture between Nepalese & foreign promoters.

NABIL (earlier known as Nepal Arab Bank Limited) was the first Joint Venture Bank, which was established with the Joint venture of Arab emirates in 1984 with a paid up equity of Rs.30 million. In 1986, Nepal Grind lays Bank Limited (now, Standard Chartered Bank Nepal Limited) entered in Nepalese Financial market as Joint Venture with world's renowned bank ANZ Grind lays (now, with Standard Chartered Bank), Himalayan Bank Limited (HBL) started its operation from 1993 as a Joint Venture with Habib Bank Ltd., Pakistan. In 1993, Nepal SBI Bank Limited a Joint Venture between Employees Provident Fund and State Bank of India started its operation with initial paid up capital of Rs.119.95 Million. Similarly, in 2051(October 1994), Everest Bank Limited (EBL) started their operation as a Joint Venture with United Bank of India, Calcutta and respectively. Later on in 1997, EBL changed its Joint Venture with Punjab National Bank (PNB), India, and PNB holds 20% equity stake in the bank. Nepal Bangladesh Bank Limited started their operation in technical collaboration with I.F.I.C. Bank Ltd, Bangladesh in 2050 (1993).The composition of equity capital of the bank is IFIC,General

public, Nepalese promoters are 50%, 30% & 20% respectively. The bank has 17 branches in various part of the kingdom.

Its head office is located in New Baneshwor, Kathmandu. Moreover, Bank of Kathmandu started its operation as a Joint Venture with Syam Bank of Thailand in 2051 B.S.(1994).It started its operation from 2051/11/08.In the past the 30% share of the bank was held by Syam commercial bank, Thailand. But now Nepalese promoters hold it. The bank has 9 branches within the country. It's head office is located in Kathmandu. In the Similarly, Laxmi Bank Limited started its operation from April 2002 as a regional bank with headoffice in Birgunj as a Joint Venture with Hatton National Bank of Sri Lanka. Siddhartha Bank Limited is the last commercial bank to start its operation from December 2002, with issued capital of Rs.500 Million. Establishment of private Joint Venture banks is continuing in response to the economic liberalization policies of the government of Nepal.

An Overview of Nepalese Banking Industry

Nepalese banking industry has changed significantly over the past few decades as a result of liberalization, deregulation, advancement in information technology and globalization. The financial sector liberalization resulted into entry of new banks in the market; deregulation widened the scope of activities and delimited the banking activities; advancement in technology resulted into new ways and tools to perform banking activities; and globalization added more pressure on competitiveness of individual banks.

Moreover, the banks, nowadays, are entering into non-banking markets and other financial institutions are entering into the banking markets that have traditionally been served by the banks. These factors have changed the structure and market behavior of Nepalese banking industry. From theoretical perspective, neoclassical organizational economic theories state that the structure of industry affects conducts (pricing behaviors) of firms and conducts, in turn affect the performance. The structure of industry is more

subject to number of competing firms within an industry, nature of products and services they are providing, barriers to entry and exit and the likes.

The structure-conduct-performance (SCP) hypothesis states that concentration encourages collusive behavior of firms by reducing the cost of collusion. Hence high concentration may impair the competition. In contrast to the SCP hypothesis, the efficient structure hypothesis states the market behavior of firm largely depends on the efficiency of the firm. The efficient firm may have some competitive advantages hence it can increase its market share and realize better performance. From market contestability perspective, the theories further state that, a number of factors such as restrictions on entry, cost of exit, competition from non-banking financial institutions, development of capital markets, play an important role in determining the level of market competition. The collusive behavior may exist and thrive even in the presence of a large number of banks when the market is less contestable.

In literature, there are two empirical approaches to examine the market structure and competition. From structural approach, bank concentration measures such as number of banks, market share of banks etc. are used to explain the market behavior (Bain, 1951). From non- structural approach, different frameworks are developed to assess the market behavior and competition. The main non-structural models are Iwata model (Iwata, 1974), Bresnahan and Lau model (Bresnahan, 1982; Lau, 1982) and Panzar and Rosse model (Rosse and Panzer, 1977; Panzar and Rosse, 1987). The basic premise of non-structural approach is that the firms within an industry behave differently depending on the market structure in which they operate (Baumol, 1982). With this background, this paper aims at examining the evolution of market structure, particularly market competition in Nepalese banking industry using both structural and non-structural measures. The rest of the paper is organized as follows. The section two

provides a brief overview of Nepalese banking industry. Section three briefly reviews some empirical studies on Market competition that used PR model; section four describes the empirical methodology; section five present sand analyzes the empirical results and finally section six concludes the paper.

Nepal has a short history of the modern banking practices that starts from the establishment of Nepal Bank Limited as a first commercial bank in 1937. The establishment of Nepal Rastra Bank in 1956 as a central bank gave new dimension to Nepalese financial system. Nepal adopted financial sector liberalization process during 1980s. As a result, many joint-venture and private banks entered into the market. By the end of mid-July 2009, 26 commercial banks were in operation in Nepal. Of the 26 commercial banks, 3 were state-owned and 23 were privately owned (17 domestic and 6 foreign joint-ventures). The group share of state, private and foreign owned commercial banks in total assets of the banking sector indicates decrease in the dominance of large state-owned banks as a consequence of financial sector liberalization and reformation (Nepal Rastra Bank, 2009). The relatively high value for the ratio of total banking sector assets to real GDP signifies the importance of banking system in Nepalese economy.

Banks are the major lenders to private sectors because Nepalese capital market is at the initial state of development and bank financing is important source of financing for firms (Nepal Rastra Bank, 2009). In contrast, the lending is very nominal to government sectors because government sector receives budget, loan or credit from government or other government owned financial institutions like Employment Provident Fund, Nepal Industrial Development Corporation, etc. The cumulative lending to private and government institutions is lower than deposits to GDP ratios, so reflects comparatively low level of credit to the household and firms. The low level of branch network/extension reflects lack of wider access to banking and higher geographic concentration of banks. Most of the banks' head office is located in Kathmandu and their branches are clustered around major cities of the country. Some earlier studies are confined to US and Canadian

markets, however latter studies are focused on other economies including EU and developing economies. Shaffer (1982), perhaps first to report the results on banking competition by using the Panzer-Ross model. By using the sample banks from New York for the period of 1979-1980, the authors observed competitive bank market despite the banks in New York City had exercised some market power.

In Canadian context, Nathan and Neave (1989) used the PR model to test for competitiveness in the banking, trust, and mortgage industries over three years period from 1982 to 1984. For the banking industry for each of those years, the hypothesis of pure collusion was rejected. Bank revenues behaved as if earned under monopolistic competition for each of the years and perfect competition could not be ruled out for 1982. Tests for the trust and mortgage industries also rejected pure collusion. Similarly, Shaffer (1993) used data from 1965 to 1989 to test Canadian banking market contestability using the BL model.

The results indicated that the banking behavior was consistent with perfect competition over this period. In contrast, the lending is very nominal to government sectors because government sector receives budget, loan or credit from government or other government owned financial institutions like Employment Provident Fund, Nepal Industrial Development Corporation, etc. The cumulative lending to private and government institutions is lower than deposits to GDP ratios, so reflects comparatively low level of credit to the household and firms. The low level of branch network/extension reflects lack of wider access to banking and higher geographic concentration of banks.

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1.2 List Of Commercial Banks With Their Head Office:

Bank Name	Operation Date(A.D.)	Head Office
1. Nepal Bank Limited	11/15/1937	Dharmapath, Kathmandu
2. Rastriya Banijya Bank	1/23/1966	Singhdarbarplaza, Kath.
3. Agricultural Development Bank	10/19/1968	Maitighar ,Kathmandu
4. NABIL Bank Limited	7/16/1984	Kamaladi, Kathmandu
5. Nepal Investment Bank Limited	2/27/1986	DurbarMarg, Kathmandu
6. Standard Chartered Bank Nepal Ltd.	1/30/1987	Naya Baneshwor, Kath.
7. Himalayan Bank Limited	1/18/1993	Thamel, Kathmandu
8. Nepal SBI Bank Limited	7/7/1993	Hattisar, Kathmandu
9. Nepal Bangladesh Bank Limited	6/5/1993	Naya Baneshwor, Kath.
10. Everest Bank Limited	10/18/1994	Lazimpat, Kathmandu
11. Bank of Kathmandu Limited	3/12/1995	Kamaladi, Kathmandu
12. Nepal Credit and Commerce Bank	10/14/1996	Siddharthanagar,

Ltd		Rupandehi
13. Lumbini Bank Limited	7/17/1998	Narayangadh, Chitawan
14. Nepal Industrial & Commercial Bank Ltd	7/21/1998	Biaratnagar, Morang
15. Machhapuchhre Bank Limited	10/3/2000	Prithvi chowk, Pokhara
16. Kumari Bank Limited	4/3/2001	Putalisadak, Kathmandu
17. Laxmi Bank Limited	4/3/2002	Adarshanagar, Birgunj
18. Siddhartha Bank Limited	12/24/2002	Kamaladi, Kathmandu
19. Global Bank Limited	1/2/2007	Birgung, Parsha
20. Citizen Bank International Limited	4/20/2007	Kamaladi, Kathmandu
21. Prime Commercial Bank Limited	9/24/2007	Naya Sadak, Kathmandu
22. NIC Asia Bank Limited	7/21/1998	Biratnagar, Morang
23. Sunrise Bank Limited	10/12/2007	Gairidhara, Kathmandu
24. Grand Bank Nepal Limited	5/25/2008	Kamaladi, Kathmandu
25. NMB Bank Limited	6/2/2008	Babarmahal, Kathmandu
26. Kist Bank Limited	5/7/2009	Anam Nagar, Kathmandu
27. Janata Bank Limited	4/5/2010	Naya Baneshwor, Kathmandu
28. Commerce and Trust Bank Nepal Limited	7/23/2010	Kamaladi, Kathmandu
29. Mega Bank Limited	9/20/2010	Kantipath, Kathmandu
30. Civil Bank Limited	11/26/2010	Kamaladi, Kathmandu
31. Century Commercial Bank Limited	3/10/2011	Putalisadak, Kathmandu
32. Sanima Bank Limited	2/15/2012	Nagpokhari, Kathmandu

Source: www.rbs.co

Joint Venture

It is an agreement between two parties regarding operations, management and ownership. Joint Venture invites foreign technology and capital in other countries such two parties may be from various countries or within a country.

Joint Venture is emerging and ever developing in Nepal, especially in banking and insurance sector. In banking Parent company, foreign country come to Nepal, invest in Nepal with the involvement of Nepalese companies including general public. Everest Bank Ltd, Nabil bank Himalayan bank etc uses the Joint Venture.

Statement Of The Problems:

Banks are among the most important financial institutions in the economy and essential business in thousands of local towns and cities. In this context, there is much confusion about exactly what a bank is .Different people give different view on this question. But in common words, we can say Bank is an institution that deals with money by accepting deposits, providing loan and rendering other financial services. Certainly, banks must be identified by the functions (services and roles) they perform in the economy. It is a major financial institution all around the world. Bank is an establishment to individuals such advances of money, as may be required and safely made, and to which individuals entrust money when not required by them for use.

The major function of the banks is to collect the money that is left ideal with the public & to scatter the collected money again as loans with certain interest rates. The banks accept the huge amount of money in different deposits accounts with interest depending on banks rules & other norms.

Public always wants security and healthy returns against their hard money that is deposited in banks under several kinds of deposit accounts. As a depositor, public always seeks higher interest rates. Also, in competitive banking environment, it is tough enough to know the better about banks to deposit the money. For banks, they always need to be ready to serve the public with healthy interest rates that depositors can build up the faith

upon the banks. Nowadays, with the help of modern technology & knowledge, the people has become more conscious and attentive in choosing the banks to deposits their hard money .They can easily have a knowledge and proper information about every banks within some minutes with the help of different websites. So in this endeavor, there are many problems as well challenges for banks to maintain their life with serving the people with different facilities and higher interest rates. Even in some extent the people are not satisfied with their banks & being manipulated by the banks on the name of interest rates & other facilities.

The main bases for any banks are depositors, they are the source of revenue as customers for banking institution and ultimately they are the backbone of the economic development of the country as well for the banking sectors. The emerging banks or the trend of opening banks in multiple ways has become the one of the major problems for the depositors to select the right bank to deposits the money .Also the numbers of new opening banks is not reached to meet the preferred interest retes, security as well facilities which the depositors are searching for. Similarly, not all the banks has effective programme for the depositors' knowledge that could provide information required to make deposit or invest decision that can accelerate the total deposit of the banks. In results, the people are preferred to invest on other sectors like: land, housing and others despite of depositing in banks. Due to which the huge amount of capital is invested in other sectors rather than in banks.

In this context, this study regarding the analysis of total deposits tries to access & examine the deposits with its different types in commercial banks of Nepal. This study deals with the Deposits of Everest Bank Limited and different scheme & its marketing services provided to its customers or depositors.

1.3 Focus Of The Study

Deposits are the most important item on the liabilities side of a bank's balance sheet for many reasons. First, they account for the major portion of funds raised by a bank. Secondly, the capacity of a bank to earn profits depends on the volume of deposits. The higher the volume of deposits, the greater will be amount of profits. Thirdly, the efficiency of a bank is judged by its ability to attract deposits. As Deposits are so important to a bank, every bank strives hard to raise as much deposits as possible.

The focus of the study is to know the better knowledge of the banking deposits, types of deposits, procedures and requirement of opening and closing deposit. This study is mainly focused about the deposits & marketing service provided by the commercial bank namely Everest Bank Limited.

1.4 Objective of the study

The basis of objective of the study is to make analysis of the various deposit scheme and interest rate that suits the customer needs and requirements.

- a) To analyze the deposit services being offered by the Everest Bank Ltd.
- b) To identify the factors and assessing their impact on the volume of deposit.
- c) To study what percentage or number of people are conscious in bank facilities.
- d) To study the trend analysis in bank deposit.
- e) To study the impact of bank in mixed economy.
- f) To make suggestions for the improvement of bank performance on deposit.
- g) The analysis period of research covers only five years ,i.e. fiscal years 2008/09 to 2012/13.

1.5 Significance of the study

Everest Bank Ltd has been providing its service to its valuable customers since the date of its commencement. There are various importance of studies like;

- a) To gain first hand and actual knowledge about the working style of the organization or in other words to give practical knowledge about total deposit and marketing service of the commercial bank like Everest bank limited.
- b) To gain knowledge about position of total deposit, several deposit schemes, deposit procedure and services provided by the Everest bank limited.
- c) To have a knowledge about administrative and managerial functions.
- d) To have practical knowledge about the management and planning strategies.
- e) To analyze the total deposit of the bank that is effected by the deposit behavior of the depositors.
- f) To provide all real picture of selected commercial bank,i.e,EBL,about total deposit position and provided service of five financial year for current and potential depositors to take proper deposit decision.
- g) Similarly ,this piece of task may be the guideline for future research and concerned persons.

1.6 Limitation Of The Study

- a) This report is held within the following Limitations and constraints, they are:
- b) Time limitation i.e. the study is carried out in on five Fiscal Years.
- c) The study is limited only in the financial performance Everest Bank Limited.
- d) Due to the shortage of the time volume and budget, new method may not be developed
- e) Report is based on the data of five years financial years(2008/09 to 2012/13) of Everest Bank Limited.
- f) Certain period's data (5yrs.) has been taken for the analysis; result is based on this data.
- g) Because of the bank's secrecy they don't provide adequate information. Due to
- h) availability of Limited information this study will not cover every part of the
- i) performance aspects.

1.7 Organization of the study

This study on analysis of total deposit and marketing service of Everest bank ltd has been broadly divided into five different chapters, which are as follows:

Chapter One- Introduction

The first chapter deals with introduction ,background of the study, statements of the problems, objective of the study, significance of the study, limitation of the study etc

Chapter Two- Review of Literature

The second chapter consist of the review of related literature and available studies written and prepared by different expert and researchers in the field of total deposit.

Chapter Three – Research Methodology

The third chapter presents the methodology used in this study. It deals with research design, source of data, data gathering procedures, population and samples and data processing procedure.

Chapter Four – Presentation & Analysis of Data

The fourth chapter fulfills the objectives of the study by presenting the data and analyzing them with the help of various financial and statistical tools followed by methodology. At the last part of this chapter, an explanation and the major finding of the whole study have been presented.

Chapter Five – Summery, conclusion and Recommendation

The fifth chapter summarized the whole study. Moreover, it draws the conclusion and forwards the recommendation for the improvement of total deposits management of the Everest Bank Limited.

At the end, an appendix has been included according to the test of relationship in between various variables of total deposits and a bibliography a card has been included according to the literatures are reviewed.

CHAPTER-2

REVIEW OF LITERATURE

2.1 Conceptual Review

Deposits represent the amounts accepted by a bank from the depositors. So, they are the Liabilities of the bank to its depositors.

Deposits are the most important item on the liabilities side of a bank's balance sheet for many reasons. First, they account for the major portion of funds raised by a bank. Secondly, they capacity of a bank to earn profits depends on the volume of deposits. The higher the volume of deposits, the greater will be amount of profits. Thirdly, the efficiency of a bank is judged by its ability to attract deposits. As Deposits are so important to a bank, every bank strives hard to raise as much deposits as possible.

Deposit is the main constitute of the bank. It is the main part of the banking system .Deposit is used in different sector i.e. loan, investment in share market & also deposit shows the financial position. There has been an increase in the deposits of the commercial banks in recent years. The increase in the deposits of the commercial banks is due to the spread of banking habit among the people, vigorous branch expansion by the banks, higher rates of interest offered on bank deposits, increased outlay in the public and private sectors of our economy, etc

There has been a remarkable expansion of bank deposits in the Everest bank LTD. in the recent years. The bank deposits have increased from 6,695.00 mil in 2003 to 18,186.2 mil by July 16, 2007. This tremendous increase in the bank deposits is due to the development of banking habit among the people, remarkable branch expansion programme, and sustained publicity by the bank, increased supply of currency notes etc.

2.2 Banking Deposit Situation And Their Impact

Bank play very important role in economic development. The growth rate of economy largely depends on the rate of investment which, in fact depends on the level of saving. Higher saving leads to higher level of capital formation which is crucial for economic growth and development. The primary function of commercial banks is to accept deposit and provide loans. Thus, the commercial banks play major role in mobilizing saving for capital formation. Now days in Nepal commercial bank are in competition and they are launching different offer to their customer. So it's play important role in Nepal. The role of commercial banks in development is explained below:

a) Saving Promotion and Saving Mobilization

As mentioned above, the commercial banks accept deposits and provide loans of various types. The banks pay interest to the depositors against their deposits. The rate of interest to the depositors against their deposits. The rate of interest and amount of saving are directly related. This means higher the rate of interest higher will be the level of saving. Thus, banks can promote saving by offering higher interest rate to the depositors. This action of banks helps promote saving which can be utilized for investment in various of economy.

The commercial banks collect fragmented saving from the various groups of depositors and utilize them for investment. These scattered savings would not have been utilized for productive investment without banks. The individual savers deposit their money in the banks that allocate them for competing borrowers in the form of loans or directly invest in the productive sectors of the economy. Thus, banks play very import role in promoting as well as mobilizing saving.

b) Allocation of Funds

The banks help to allocate funds for optimum utilization of financial resources in the economy. As the banks use their financial experts to judge the returns or productivity from the funds they lend out, this helps in maximization of returns from the scarce financial resources. The banks collect funds from the surplus units and channel them to the deficit units of the economy. The banks serve as the bridge to eliminate the gap between demand for and supply of funds. For achieving desired profits and avoiding the risk of incurring losses, the banks try to allocate the funds so as to maximize the expected return. Thus, banks play important role in resource allocation which is an important for economic development.

c) Promotion of Trade, Industry and Employment

The banks facilitate the trade and industry by providing long as well as short-term loans and supplying various kinds of banking services and products such as L/C operations, foreign exchange facilities, payments, settlement etc. The banks not only accept deposits and provide loans but also create credit while extending loans. In the modern banking, most of the transactions are done through banks. Banks serve as the major agent of international trade while making imports or exports of goods and services. Similarly, the banks help to promote industries by providing financial resources needed for capital investment and monitoring investment projects so as to minimize the risk. The banks also make direct investment in the productive industries by accumulating scattered and idle resources in the form of deposits. This helps to create more employment in the economy. These all actions of banks help to promote domestic as well as international trade and industry which are essential for economic development.

d) Transfer of Money

In the modern globalized world, citizens of a country are not limited to work within their own territory. They move from one country to another in search of better employment opportunities. While working abroad they send their earnings to the family members or

relatives in their own countries through banks. Thus, banks help to transfer remittance which is one of the main sources of income for the developing countries like Nepal. Transferring remittance through banking channel not only increases recipients and banks income and country's foreign currency reserve but also helps to construct macroeconomic indicators based on the real statistical records from banks through which remittances are transferred. The increasing volume of remittance has become one of the major sources of investments for economic development in underdeveloped countries.

2.3 Marketing Activities And Techniques For Deposit Collection:

2.3.1 Generic Strategy Of Nepalese Commercial Banks:

The generic strategy of Nepalese commercial banks has been divided for two main areas of business: deposit and lending. The different branches of the same commercial banks at the different geographical location are adapting different strategy. Around fifty two percent branches of commercial banks are Concentrating on differentiation strategy and 47.4 percent are following focus strategy to attract the depositors. In case of lending, majority of branches (52.6 percent) of such banks are adapting differentiation strategy followed by focus (42.1 percent) and cost leadership (5.3 percent).

2.3.2 Services Offered By Nepalese Commercial Banks:

Nepalese commercial banks have been offering number of services to their customers. The services are ranging from 3 to more than 25. The majority of such branches of commercial banks (42.3 percent) are offering more than 21 products. Similarly, 15.4 percent and 30.8 percent of such braches of commercial banks are offering 16-20 and 5-10 services respectively. Only few (11.5 percent) are offering 1-5 services to their customers. In order to compete in highly competitive environment, these banks are continuously introducing new services through their branches established at different places in the country. Majority (76.9 percent) of such commercial banks are introducing

3-4 services every year, and only 11.5 percent of such branches of the commercial banks are offering 5-6 and 6-7 services every year.

2.3.3 Marketing Of New Services:

Twenty-three percent branches of the commercial banks of Nepal promote their products/service very aggressively. Similarly, 30.8 percent and 46.2 percent branches promote/advertise their new services aggressively and normally respectively.

The majority of the commercial banks branches are concentrating in maintaining (retaining) customers and only 28 percent of such branches are competing for customer acquisition.

2.3.4 Target Setting Practice:

All the commercial banks of Nepal set target for their branches for the purpose of planning and controlling the activities. In majority (96.2 percent) of the branches the target is fixed in terms of number of clients, amount of deposit, and the amount of lending. Only in few (3.8 percent) branches the target is fixed in other terms. Concerning to individual level, 83.3% employees responded their banks set target for them and only 16.7% responded they don't get any target for their performance. Out of the individuals who think their bank set target for them, 95.4% feel the target is clearly communicated to them and only 4.6% feel that the target is not clearly communicated to them.

2.3.5 Performance Measurement:

All commercial banks compare actual performance with predetermined target of their branches frequently. Coming to the individual level, 65.4 percent respondents feel their actual performance is compared with predetermined target and remaining do not know whether their actual performance is compared with standard or not. The managers of different commercial banks still desire to evaluate the performance of

their banks and branches on the basis of net profit margin (Table 1). After net profit margin they tend to support ROE, ROI, EVA and others (including the degree of NPA) respectively.

2.3.6 Cooperation And Communication:

Majority of the employees (96.2 percent) working in Nepalese commercial banks feel they get complete cooperation from their coworkers. It indicates the working environment is very conducive in Nepalese commercial banks to discharge better performance. The majority of Nepalese commercial banks are organizing some sort of recreational activities for their employees. Those who responded that their bank organize recreational activities, 71 percent says they talk about the official job during the time with the executive/boss other than their immediate supervisor. It indicates employees use informal organization/time to communicate the official matter with their seniors.

2.3.7 Conclusion

The Nepalese commercial banking sector is very competitive. The commercial banks are competing mainly in service in order to put in competitive position, majority of the branches of commercial banks have been adapting differentiation strategy. The response shows that different branches of the similar bank have adapted different strategy and few of the banks have followed more than one strategy at the same time.

Majority of commercial banks are offering more than 21 services to their customers through different branches established at different geographical location. Most of the commercial banks (76.9 percent) are introducing 3-4 services in a year. When new services are offered 53.8 percent of them promote aggressively. The priority of the

majority of Nepalese commercial banks is to retain customers whereas 28 percent of them are concentrating on customer acquisition.

All the commercial banks are applying the concept of management control system by setting target for their branch and at individual and comparing it with actual performance. The target for a branch is fixed in terms of number of clients, amount of deposit and lending. Target is also fixed for the majority of the individuals. Around eighty-three percent

2.3.8 Application Of Management Control System In Nepalese Commercial Banks

Employees responded that they get target for their performance and it is clearly communicated to them. The target of branches and individual level is frequently monitored. The manager of the different branches of the different commercial banks desire to evaluate the performance of the branch on the basis of traditional tools like NIM, ROE, and ROI. Regarding individual level, 65.4 percent employees, of those commercial banks think that their performance compared with predetermined standard. Around eighteen percent employees do not know whether their performance is evaluated or not, and 3.8 percent responded feel their performance is not compared with the standard. According to employees' response, their financial and non financial benefit is based on performance followed by education and training and experience respectively. But the yearly bonus is based on the percentage of salary they are getting. 53.8 percent employees responded that they are paid higher for higher performance, compared to predetermined standard. All the managers of different branches of different commercial banks encourage employees to participate in decision-making process. But, according to employees, it is not clearly communicated to them. Commercial banks of Nepal are encouraging employees to upgrade their knowledge and skill as the benefit is based on educational qualification and training after performance, they provide paid leave to participate in training and for further education.

The working environment in Nepalese commercial banks is very congenial as the majority of the respondents (75 percent) felt that they get very much cooperation from their coworkers. The existence of informal organization and informal communication system are there in some of the commercial banks. However, the future research needs to examine the relationship between management control system and effectiveness of the commercial banks of Nepal.

2.4 Deposit Mobilization Of Bank:

Capital formation is one of the important factors leads to increase in the size of national output income and employment, solving the problem of inflation and balance of payment and foreign debts. Domestic capital formation helps in making a country self sustainable. According to classical economist, one of the main factors which helped capital formation was the accumulation of capital. Profit made by the business community constituted the major part of savings the community and the saved has assumed to be invested. They thought capital formation indeed plays a deceive role in determining the level and growth of national income and economic development. In the view of many economists, capital occupies the central and strategies position in the process of economic development in an underdeveloped economy lies in a rapid expansion of the rate of its capital investment so that it attains a rate of growth of output which exceeds the rate of growth of population by the significant margin. Only with such rate of capital investment will the living standard begin to improve in developing country. In developing countries, the rate of saving is quite low and existing institutions are half successful in mobilizing such savings as most people have incomes so low that vertically all current income must be spent in maintain a subsistence level of consumption.

Investment is an essence of the national economy. Banking system is the integral part of investment system in productive sector. It involves the sacrifice of current rupees for future rupees. It is concerned with the allocation of present fund for later reward, which is uncertain. When people deposit money in a saving account in bank for example; the bank must invest the money in new factories and equipments to increase their production. In

addition borrowing from the banks most issues stocks and bonds that they sell to investors to raise capital needed for business expansion Deposit mobilization of banks and financial institutions has slowed down. Deposit mobilization of banks and financial institutions increased by 8.4 per cent (Rs 85.44 billion) in the nine months of the current fiscal year 2012-13, against an increase of 13.5 per cent (Rs 110.73 billion) in the same period of last fiscal year, according to the central bank.

The deposit mobilization of commercial banks, development banks and finance companies increased by 7.5 per cent, 10.9 per cent and 7.3 per cent, respectively, as compared to 15.8 per cent, 10.8 per cent and 1.6 per cent, respectively, in the same period of last fiscal year, adding that deposit mobilization of banks and financial institutions has increased by 17.5 per cent (Rs 163.30 billion) on a year-on-year basis amounting to Rs 1097.26 billion as of mid-April. The deposits mobilization of commercial banks in the first four months of 2009/10 increased by Rs.19.8 billion (3.6 percent) amounting to Rs.569.7 billion.

The total deposits had increased by Rs.27.2 billion (6.5 percent) in the corresponding period of the previous year. Similarly, credit to the private sector expanded by 10.1 percent (Rs.41.0 billion) in the review period compared to an increase of 9.2 Percent (Rs.30.2 billion) in the corresponding period of the previous year, the NRB report said.

Of the private sector credit, credit to the production sector witnessed a lower rate of growth in the review period. The credit to that sector increased by 4.1 percent (Rs.3.6 billion) in the review period compared to a growth of 8.3 percent (Rs.6.3 billion) in the same period of the previous year.

In the review period, the credit to wholesale and retail business as well as finance, insurance and fixed assets increased by 14.9 percent (Rs.10.3 billion) and 21.8 percent (Rs.8.5 billion) respectively.

The credit to these sectors during the corresponding period in the previous year had increased by 4.1 percent (Rs.2.8 billion) and 6.9 percent (Rs.5.1 billion) respectively.

Likewise, the credit to the service sector registered a growth of 10.4 percent compared to a growth of 8.7 percent in the same period last year. Although the growth of the credit to real estate sector decelerated, the volume of such credit flow marginally increased in the review period than that in the same period of the previous year. The credit to such sector stood at Rs.5.5 billion in the first four months of 2009/10 compared to Rs.5.5 billion in the same period a year ago.

2.5 Liquidity Position Of Commercial Banks

The liquid assets of the commercial banks declined significantly in the review period. In the first four months of 2009/10, such assets declined by 10.6 percent to Rs.167.8 billion against a growth of 2.5 percent amounting to Rs.154.9 billion in the same period of the previous year.

Of the components of liquid assets, liquid fund declined by 19.5 percent in the review period. Similarly, balance held abroad by commercial banks declined by 9.9 percent to Rs.48.1 billion, while the investments on government securities increased by 3.9 percent in the review period.

The higher growth of loans and advances relative to deposit mobilization mainly attributed to the tightening of liquidity position of the banks.

In the review period, the loans and advances of the bank sincreased by 8.7 percent (Rs.45.0 billion). As a result, the credit deposit ratio increased to 85.8 percent as at mid November 2009 from 81.2 percent in mid-July 2009 while the liquidity deposit ratio declined to 29.5 percent from 34.1 percent in mid-July 2009.

2.6 Rural Financing Programs

Various rural & micro - financial activities and programs, which are being implemented through different types of financial institution, are briefly mentioned below.

(a) Priority Sector /Deprived Sector Credit

In the year 1974, the NRB introduced the concept of directed lending. Commercial banks were required to extend credit of at least 5 percent of their total deposit liabilities to the small sector comprising agriculture, cottage industry and services. The small sector program was redefined in 1976 and renamed as the priority sector-lending program. The ratio was then increased from 5 to 7 percent of the total deposits. In 1981, the lending ratio was set at 10 percent and the program started under the " Intensive Banking Program (IBP)". The program is based on the " Area Development Approach" and provides credit to all the beneficiaries within a specific geographical area on the merit of project viability and relies on the regular supervision of the credit projects. It also provides credit on group guarantee basis to the poor who cannot offer collateral.

The directed lending has been tied up with the total loans since 1984 and the commercial banks are directed to extend at least 8 percent of their total loans to the priority sector. In 1990, it was increased to 12 percent. Since 1991/92, the commercial banks have been directed to extend a certain percent of their total loans to the deprived sector.

The deprived sector-lending program was launched with the objective of uplifting the socio-economic status of poor deprived people of the society. A loan amount up to a limit of Rs. 30 thousand per borrower granted by the commercial banks for productive purpose qualifies for the deprived sector lending. As for such, commercial banks are required to lend a minimum of 0.25 to 3.0 percent of their total loans to the deprived sector. Failure to comply such provision causes them to be penalized in monetary terms.

The IBP program me has extended credit to more than 500 thousands borrowers out of which almost 300 thousands rural clients received the priority sector and deprived sector credits. The IBP has disbursed more than Rs.10 billion and out of the total amount almost Rs.4 billion has been disbursed to rural borrowers.

(b) Production Credit for Rural Women

Production Credit of Rural Women (PCRW) was introduced in 1982 by Women's Development Division (WDD) of the Ministry of Local Development, with financial support from UNICEF. The NRB has been mobilizing the funds through three participating banks namely Rastriya Banijya Bank, Nepal Bank Limited and Agricultural Development Bank. The basic objective of the program is to raise the socio economic status of rural women by providing access to institutional credit for employment and income generating activities. Since 1988, the program has been financed by IFAD.

The program has covered 67 districts and has disbursed loan amounting to Rs. 754.5 million to 81,000 clients by mid-July 1999. It has been implemented through 163 branch and sub-branches of commercial banks (IBP) and SFDP units of ADB/N.

(c) Rural Self Reliance Fund

Nepal Rastra Bank has been managing and administering the Rural Self Reliance Fund (RSRF) created by the His Majesty's Government of Nepal with a corpus fund of Rs. 10 million in 1991. The amount had been raised to 20 million in 1992. The fund has been set up for purpose of providing loan to NGOs and Saving and Credit Cooperatives (SACCOs) for lending to the rural poor. The main objective of the fund is to encourage NGOs and Sefl-help groups in rural areas for productive purpose and develop financial intermediation between the fund and local beneficiaries.

The RSRF provides credit to the SACCOs and NGOs on the basis of total regular savings/or share capital. The ceiling of credit to the SACCOs and NGOs is 10 times of

their total savings/ or share capital or a maximum of Rs.750 thousands, whichever is lower. The Fund provides a small loan of up to Rs. 30,000 per borrower. The interest charged to the credit is just 8 percent. It is noteworthy they will get back 75 percent of the interest in case of timely repayment of installment of their loans. The credit approved is disbursed for up to 3 years in installment basis. During the course of disbursement of the credit, the fund keenly observe whether the loan is properly utilized. It is after the confirmation, the concerned local financial institutions can get the remaining installment from the fund.

From the inception of the Fund to mid-July 2002, a total of Rs.52.4 million has extended to 7595 beneficiaries family through 129 SACCOs and 48 NGOs, spread over 42 districts of the country. During the period Rs.36.8 million has recovered and as a result the outstanding credit stood at Rs. 15.5 million. The recovery rate of the Fund is 92 percent.

(d) Micro Credit Project for Women

Micro Credit Project for Women (MCPW) was launched in 1994 with financial assistance from Asian Development Bank to supplement the PCRW program. The program is jointly implemented by Women's Development Division (WDD) of the Ministry of Local Development and Nepal Rastra Bank. BRB is responsible for credit component whereas WDD and NGOs are responsible for non-credit activities. The participating banks in the program are Nepal Bank Limited and Rastriya Banijya Bank. As of mid-July 1999, the service of this project has been extended to 15 districts of the kingdom. The 46 branches of the participating banks have disbursed loan amounting to Rs. 233.7 million to at least 17 thousand women.

(e) Banking with the Poor (BWTP)

Banking with the poor program was initiated by Austrian NGO named Foundation for Development Corporation (FDC) in 1991. The vision of the program consists access of credit to the rural poor on a sound commercial basis. RBB is executing the program through 31 branches to 18 districts of the country. The program is designed exclusively

for the rural poor women. Credit is disbursed to a member up to the limit of Rs. 30,000. The first credit size is Rs. 10,000 and then increased by Rs. 5,000 in every consecutive year. The Bank is charged 14 percent interest to its borrowers. As of mid-July 1999, this program has extended Rs. 80 million credit nearly 9000 poor families through NGOs and self help groups. The credit is given to poor women under the group guarantee basis in this program.

(f) Agricultural Development Bank (ADB/N)

Agricultural Development Bank (ADB/N) has been remaining the foremost financial institution for providing micro-financial services in Nepal. The ADB/N is one of the pioneering financial institutions in Asia which initiated the first group-based micro-credit program in 1975 which is known as Small Farmer Development Program (SFDP). Under SFDP, the ADB/N has availed credit to more than 200 thousand micro-borrowers out of which around 25 percent being the female borrowers. There are 357 SFDP sub-project offices (SPOs) covering 650 village development committees (VDCs) of Nepal. The ADB/N, through its SFDP offices, has participated in the IFAD-Funded Production Credit for Rural Women Project (PCRW Project). Beginning from FY 1993/94, the ADB /N has initiated another innovative approach of developing self-help organizations at grass-root level, i.e., Small Farmer Cooperative Limited (SFCL) with the technical assistance of GTZ. Under this approach, the ADB/N has banded over 85 SPOs of SFDP as SFCLs which is owned, managed and controlled by small farmers themselves. They play the role of financial intermediaries between the ADB/N and small farmers.

(g) Grameen Bank Financial System

The Grammen Bank Financial System was introduced in Nepal in 1992. Nirdhan, an NGO was the pioneering organization in this regard. Nepal Rastra Bank played an instrumental role in the establishment of rural development banks. There are altogether five rural development banks established on a regional basis. NRB holds about two third of the total shares of these banks. All these banks adopted the outreach model of

Grameen Bank, Bangladesh. It is worth mentioning that Nepal is the largest replicator of Grameen Banking Financial System outside Bangladesh. The main objective of all of these kinds of institution is to improve the socio-economic status of rural poor women by promoting the formation of self-help groups and facilitating their access to formal credit.

As of mid-July 2002, the bank has disbursed of Rs. 6812.4 million to the economic upliftment of 150 thousands poor rural women. The banks have extended the services in 42 districts of the country. Out of the total amount disbursed, Rs.5626.5 million has recovered and the total outstanding credit has remained at Rs. 1185.9 million. The credit recovery performance is outstanding with nearly 100 percent and they have proved that the poor are bankable and trustworthy. Nirdhan and Centre for Self Development (CSD), NGO, is also involving in this system since 1993 and 1994 respectively.

(h) Saving And Credit Co-operatives

Saving and Credit Co-operatives (SACCOs) are member owned, controlled and capitalized organizations. They provide financial services to their own members. As of mid -July 1999, there are 1,138 SACCOs registered with the Co-operative Department in Nepal, out of which 322 SACCOs are members of the National Federation of Saving and Credit Union of Nepal (NEFSCUN). There are altogether 64944 members in the SACCOs. Out of these, 27,507 are female members and the rest 37,447 are male members. The total share capital of these SACCOs is Rs. 45,686,657.

(i) Besides above, His Majesty's Government of Nepal has recently introduced some programs namely "Gareeb Sanga Bishweshwar" (Bishweshwar Among the Poor), " Mahila Jagritee" (Women Awakening) and "Ganeshman Singh Peace Campaign" aimed at facilitating the rural development and reducing poverty. In addition "Third Livestock Development Project", " Poverty Alleviation Programme for Pashim Tarai" & "

Community Groundwater Sector Irrigation Project" are in operation in an organizational framework of Nepal Rastra Bank.

A central level program execution committee and district level coordination and monitoring committee have been formed in 75 districts for implementation of Bishweshwar Among the Poor program. A manual for this program has been prepared and put into practice. ADB/N will carryout district level implementation of this program. Recruitment and training of social mobilizers for their placement in 205 election constituencies of the kingdom have been completed by the end of the fiscal year 2000/01.

Mahila Jagritee Program has been launched by forming Central Guidance Committee and District Co-ordination Committees in 75 districts to benefit 6540 rural deprived women of 940 village Development Committees (VDCs). A Mahila Jagritee and income Generation Guidelines (Manual) 1999, has been prepared and put in practice for the implementation of this program. Another Manual has also been prepared to carryout rehabilitation under the Ganeshman Singh Peace Campaign Program.

Deposit mobilization of banks and financial institutions (BFIs) increased by 5 per cent (Rs. 58.87 billion) in the four months of 2013/14 whereas such deposit mobilization had increased only by 2.9 per cent (Rs. 29.24 billion) in the corresponding period of the previous year. In the review period, deposit mobilization of commercial banks increased by 4.5 per cent, development banks by 9.5 per cent and finance companies by 6.9 per cent, a Current Macroeconomic Situation of Nepal published by Nepal Rastra Bank (NRB) .

The deposit mobilization of commercial banks had increased by 1.7 per cent, development banks by 5.1 per cent and finance companies by 3.4 per cent in the same period of the previous year.

Loans and advances of BFIs increased by 3.6 per cent (Rs. 41.08 billion) compared to a growth of 6.4 percent (Rs. 62.26 billion) in the corresponding period of the previous year. In the review period, loans and advances of commercial banks increased by 3 per cent, development banks by 8.1 percent and finance companies by 4.3 per cent.

Similarly, the credit to private sector from BFIs increased by 4.7 per cent to Rs. 44.40 billion in the review period. Credit to private sector from commercial banks increased by 4.6 per cent, development banks by 7.5 per cent and finance companies by 0.2 per cent during the review period. Of the total credit from BFIs, the credit to industrial production sector increased by

Rs. 10.45 billion during the review period

NRB injected net liquidity of Rs. 123.52 billion through the net purchase of USD 1.23 billion from foreign exchange market (commercial banks). Net liquidity of Rs. 63.33 billion was injected through the purchase of USD 730.65 million in the corresponding period of the previous year.

NRB purchased Indian currency (INR) equivalent to Rs. 105.34 billion through the sale of USD 1.06 billion in the Indian money market during the review period.

The excess liquidity of BFIs has been mopped up through the open market operation (OMO) during the review period whereas the NRB mopped up net liquidity of Rs. 35.0 billion through reverse repo auction and Rs. 8.50 billion through outright sale auction.

In the review period, inter-bank transactions of commercial banks stood at Rs. 57.48 billion and those of other financial institutions amounted to Rs. 43.95 billion. The weighted average Treasury bill rate and inter-bank transaction rate declined in November 2013 compared to the same period of the previous year.

The weighted average 91-day Treasury bill rate decreased to 0.03 per cent in November 2013 from 0.60 percent a year ago. The weighted average inter-bank transaction rate among commercial banks remained at 0.22 per cent in November 2013 compared to 0.45 per cent in November 2012.

2.7 Introduction Of Everest Bank Limited

Everest Bank Limited (EBL) was established in 1994, Joint Venture with United Bank of India, Calcutta and started its operations with its first branch at New Baneshwor Katmandu, with a view and objective of establishing a professional banking standards and extending efficient banking services to various segments of the society. Later on EBL joined hands with Punjab National Bank (PNB), India, and the largest public sector bank in India as its joint venture partner in 1997. EBL is reckoned as one of the fastest growing private banks of Nepal, serving its customers through a wide network of 48 branches across Nepal and more than 520 correspondents across the globe. All the branches of the bank are interconnected through Anywhere Branch Banking Systems (ABBS), a facility which enables its customers to do banking transactions from any of these branches irrespective of their having accounts in the other branch.

PNB is the latest nationalized bank in India having 110 years of banking history with more than 4500 offices all over India. Of which more than 1400 branches are interconnected. PNB has over more than 6,500 ATMs spread across India. As on 31/3/05, PNB had a total business of INR 163000 cores and posted a net profit of INR 1410 crores. Drawing its strength from its joint venture partner, EBL has been steadily growing in its size and operations and has established itself as a leading Private Sector Bank. EBL is ranked as No. 2 bank by NRB (Nepal Rastra Bank) as per CAELS.

Despite fragile law and order situation especially during last 3-4 years, the Bank has recorded spectacular performance. As per audited accounts of FY 2008/2009, the Bank's operating profit was Rs. 107.35 million registering a growth of 25.7 % over the previous

year. The Bank's credit recorded a growth of nearly 41.6 % over the last year reaching a figure of Rs 3332 crore. Similarly, the total deposits of the Bank posted a growth of 39% amounting to Rs 2446 crore over the preceding year.

This sustained growth of the Bank is attributable to its strong systems and procedures, professional approach, quality lending and highly motivated staff members. The Bank in association with Smart Choice Technology (SCT) is providing ATM services for its customers. EBL Debit Card can be accessed at more than 63 ATMs and over 500 Point of Sales across the nation and also accepted at more than 1000 ATM's under PNB across the INDIA. EBL Debit cards are accepted at all ATM's of SCT network. The bank has also managed the SCT ATM at Tribhuvan International Airport for the convenience of the customers and the travelers, the first and the only bank in Nepal to place ATM outlet at the Airport. Till now, EBL has 6 more ATM points in its branches, New Baneshwor, New Road, Lazimpat, Pulchowk, Balaju and Apex College at old Baneshwor and so on. The service would shortly be available at any SCT Network ATM in Nepal and ATM of more Indian banks other than PNB in India. Its advantages are as follows:-

- a) EBL customers having EBL Debit card can transact wherever, whenever they required.
- b) EBL Debit Card for its customer helps to use their money in safe way.
- c) EBL Debit Card is electric money that we can withdraw in anywhere.
- d) It is the safest way to withdrawal and transects the money.
- e) PNB Card holders can also enjoy the luxury of EBL facilities at any available places. EBL have always believed in using technology to add value to the services provided to their customers, thereby enriching their world, fulfilling their dreams

(Atm and Debit Card)

Details	EBL Debit Card in India	PNB Card in Nepal
Maximum Limit per Transaction	INR 10000.00	NRS 16000.00
Minimum Transaction	INR 100.00	NRS 500.00
Maximum Limit per day	INR 31250.00	NRS 40000.00
Charges		
Per Transaction	NRS 100.00	INR 50.00
Balance Inquiry	NRS 24.00	INR 15.00

Note: NPR 160.00=INR 100.00

The following table shows the status of the EBL Debit card & PNB Card in Nepal & India respectively.

EBL is playing a pivotal role in facilitating remittance to and from across globe. Being the first Nepalese bank to open a representative office in Delhi, India, the Nepalese in India can open account in Nepal from the designated branches of Punjab National bank and remit their savings economically through banking channels to Nepal. The bank has a Drafts Drawing Arrangement with 175 branches of PNB all over India.

With an aim to help Nepalese citizens working abroad, the bank has entered into arrangements with banks and finance companies in different countries which enable quick remittance of funds by the Nepalese citizens in countries like UAE, Kuwait, Bahrain, Qatar, Saudi Arabia, Malaysia, Singapore and UK. The Bank recognizes the value of offering a complete range of services. They have pioneered in extending various customer friendly products such as Home Loan, Education Loan, EBL Flexi Loan, EBL Property Plus (Future Lease Rentals), Home Equity Loan, Car Loan, Loan Against Shares, Loan Against Life Insurance Policies and Loan for Professionals.

They says, *“We at EBL have always endeavored in delivering innovative products suiting the consumer's requirements and needs thus enriching, enabling and beautifying their lives.”*

2.7.1 Vision

Evolve & position the bank as a progressive, cost effective & customer friendly institution providing comprehensive financial and related services; Integrating frontiers of technology & servicing various segments of society; Committed to excellence in serving the public & also excelling in corporate values.

2.7.2 Mission

Provide excellent professional services & improve its position as a leader in the field of financial related services; Build & maintain a team motivated & committed workforce with high work ethos; Use latest technology aided at customer satisfaction & act as an effective catalyst for socio-economic developments.

2.7.3 Developments

a). Direct Fund Transfer To Punjab National Bank(PNB) India

Under this anyone who has account in Everest Bank can directly transfer minimum Rs.1 Lac to Punjab National Bank with less effort and hassle.

2.8 Everest Remit

Everest Bank Ltd. has launched its own web-based online product “EVEREST REMIT” through Thomas Cook Al Rostamani Exchange and Asia Exchange Centre, Dubai. This facility is also available from Trust Exchange Co., Doha Everest Remit enables people from the Middle East to remit their savings to their families in Nepal at a nominal cost with an attractive exchange rate. With just a click away, EVEREST REMIT is highly efficient as compared to the TTS and Drafts currently being used. Dedicated to provide

secured online money transferring facility EVEREST REMIT is well equipped with high security features, using universally accepted VERISIGN, Digital Certificate, besides other security measures.

In an attempt to broaden its coverage for making remittance payments at various locations in Nepal, Everest Bank Ltd. has entered into agency arrangement with Agricultural Development Bank and has also appointed sub-agents at various locations with coverage of more than 50 payout locations. The launch of the scheme also had the festive season offer of a free return ticket to Kathmandu by a lucky draw among the people who has used EVEREST REMIT up to 31st Dec. 2006.

With Everest Remit launched at Dubai and Doha, Nepalese in the Middle East has the trusted option to use the fastest, most reliable and reasonable form of money transfer. With a view to provide fast, reliable and reasonable online money transfer service to more Nepalese residing abroad, the bank has plans for extending Everest

1st Bank To Open Representative Office In Center Of Delhi (March 23, 2004)

Everest Bank Limited (EBL) was 1st Bank to open Representative Office in center of Delhi. It was a historical step not taken by any banks in Nepal taken successfully by EBL. It is opened in center of Delhi (9-11 Antarikasha, Kasturba Gandhi Marg, and New Delhi). The office was opened after obtaining necessary approvals both from Nepal Rastra Bank and Reserve Bank of India.

Rep. Office is busy contacting and canvassing for the transfer of savings of lakhs of Nepalese citizen working in India through proper banking channel in a convenient way as well as at a cheaper cost.

Any Nepalese citizen working in India will now be able to approach the designated branches of PNB in India where they can fill up necessary forms and open his/her account in any of the 22 branches of EBL in Nepal. Thereafter they can deposit their monthly savings to the same branch and such amount is automatically transferred to his/her account with EBL in the branch chosen by him/her

2.8.1 Activities Of The Bank And Future Plan:

In an endeavor to provide various range of service to the customers, the bank has introduced e-banking,sms banking, e-ticketing, mobile-banking.Our customer can do banking related transaction such as : viewing their accounts, money transfer, recharge their mobile, pay telephone bills etc.sitting at home. The Bank has always tried to provide easy, fast, reliable and hassle free services to our customers. In this Endeavour, the bank has installed cash kiosk at different five branches for depositing cash.

Further, the bank has launched its own remittance package “Everest Remit” .Presently this remittance facility is available to the Nepalese who are working in UAE, Qatar, UK, Bahrain, Malaysia & Israel. This facility will be extended to other places too course. In order to facilitate inward remittance & foreign trade, the bank has tied up with various foreign banks in different countries.

Likewise, agreement for instant money transfer, the bank has entered into following scheme for the countries like USA,UK, Malasiya,Singapur, UAE, Kuwait, Bahrain, Qatar:

EZ Remit

Xpress Money Transfer

Nepal Remit

Money Gram

Theme etc.

2.8.2 Future Plans of EBL:

- a) Extending its more branches in future
- b) Extending ATM points
- c) Extending the technology and bringing the Finical Software into Use instead of Pumori Plus.
- d) Expanding facility for customers.
- e) Expanding deposits and related other scheme.
- f) Increasing market share
- g) Increasing share value in share market
- h) Increasing scheme in remittance facility
- i) Maintaining competitive environment in banking market.

2.8.3 Recent Developments:

Operations:

The persistent difficulty faced by the nation and the resultant slackness witnessed in the economy has forced the Bank to look for new banking avenues instead of concentrating only on the trading and industrial activities.

Not to be left behind in technology advancement, a continuous review and upgrading of the changing technology is undertaken for the convenience of the customers. With the changing technology, the aspiration & requirement of customers, the bank has extended its service delivery to get updated. In this connection, Bank has increased the networks of ATMs. Till the review period 3.06 lacks depositors have been issued debit card. EBL debit card can be used in 67 own ATMs at various location as well as well as about 1100 other ATMs tied up with Smart Choice Technology (SCT) within the country and more than 6500 PNB ATM in India. EBL Debit card can also be used at more than 1500 points of sales (POS) terminal of purchase of merchandise. Also the Bank is the first and only Bank to have ATM at Tribhuwan International Airport (TIA).

As on date, stands in first position to have largest ATM cardholders. Even in the semi-rural areas like Janakpur, the ATM has been installed to fulfill the customer's growing demand. The Bank is striving to improve customer service quality, fulfill their needs through extended services. In this attempt, all of valley branches and Pokhara branch are providing extended customer services through evening counter among them New Road branch provides 365 days banking services.

Further, Bank has launched its' own remittance package "Everest Remit". Presently, this remittance facility is available to the Nepalese who are employed in UAE, Qatar, UK and Bahrain. This facility will be extended to other places too in due course. In order to facilitate inward remittance and foreign trade, EBL have tied up with various institutions, namely, Commerzbank AG, Germany; HDFC Bank Limited, India; American Express Bank Limited, Tokyo; American Express Bank Ltd, New York. Likewise, Agreements for instant money transfer have been entered into with EZ Remit, Xpress Money Transfer, and Nepal Remit. These arrangements have facilitated the Bank for inward remittance from different countries- UK, Malaysia, Singapore, UAE, Kuwait, Bahrain, Qatar and other locations.

Schemes for Professionals, Home Equity Loan, and Advances against life insurance policies and against the shares of selected listed companies have been introduced as part of Management efforts to innovate new products and services to cater to the needs of the customers.

2.8.4 Branch Expansion:

The Bank has opened three more branches during the year 2069/70 (2 outside the valley & 1 inside the valley) namely Tikapur (Kailali district) Gulariya (Bardiya District). Now the total branch is 50. During the period the 3 more extension banking counters in different locations- Parsa (Chitwan), Attariya (Kailali) & Chandrouta (Kapilvastu). It has launched "Ghar Dailo Banking Sewa" for the rural area. Branches in other places will be

established on valley all over Nepal. More Branches will be opened in priority basis in near future within the deadline given by NRB.

2.8.5 Human Resources Development & Per Employee Business:

It is the considered view that the progress and success of any organization depends upon the knowledge, skills and motivational level of its workforce. The Bank has been taking keen and special interest in the development of its human resources by imparting its employees training in various aspects of banking and relevant subjects. Besides this, the Bank has taken special care to keep the motivational level of its employees high as also to instill a sense of belongingness to the Bank. In order to bring positive swing in the working attitude of senior officers, the Bank has been conducting special program on Management Development. In addition to this, during the review period various types of in-house training/talk program were conducted, staff were deputed/sent for training in programs organized by other institutions too.

The Strength of the Bank at the end of the financial year (2011/12) was 265, which has now gone upto 643 in this financial year (2013/2013).

(* Net profit for 2012/13 includes Rs. 57,720.4 million.)

2.8.6 Future Strategic Plan of the Bank:

EBL has been growing on an average at 29% per annum against 9% for the banking system in the country. For sustained growth in future, the focus will be in following areas:

- a) Increase in branch network.
- b) Increase customer base by upgrading information technology initiatives to reduce transaction time and cost of transaction and providing alternative delivery channels.
- c) To increase customer base in low cost deposits with a view to reduce average cost of deposits.

- d) To increase average yield on advances by aggressive marketing of retail lending schemes.
- e) Recruit ideally suitable manpower and train them for movement of fast track to man the position of responsibilities at branches and Head Office.
- f) To further improve internal control system.

2.8.7 Banker 2006 Award:

Everest Bank has been conferred with the “**Banker 2006-Nepal Award**” by the prestigious newspaper the Financial Times Group- London. There is, of course, no doubt that the continuous and tireless collective efforts made by the staff members for reaching the bank at this height and moral support extended by each and every shareholder to the Bank management are the major inputs for overall development of the Bank.

2.8.8 Bank’s Activities towards Corporate Social Responsibilities (CSR):

The Bank is equally involving in discharge of corporate social responsibilities with some support to the society; following major activities have been under taken ...

- i. **Computer donation:** With a view to help on imparting computer literacy to the underprivileged students, bank donated 20 computers to two schools- Tailgater Higher Secondary School and BAL Uddhar Secondary School.
- ii. **Blood Donation Campaign:** With the theme “Give Blood Save Life” campaign was organized on 8th April 2007 in which 50 donors donated blood.
- iii. **Support for HRDC’s 2nd Abilities Cup:** The Hospital and Rehabilitation Center for Disabled Children (**HRDC**) had organized a Gulf Tournament for raising funds for helping Disabled Children. Bank supported the event.
- iv. **Mahima Glory Club in co-ordination with sports Fellowship Nepal and Brother’s Shelter organized: Lalitpur Kid’s Game-2007** for orphan children of Lalitpur District. The objective of the event was to teach value based games providing the moral support to the children, generate positive attitude towards life and social harmony. The Bank sponsored T-Shirts for the event.

2.8.9 Services Provided by Everest Bank Limited

EBL offers a wide range of products and services designed to make banking easier and to match each and every customer's requirements.

- a) Current Account
- b) Saving Account
- c) Saving Premium Account
- d) Fixed Deposit
- e) Cumulative Deposit Scheme
- f) Sunaulo Bhavishya Yojana
- g) Unfixed Fixed Deposit Scheme
- h) Call deposit
- i) Recurring deposit
- j) Margin deposit
- k) Sadichha Deposit
- l) Everest Pizza Deposit
- m) Women's Saving Deposit
- n) Freedom Savings Deposit

A. Consumer Lending

- a) Home Loan
- b) Home Equity Loan
- c) Vehicle Loan
- d) Education Loan
- e) EBL Property Plus
- f) Professional Loan Scheme
- g) Loan Against Mortgage
- h) Loan Against Shares

B. Loan and Advance

EBL provides credit on competitive terms by way of term loans as well as working capital of all kinds of productive and income generating activities.

C. FC Deposits/Lending

EBL accepts foreign currency deposits at attractive rates of interest. Foreign currency lending to exporters at competitive rates is also available. Like; USD Account, USD Fixed Account, Euro Fixed Account.

D. Trade Finance Activities

EBL provide customers with letters of credit and guarantees to facilitate their business transactions.

E. Remittance Facilities

Remittances can be made to any part of the world by way of SWIFT Transfer instantly in addition to the conventional facilities like demand drafts, travellers cheques etc. EBL has drawing arrangements with more than 175 PNB branches all over India. EBL provide USD and GBP drafts on Citibank, N.Y., USA and Citibank N.Y., UK.

F. Foreign Exchange

Facilities for the financing of export and import business, sale and purchase of foreign exchange, forward exchange contracts, etc.

G. Facilities for NRN

EBL welcomes NRN to open Foreign Currency Deposits. As per the NRNs ordinance 2062 such deposits along with interest are fully reparable.

H. Evening Counter

Everest Bank Limited is also providing additional services like Evening Counter. In Evening Counter bank counter normally less teller than that of Normal counter are open for providing better services to their customer. Till the date there are 2 branches New

Road and Teku which are open for Evening Counter. Evening counter normally starts after the Normal counter is closed and is open till 6:30 P.M.

I. SCT Debit Card

EBL Debit Card is associated with the SCT (Smart Choice Technology) , it facilitates wide sharing of ATMs under SCT network and can be accessed at any ATMs linked with SCT for withdrawing cash and also at any of the merchant establishments (POS) having SCT logo, for purchasing goods and services. Cash withdrawal at other SCT Network ATMs cost Rs. 25 per transaction. Customer can withdraw money in the multiple of Rs.500, since ATM machine contains only Rs.500 and Rs.1000 notes. Customer can withdraw minimum of Rs.500 and Maximum of Rs.10000 at one time and Rs.50000 in a day. Till the date there are 7 ATM points owned by EBL namely: EBL, Baneshwor; EBL, New Road; and EBL, Lazimpat (H/O), Pulchowk, Tribhuvan International Airport, Balaju and Apex College at old Baneshwor.

J.Other Facilities: EBL other facilities include merchant banking activities like underwriting of public issues, locker facility, standing instructions etc. Everest banks receive deposits from the public on various accounts.

The different types of deposits are:-

- a) Current Account
- b) Saving Account
- c) Saving Premium Account
- d) Fixed Deposit
- e) Unfixed Fixed Deposit Scheme
- f) Cumulative Deposit Scheme
- g) Sunaulo Bhavishya Yojana
- h) Call deposit
- i) Recurring deposit
- j) Margin deposit

- k) Sadichha Deposit
- l) Everest Pizza Deposit
- m) Women's Saving Deposit
- n) Freedom Savings Deposit

2.9 Procedures To Be Followed For Opening Account In EBL

To keep deposit in the bank, account has to be opened. Those having account with the bank is known as account holder. When the account opening department receives request for opening account from the customer ,the department will provide account opening form, one set of signature card, and a cash deposit receipt. The authorized person or account holder must fill the form and signature cards in the presence of the bank staff. EBL opens the proprietorship account, partnership account, corporate account and account of institution/association/societies.

Type of account, full name of the account, address, nationality, and statement delivery are the instruction provided to the document. Once the authorized person properly fills the form, the bank staff must check that blank space are properly filled. Full and complete address of account holder should be filled. Account number is to be allotted when the staff is satisfied with the form and submitted documents are as per the requirement. The account opening assistant will forward the application form along with the necessary document to department supervisor for approval. When the file is completed, it will be forwarded to the reviewing officer for review. Operation manager/customer service officer reviews the newly opened account file on regular basis. The file will be considered reviewed when everything is complete. When opening an account, minimum balance should be maintained is Rs. 5000 for saving a/c, Rs.10,000 for current a/c. If the amount is below the minimum balance, Rs.50 is deducted every month. A cheque book is provided to the customer after opening an account.

2.9.1 The required Documents For Deposits:-

Minimum Balances for accounts may vary across branches

For Personal Account

Citizenship Certificate or Passport

2 PP size photos

Introducer or Utility bills

For Sole Proprietorship:

Registration Certificate

Tax Certificate

Citizenship Certificated Proprietor

2 PP size photos

For Partnership Account:

Partnership Agreement deed

Firm Registration Certificate

Tax Certificate

Citizenship Certificate of Partners

2 PP size photos of partners

Limited Company Account:

Registration Certificate

Memorandum & Articles of Association

Name, Address of directors & Office Bearers of the Limited Company with copy

Citizenship Certificate

Name & Signatures of the Persons Authorized to Operate an account

Operation Commencement Certificate (for Public Ltd. Co.)

Resolution of Board of Directors regarding opening & conduct of an account

Tax Certificate

Club Society & Association Account:

Registration Certificate

List of Office Bearers

Resolution Regarding Opening & Conduct of Account

Name & Signature of the persons authorized to operate the account

2.9.2 Procedures Followed By Teller To Deposit Cheque At EBL.

Teller receives and accepts large number of customers account deposit each day. Before accepting a cheque for deposit, it is essential to examine the cheque in order to ensure that the cheque is acceptable to the bank.

- a) Check endorsement on the cheques is also very important .In absence of proper endorsement, deposit or payment cannot be made against a cheque.
- b) After ensuring correctness in cheque and endorsement, the cheque should be verified with deposit slip for correct filling of amount and total amount at the bottom.
- c) The teller should make the entries debiting the various cheque account and amount for credit to the depositor account.
- d) After approval and posting the cheque deposit transaction, the deposit slip should be validated.

2.9.3 Procedures Followed By Teller To Deposit Cash At EBL

- a) Teller should first see whether title of account and account number is correctly filled in by the depositor.
- b) Teller should also see if cash are listed in the proper places in the deposit slip. Teller must check whether the deposit is totaled in the bottom of the deposit slip. If the total is missing, the customer should be asked to total the amount in the deposit slip.
- c) Teller must count notes and list the amount on the back of the deposit slip in order of denomination starting with the lowest.
- d) Teller must compare the listing amount with cash amount that customer has shown on the face of deposit slip.
- e) No alteration is allowed on the deposit slip.
- f) Based on the deposit slip, credit the amount in the concerned account number of the customer.

2.9.4 Different Deposit Accounts:

Current Deposit:-

Current accounts form the most important type of bank accounts. They are generally opened by trading and industrial concerns, public authorities etc. Which have frequent banking transactions involving huge amounts. That can be opened with a minimum deposit of Rs. 10,000.00. Current Accounts are active or running accounts, which are continuously in operation. In such account; customers can deposit any amount of money and any number of times. Similarly they can withdraw from the current account any amount and as many times as they want, as long as they have funds to their credit. Cash Deposits in the account are made by filling Cash vouchers and withdrawals are made by issuing cheques.

Features

- a) Minimum balance up to 10,000.00
- b) Unlimited deposit and withdrawal on demand
- c) Convenient for frequent banking transaction
- d) No interest is payable by bank.
- e) Account holder is provided with overdrafts scheme.

Saving Accounts:-

Saving Accounts are opened by middle and low income groups who wish to save a part of their incomes for their future needs and earn fair interest on their deposits. They can be opened with a minimum deposit of Rs 5000.00. In saving accounts, customers can deposit any amount of money and any number of times. As Saving account are opened by customers with a view to earn interest on their deposits, and there is opportunity for banks to utilizes the saving deposit profitably on account of restrictions on withdrawals, air interest of 3% is allowed by bank on saving deposits. Interest is usually paid half yearly.

Features:-

Normal Saving: Interest (On Monthly minimum balance and payable half yearly)

USD-Saving A/c: Interest on Monthly minimum balance & payable half yearly.

Benefits:-

Minimum balance Rs.5000.00 only

Interest rate 3%

Unlimited Deposit and withdrawal.

ATM Card with one time charge of Rs.200 only .A renewal charge of Rs.50 is required only after 2 years.

ABBS facilities

Saving Premium:-

Everest bank Ltd. offers the Saving Premium scheme that suits our requirements. The money multiplies on daily balance.

Features/Benefits:-

- a) Interest calculated on daily balance 2.75%
- b) Minimum balance outside the valley: Rs.50, 000.00
- c) Minimum balance inside the valley's. 1, 00, 000.00
- d) Free EBL Debit cards (No renewal charges)
- e) Issuance of Saving Premium Card
- f) Exclusive services for Saving Premium Card holder
- g) No Commission on demand drafts up to Rs.1.00 Lacs once in a month
- h) Allotment of safe Deposit locker on priority basis (subject to availability)
- i) 50% discount on small locker and 15% discount on other lockers
- j) Personal accidental Death insurance of Rs. 3.00 lacs

Fixed Deposit: -

Fixed Deposit Account also forms the most important type of bank accounts. They are opened by small investors who do not want to invest their money in risky industrial securities, but wish to deposit their money in banks and earn good and steady income. No introduction is necessary for opening the fixed deposit accounts, as they are not operated by cheques. In case of fixed deposit accounts, fixed amounts are deposited by customers for fixed periods at fixed rate of interest.

Features/Benefits:-

- a) Minimum Deposit up to Rs. 50,000.00
- b) Interest rate at 4-5% compounded Quarterly
- c) Cash withdrawals is only after the maturity of fixed period
- d) Deposit period is from 6 months upto 5 years
- e) Withdrawals can be from fixed deposit receipt only

Unfixed Fixed Deposit Scheme (UFD):-

It provides the benefit of higher yield, by way of fixed deposit rates and easy access to liquid funds, without undergoing hassles of loan formalities.

Any individual, Sole proprietor, Firms, Trusts and Limited companies who wish to park their temporary surpluses in the fixed deposit, thereby earning higher rates of interest as well as withdrawing or repaying the amount as and when required, without any restriction. This account cannot be opened in the name of minors, illiterate or blind people.

Effective Interest Rate(effective to2007)				
1 Year	2 Years	3 Years	4 Years	5 Years
4.06%	4.68%	4.79%	4.90%	5.01%

Source:www.nrb.np

Features/Benefits

Minimum Deposit Rs. 50000.00

Deposit Period:6 months upto 5 Years

Interest Rate: As per Fixed Deposit Rate,

Compounded Quarterly.

Maturity Value: Principal amount of deposit with upto date interest shall be paid on maturity date.

Premature Cancellation: Allowed at 1% lower Interest rate than the Contracted rate for the actual deposit period

Flexibility: An Individual can withdraw upto 90% of their deposit by cheque and redeposit any amount,at any time

Interest Rate on Overdraft: 1.25 % above the deposit rate on actual usage.

Cumulative Deposit Scheme :-

Cumulative Deposit Scheme is most suitable for depositors who require bulk amount in future to meet their financial needs like children's higher education, their marriage etc. open an account under Cumulative Deposit Scheme and earn higher term deposit interest on quarterly compounding basis.

Main features of the scheme are as under:-

Participation in the scheme: Any individual including a minor, Proprietorship/ Partnership Firms, Associations, Company/Corporate Bodies, Trust, Charitable and Education Institutions, Municipalities, Government/Quasi Government Bodies, NGOs, INGOs etc can open account under the scheme.

Deposition: Minimum Rs. 5000/-

Period of Deposit: 6 months up to 5 years

Maturity Value: Principal amount of deposit with upto date interest shall be paid on maturity date.

Premature Cancellation: If any depositor desires to withdraw the deposit before maturity, bank may at its discretion, repay the deposit with upto date interest at the rate applicable to the period for which deposit remained with the bank less penalty. Compounded interest is to be paid on the deposit upto the completed quarter and for further broken period interest will be calculated at the applicable rate on principal plus interest upto the completed quarter.

Overdue Deposit: The bank may at its discretion, allow interest on overdue deposit from the date of maturity provided the deposit is renewed from the date of its maturity for at least 15 days from the date of presentation.

Loan/overdraft: Allowed at 1.5% over deposit rate.

Sunaulo Bhavishya Yojana :-

Sunaulo Bhavishya Yojana is the best way to plan for the future needs. .It is most suitable for accumulating regular small savings into substantial amount. An individual can plan and provide for a large investment amount at a future date out of regular small savings. On maturity they can get the principal amount (i.e. the installment) along with half yearly compounded interest.

Participation in the scheme: Any individual including minor, proprietorship, partnership, Associations, Company, Corporate bodies, Trusts, Charitable and Educational institutions, Municipality etc. can open the account.

Deposit Amount: Minimum amount for opening an account is Rs. 500.00 and amount can be deposited in multiples of Rs 100 but the minimum monthly installment should be more than Rs 500.00. The amount of installment need be fixed at the time of opening the account.

Period of Deposit: 12 months to 60 months in multiples of 12 months.

Maturity Value: Paid in lump sum at the time of maturity.

Premature Withdrawal: Allowed at 1% lower interest rate than the published deposit rate for the deposited period or prescribed rate (Whichever is lower).

Loan: Loan available upto 90% of the deposited amount at 1.25% higher rate than the published deposit rate.

Call Deposit:-

Call deposit is one of the Accounts that can be opened at the Everest Bank. Call deposit is account where the Account holder can deposit and withdraw the deposit on demand. Bank provides the interest on deposit, which is determined by the mutual discussion between the bank and the account holder. It has the features of both Saving Account and

Current Account. There is no limitation on the withdrawal of any amount of the money. Generally, It is opened by the large organisation etc.

Recurring Deposit:-

Recurring deposit are the deposits, which accumulate over the agreed period of deposits and withdraw able only at the end of specified period. As they result in the regular deposit of the money into the bank and they are withdrawn able only at the end of the specified period, there is a great opportunity for the bank to make use of these deposits profitably. So fairly interest is available on these deposits.

Margin Deposit:-

The Margin deposit is one of the deposits offered by the Everest bank limited.

This type of Account is opened by the Contractors for bidding the tender etc.

2.9.5 Deposit Schemes

Everest Bank Ltd. offers a various types of Deposits schemes in both local and foreign currencies to help the customers earn competitive interest rates, which enables the customers to yield maximum returns on investment.(see annexure)

2.9.6 Procedures to be followed for closing Account at EBL

On receipt of the request from the account holder, department staff should politely ask the customer about the reason for closing the account. Following procedures should be followed.

- a) Before the processing for account closure, the customer should fill in the "Account closing request/advice" available in the bank.
- b) Signature of the client is required.
- c) Reason for closing the account should also be mentioned in the account closing request.
- d) The account closing request is required to be circulated to all departments. Such as LC, Loans, Cash Remittance, Bills, Account credit card etc. to notify them about the account closure and to clear any dues to the bank if any, by the client.

- e) If it is saving account accrued interest should be credited to the client account manually before closure of the account.
- f) Charges will be recovered from the customer at the time of account closing.
- g) On closure of the account, specimen signature card and other account opening documents will be duly cancelled with a stamp account closed.

If a company wants to close the account, procedures are the same as above along with this proprietorship signature is needed. If partnership account is to be closed then partnership deed file and their board member approval to close their account is needed. Bank charges Rs.200 from their client during closing the account. While closing the account, account statement of zero balance should be generated.

2.9.6 Procedures to be followed for closing Account at EBL

In an unrelenting endeavor to enrich, enable and beautify the lives of valued customers, Everest Bank Ltd.(EBL) has come up yet with another futuristic deposit scheme “*Sunaulo Bhawisya Yojana,*” which enables the customers to save regular small savings into a bulk amount at a future date that may be utilized for special purposes like Children’s higher education/ marriage, business expansion, renovation of business premises etc with higher rate of return. Under this new deposit scheme, the depositor shall deposit at least Rs 500.00 with no maximum limit (in a multiple of Rs 100.00 thereof) every month for a specified period of time and the bank shall pay the principal amount *along with half yearly compounded interest* to the depositor at the time of the maturity; thereby offering higher rate of return to its customers. The deposit period is from 1 year upto 5 years in multiple of 12 months. Under this scheme the depositor has the option of giving a standing instruction to the bank for debiting their saving/ Current account to credit their Sunaulo Bhawisya Yozana account at the end of each Nepali month. Any individual (even in the name of minor), proprietorship, partnership, associations, company corporate bodies, trusts etc. can participate in this scheme. The scheme also has the flexibility to extend advance upto 90% of the deposited amount at

1.25% higher than the deposit rate. The scheme further offers *reduction of 50% on service charges* for all those account holders in case they avail various retail products of the bank such as: EBL Home Loan, EBL Vehicle Loan, EBL Education Loan, EBL Flexi Loan etc.

Based on the first six month's un-audited financial result of fiscal year 2062/63, the bank's operating profit was Rs. 217.28 million recording a growth of 16.24% compared to the corresponding period last year. Similarly, the total deposit and total advances of the bank have reached Rs 12349.80 million and Rs 9617.90 million, registering an increment of 41.15% and 33.72% respectively over the corresponding period last year. This outstanding performance and growth of the bank is the outcome of the continuous effort of the bank in introducing the innovative products suiting the need and requirements of its customers and is attributed to the strong systems and procedures, professional approach quality lending and motivated staff members.

CHAPTER-3

RESEARCH METHODOLOGY

3.1 Introduction

Research methodology describes the method & process applied in the entire aspects of the study focus of data, data gathering, instrument & procedure, data tabulating & process & method of analysis. It is away to systematically solve the research problem. RESEARECH methodology refers to the various sequential steps that are to be adopted by a researcher during the case of studying the problems with certain objectives. It also refers to the approach of the research process from theoretical foundation to the collection & analysis of the data.

3.2 Research Design

The study is centralized to analyze the total deposits & marketing activities as well services of commercial banks in Nepal. In this case study the total deposit & marketing services of commercial bank namely EVEREST BANK LTD is basically explained. The research design used in this study is basically the combination of descriptive & analytical one. It is composed of both of technical aspects and analytical aspects. It is based on financial statements & other information covering the five fiscal years of the commercial bank namely EVEREST BANK LTD. I.e. 2008/09 to 2012/13. Research design is the plan structure and strategy of investigation conceived so as to obtain answer to research question and analysis of the case study.

3.3 Data And Methodological Aspects:

3.3.1 Data:

This paper is based on secondary data of the joint venture of the commercial banks. Secondary data were mainly obtained from commercial banks & websites of the Nepal Rastra Bank, Everest Bank. In order to meet the objectives of this paper, the commercial bank namely Everest Bank limited is selected from the collection of secondary data.

3.3.1.1 Source of Data

The study is based on the data that are published by the banks. For this study five years balance sheet, profit & loss a/c, cash flows, funds flows and other related appendix and auditors reports have been collected from the websites , books and Everest Bank branch office. Other related documents are obtained from th outside sources also.

3.3.1.2 Data Gathering Instruments

The Published data relating to the Total deposit position of Joint Venture Bank ,Everest Bank Limited have been obtained from Account department. The balance sheet and profit and loss account and other related data as well documents,which are of secondary nature are directly collected from the accounts department of Everest bank limited and its website of www.ebl.com.np,www.nrb.com.np.

3.3.1.3 Data Collection Procedure

The main sources of data are the head office as well branch office of the bank. This study is based on secondary sources of data. The annual financial statements have been collected directly from the branch office & website of the bank. Five year balance sheet, Profit & loss account, cash flows, funds flows, total deposits, share percentage of different deposits in different five fiscal years, income statements like data are collected from Everest Bank Ltd Biratnagar branch office, Everest Bank Ltd. Website and different related books. The data were collected from the fiscal year 2008/09 to 2012/13 were in the form of printed books of balance sheet. Other related data are also collected and used in this thesis from the head office of the bank. An opinion survey with the general manager, branch manager and department officers has helped to collect the complete information.

3.3.1.4 Data Processing Procedure

The collected raw data are processed and presented in tabular form with the help of simple arithmetic rules. The entire raw data are converted into approximate and condensed in the form of summary balance sheet and profit & loss account. Most of the

data have been compiled in one form, processed and interpreted as per the need of the case study. The secondary types of data are presented for the analytical purpose after the tabulation of the data. This type of data processing represents the clear situation.

3.4 Population And Sample Of The Study

The life period of Everest bank Ltd. is the centralized part of the study. In order to conduct, the population of the study is the commercial banks of Nepal, in which, deposit activities, deposit mobilization, deposit techniques & procedure are mentioned. It is more difficult to analyze the all the commercial banks of the population. So, as the sample study, the study of the Everest Bank Ltd., the total deposits, share percentage of different types of deposits and marketing services/activities has been selected & presented for this case study, which starts from 2008/09 to 2012/13. As there are 32 commercial banks listed, the sample size of this study will be the 3.15 % of the total.

3.5 Study Period

The study period chosen for this research is July 2008/09 to June 2012/13. The five years balance sheet and auditors journal and website are covered the study period.

3.6 Data Analysis Techniques:

a. Ratio

b. Statistics

- i. Mean
- ii. Standard Deviation

a. Ratio:

The result of output that comes after dividing the number by the same number or variation is called as Ratio. As an example, between two variables the first one is a/b and $2/4$. It is also denoted by $a:b$. Here are two variables a and b , the ratio is denoted as (:) in between the two variables. The number or variable in front and after this symbol (:) is ratio. In $a:b$ and $2:4$, a and 2 are the first variables and b and 4 are the last variable. In

Ratio, the given one arithmetic quantity is divided by the next same arithmetic quantity and the outcome or fraction comparison between two variables. For ratio calculation, the unit of both variables should be the same. For e.g.; a and b, a/b , $a:b$, and in 3 and 4, $3/4$, $3:4$ etc.

The Ratio analysis clears the relation between Balance Sheet, Budget or other Account statement. The ratio analysis is important in the managerial function like planning, coordination, controlling, forecasting decision, financial analysis. In general the ratio is useful to clear the trend, direction for change, to maintain uniformity, comparison of efficiency of work etc.

Types of Ratio:

- a) Liquidity Ratio
- b) Capital Formation
- c) Activity Ratio
- d) Utility Ratio

b. Statistics

For the purpose of analysis of total deposits & share percentage of different deposits of Everest Bank Ltd., the various statistical tool & arithmetic tools have been used. When the sample data collected from 2008/09 to 2012/13, the various statistical tools have been used in this study. Analysis also has been made to described and test study. Analyses have also been made for the justification of its result concerning the hypothesis. These tools are described as follows:

Mean

The most popular & widely used measure of representing the entire data by one value is what most lay mean call an “average” and what the statisticians call the arithmetic mean. Its value obtained by adding together all the items and by dividing this sum by the total

numbers of items. For example: the total sum of the items is denoted by $\sum x$ and the total number of items is denoted by **n**. the mean is denoted as \bar{X} . So the

$$\text{Mean}(\bar{X}) = \sum x/n .$$

Standard Deviation

The standard deviation of the series of value is defined as the square root of the by calculating the difference ($X - \bar{X} - \text{Mean}$) between each individual frequency.

Here,

$\delta x = \text{Standard deviation of X}$

$$\delta x = \sqrt{\sum (X - \bar{X})^2 / N}$$

similarly,

$\delta y = \text{Standard deviation of Y}$

$$\delta y = \sqrt{\sum (x - \bar{x})^2 / N}$$

Hypothesis

In this research in order to provide a good suggestion, new experiment, observation and some of the hypothetical test are applied and decision is made in the analysis of total deposits. For the analysis of total deposits of commercial bank hypothetical test is really appreciable.

3.7 Limitation of the Methodology

Every problem can be solved by various ways. Research methodology is the systematic way to solve the research problem. In the way to solve the problem, there may some limitation of the methodology used are described below:

This study based on the historical data and forecast the future; I.e. the research design for this study is historical. Past may be the genesis for the future but the past may not happen in future in same manner.

The population is 32 commercial banks, which is listed, and the no of sample is only Everest Bank Ltd., therefore the sample covers the industry completely.

The spices of data have been secondary and mainly collected from related bank, website of Everest Bank Ltd. & NRB. So, the accuracy of methodology is based on secondary data.

The data analysis tools have been used in statistical and financial concepts. The value provided by such tools may be the approximate value only.

CHAPTER-4

DATA PRESENTATION AND ANALYSIS

4.1 Introduction

The basic objective of this study is to examine the Total deposit commercial banks of Nepal. The presentation and analysis of data in this study have been done to evaluate the systematic risk of commercial banks of Nepal through the financial reports and NEPSE index from 2008/09 to 2012/13. The analyzing of data consists of organizing, tabulating and performing statistical analysis (Wolf and Pant) Data presentation and analysis is the main part of the study. This includes analysis of the collected data and their interpretation. Detail data of market price share per share (mps) and dividend of each bank and NEPSE index of each sector is presented and their interpretation and analysis is done.

4.2 Data Analysis Of Everest Bank Limited

The Position of Total deposit and share percentage of different types of deposits like Current deposit, Margin deposit, Call deposit, Fixed deposit and Saving deposit of five financial year from 2008/09 to 2012/13 are individually analysed. The Everest bank limited is one of the successful commercial bank with high level of depositors among 32 other commercial banks. The Everest bank limited is taken as the sample for the study here.

Deposit Position Of Everest Bank Limited Of Five Financial Years:

This topic is related to the study of different types of deposits presented in Everest Bank Ltd. I have analyzed and presented the collected deposit information of this bank from different aspects which are as follows

Table: Total Deposits of Everest Bank Ltd of Five Financial Years

The table below shows the following Total Deposit of Everest Bank Limited in Five Different Years.

(Rs. in Millions)

Financial Year	Total Deposit	% Share in Total Deposit
2008/09	33,322.9	15.21
2009/10	36,932.3	19.53
2010/11	41,127.9	21.75
2011/12	50,006.1	26.44
2012/13	57,720.4	30.52
$\sum x =$	219,109.6	
Mean(\bar{X})	43821.92	
S.D(δ)	19518.44	

Source: www.everestbank.com , (Appendix-1)

This table shows the percentage share of different Total deposits at different five fiscal years of Everest Bank Ltd, and their comparative analysis in 2008/09, the percentage share of Total Deposit a/c is minimum i.e., 15.21 % & percentage share of Total Deposit is minimum in comparative to the other percentage shares of five fiscal years.

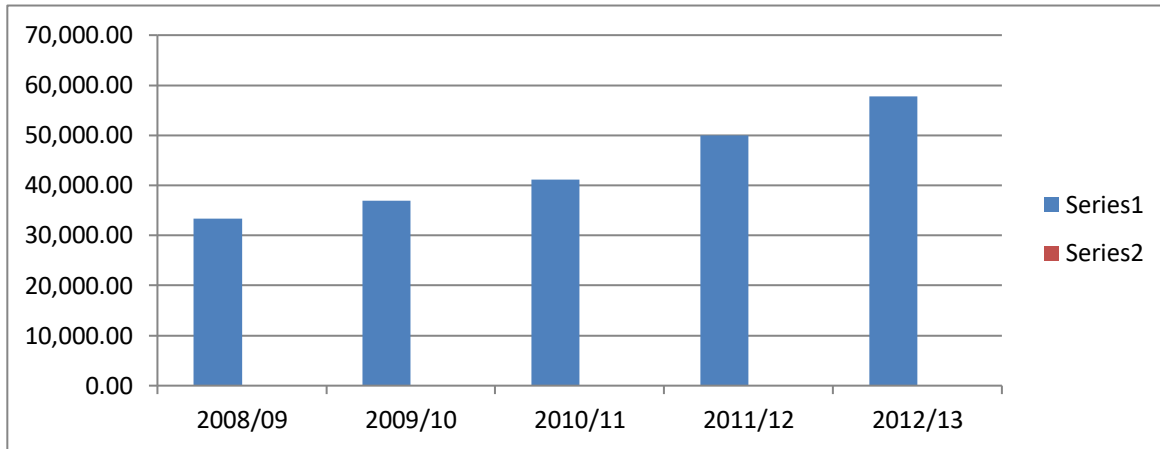
Similarly, in 2009/10, the percentage share of Total Deposit A/C is 19.53 %.

Similarly, in 2010/11, the percentage share of Total Deposit A/C is 21.75%.

Similarly, in 2011/12, the percentage share of Total Deposit A/C is 26.44 %.

Similarly, in 2012/13, the percentage share of Total Deposit A/C is maximum than the previous fiscal years, i.e. 30.52 %.

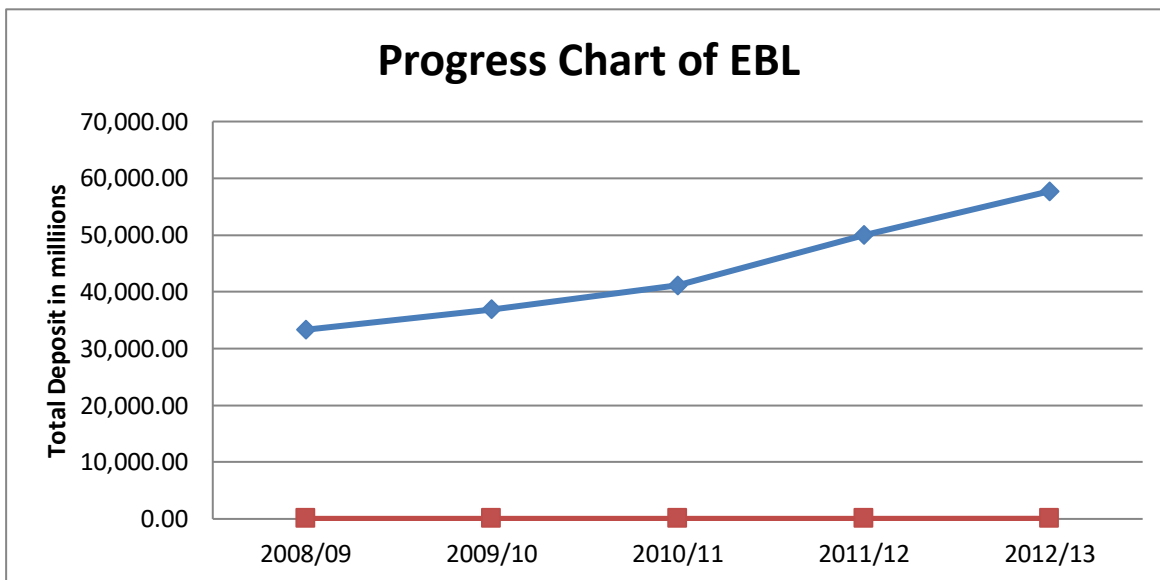
Figure No.1



Above figure shows the total deposit of Everest Bank Ltd in Y-axis, and fiscal years in X-axis. The total deposit of EBL is in increasing trend in different fiscal years.

Source: www.everestbank.com

Figure No.2



Source: www.everestbank.com

Percentage Share Of Different Deposits Of Everest Bank Limited

(Amt. in Millions)

Particulars		Ashad 2008	Ashad 2009	Ashad 2010	Ashad 2011	Ashad 2012
Total Deposit		33,322.9	36,932.3	41,127.9	50,006.1	57,720.4
Deposit Percentage						
Current deposit	%share in Total Dep.	14.58	11.3	11.65	12.19	14.03
Margin deposit	%share in Total Dep.	0.87	1.02	0.99	1.90	0.85
Saving deposit	%share in Total Dep.	44.36	36.17	31.70	34.53	36.50
Fixed deposit	%share in Total Dep.	21.15	28.26	36.62	26.01	24.43
Call deposit	%share in Total Dep.	18.89	22.78	18.35	25.90	23.82

Source: www.everestbank.com

This table shows the percentage share of different deposits at different fiscal years of Everest Bank Ltd, and their comparative analysis.

In 2008/09, the percentage share of Saving deposit a/c is maximum i.e., 44.36% & percentage share of Fixed A/c is 21.15 % & Margin deposit A/c is minimum i.e.; 0.87 %.

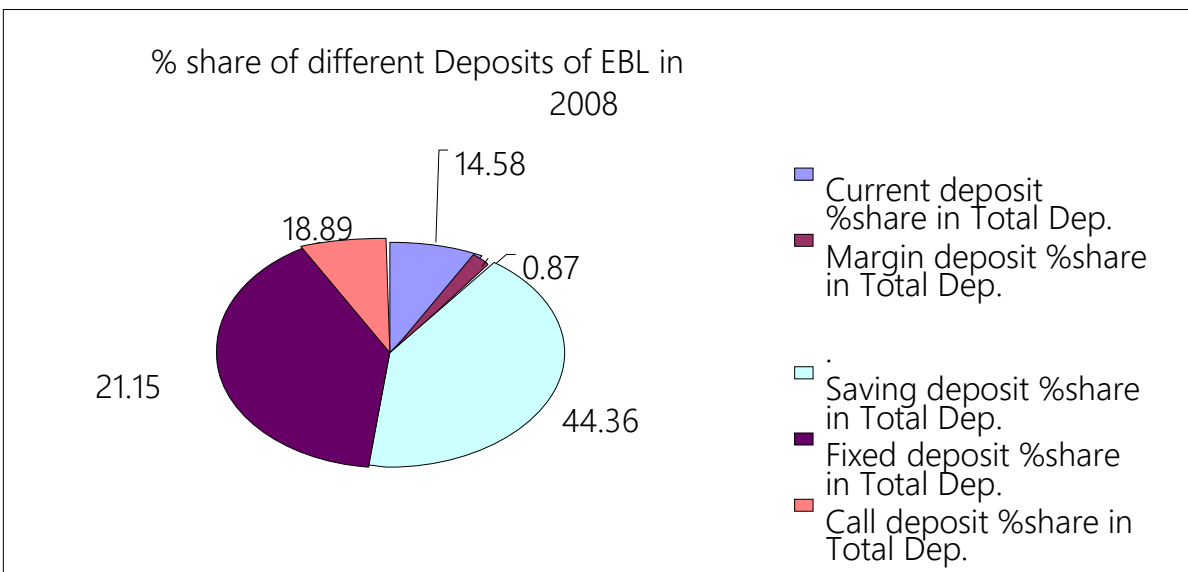
Similarly, in 2009/10, the percentage share of Saving A/C is maximum i.e. 36.17%, Fixed deposit a/c is i.e., 28.26 % & percentage share of Margin deposit A/C is minimum i.e.; 1.02%.

Similarly, in 2010/11, the percentage share of Fixed A/C is maximum i.e. 36.62%, Saving deposit a/c is 31.70 % & percentage share of Margin deposit A/C is minimum i.e.; 0.99%.

Similarly, in 2011/12, the percentage share of Saving A/C is maximum i.e. 34.53%, Fixed deposit a/c is 26.01 % & percentage share of Margin deposit A/C is minimum i.e.; 1.90 %.

Similarly, in 2012/13, the percentage share of Saving deposit A/C is maximum i.e. 36.50 %, Fixed deposit a/c is i.e., 24.43 % & percentage share of Margin deposit A/C is minimum i.e.; 0.85 %.

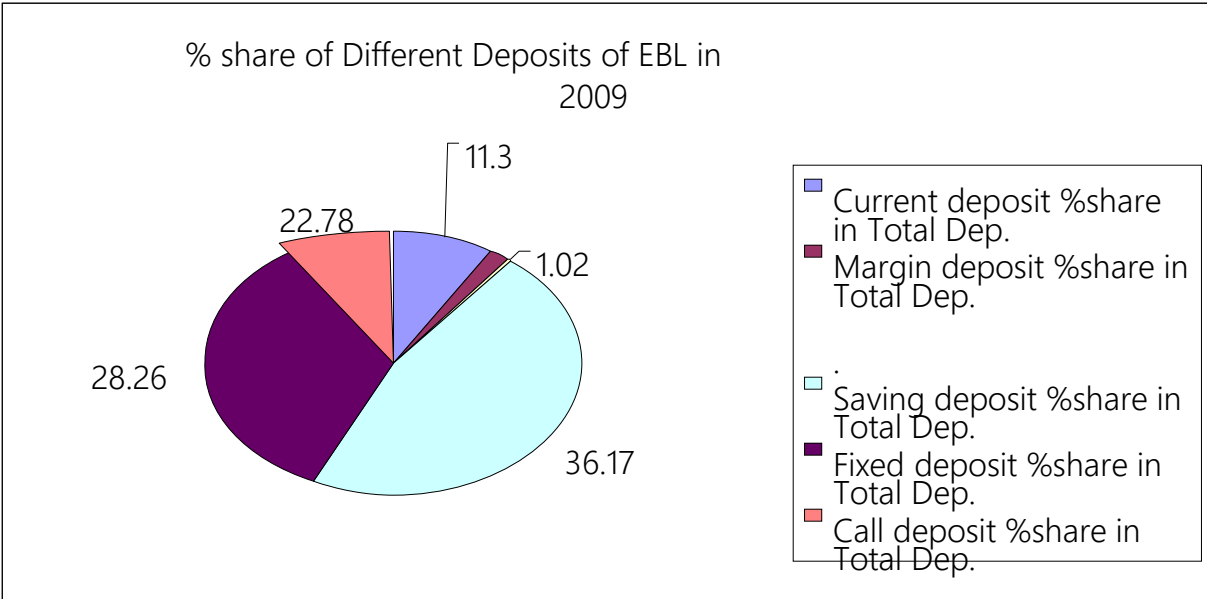
Figure No: 3



Source: www.everestbank.com

In 2008/09, the percentage share of Saving deposit a/c is maximum i.e., 44.36% & percentage share of Fixed A/c is 21.15 % & Margin deposit A/c is minimum i.e.; 0.87 %.

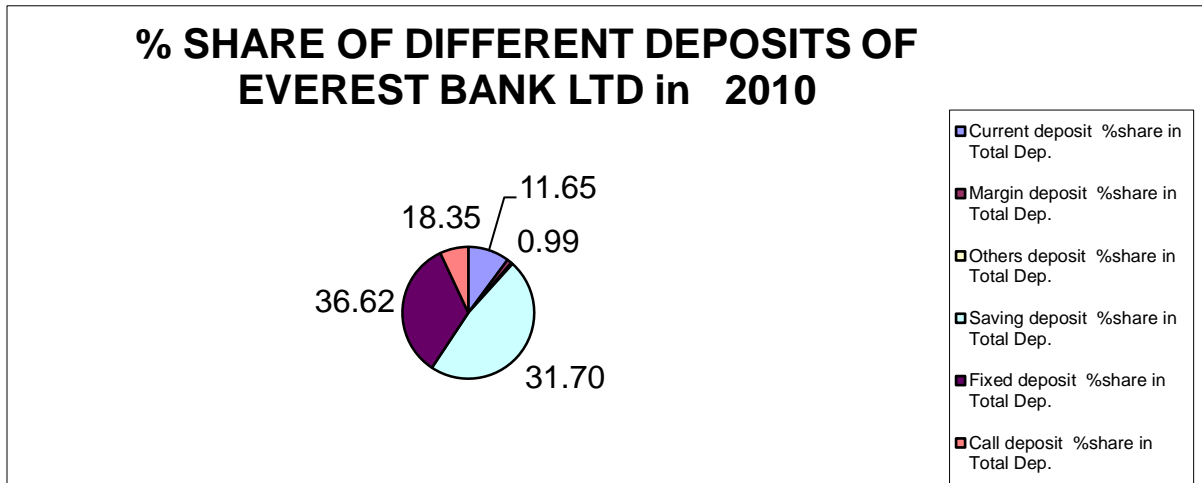
Figure No: 4



Source: www.everestbank.com

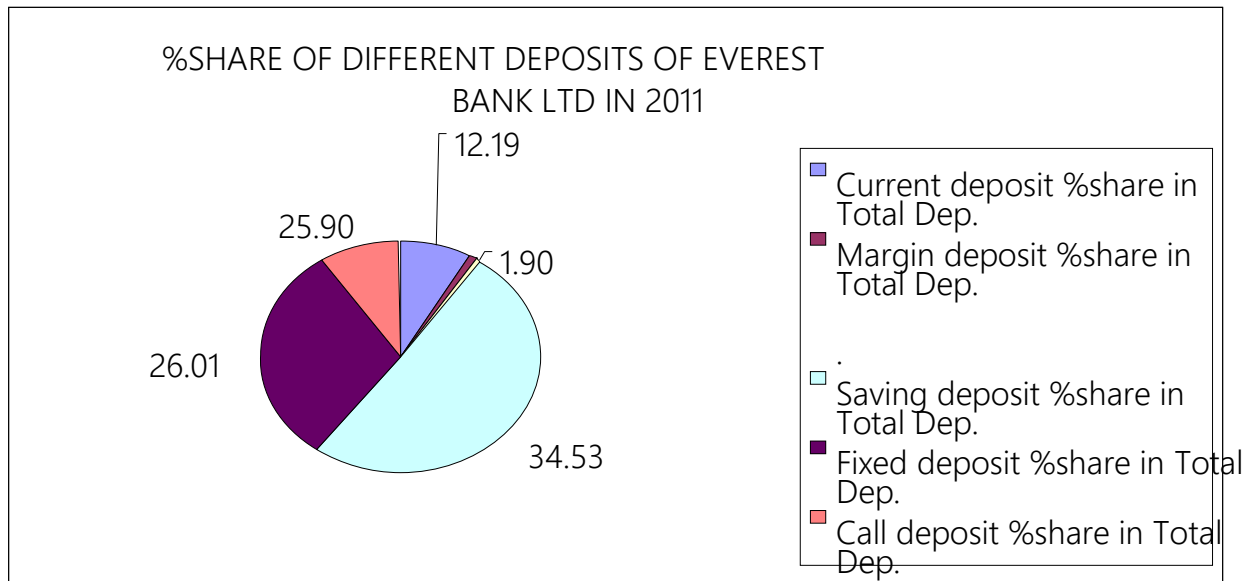
Similarly, in 2009/10, the percentage share of Saving A/C is maximum i.e. 36.17%, Fixed deposit a/c is i.e., 28.26 % & percentage share of Margin deposit A/C is minimum i.e.; 1.02%.

Figure No: 5



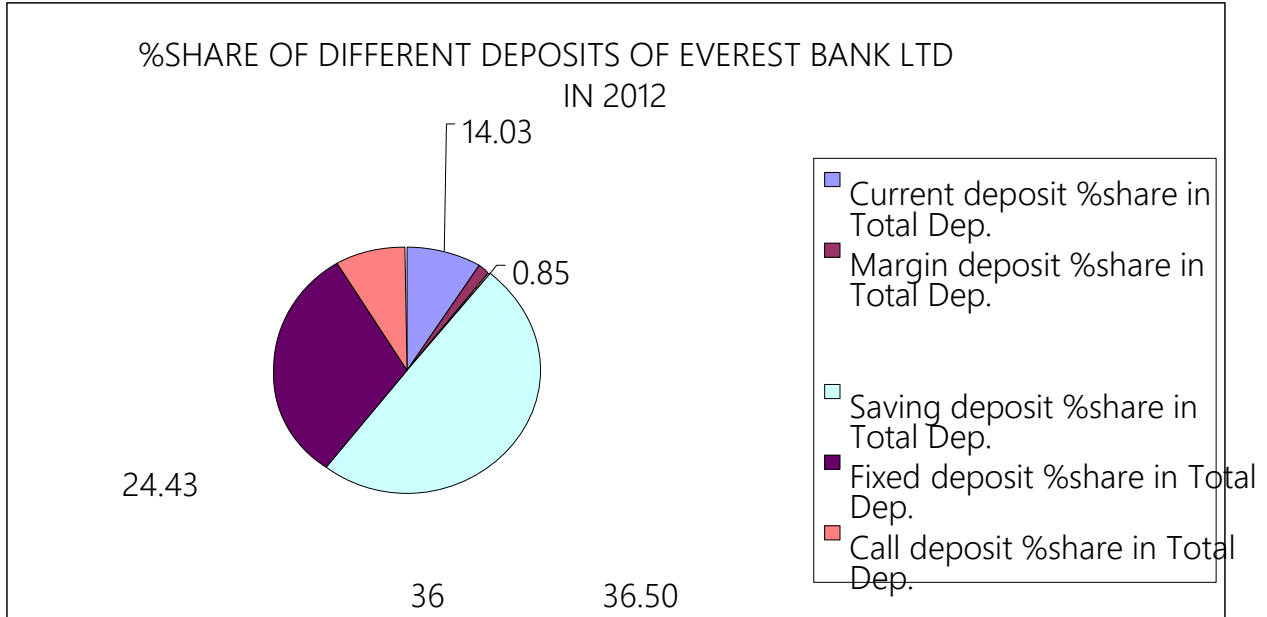
Similarly, in 2010/11, the percentage share of Fixed A/C is maximum i.e. 36.62%, Saving deposit a/c is 31.70 % & percentage share of Margin deposit A/C is minimum i.e.; 0.99%.

Figure No: 6



Similarly, in 2011/12, the percentage share of Saving A/C is maximum i.e. 34.53%, Fixed deposit a/c is 26.01 % & percentage share of Margin deposit A/C is minimum i.e.; 1.90 %.

Figure No: 7



Source: www.everestbank.com

Similarly, in 2012/13, the percentage share of Saving deposit A/C is maximum i.e. 36.50 %, Fixed deposit a/c is i.e., 24.43 % & percentage share of Margin deposit A/C is minimum i.e.; 0.85 %.

Non Interest Bearing Deposit Position of Everest Bank Ltd(Amt in Rs.)

NON INTEREST PAYABLE DEPOSIT			
Fiscal Year	Deposits Rs.	Change in Rs.	% Share in Non Interest Payable Deposit
2008/09	5,196,631,123	
2009/10	4,719,191,166	(477,439,957)	-1.54
2010/11	5,476,821,825	7,57,630,659	2.44
2011/12	6,777,168,844	1,300,347,019	4.19
2012/13	8,794,863,755	2,017,694,911	6.51
	30,964,676,713		

Source: www.everestbank.com

Here, above data shows the deposits amount of Non Interest Payable Deposit in every fiscal year. The deposit amount is in decreasing trend 2009/10. There after it has been rising in increasing trend, the percentage increase in deposit amount is 2.44%, in 2010/11.

Similarly, In 2011/12 the amount of deposit% increases by 4.19% and in 2012/13, amount of increment is 6.51%, which is higher increment in deposit in comparison to others.

Saving Deposit Position of Everest Bank Ltd(Amt in Rs.)

SAVING DEPOSIT			
Fiscal Year	Deposits Rs.	Change in Rs.	% Share in Saving Deposit
2008/09	14,782,330,769	
2009/10	13,360,037,013	-1,422,293,756	-1.78
2010/11	13,039,108,920	-3,20,928,093	-0.40
2011/12	17,269,289,330	4,230,180,410	5.31
2012/13	21,067,485,936	3,79,8196,606	4.77
	7,951,8251,968		
Mean (\bar{X})	15,903,650,393.6		
S.D(δ)	156,930,420,636.94		

Source: www.everestbank.com/ Appendix-2

Here, above data shows the deposits amount of Saving deposit in every fiscal year. The deposit amount is cumulatively decreasing in two financial years, i.e.-1.78% and -0.40% in (2009/10 -2010/11).But finally there is a % increment of deposit amount in financial year (2011/12), which is maximum in comparison to others.

Fixed Deposit Position of Everest Bank Ltd (Amt in Rs.)

FIXED DEPOSIT			
Fiscal Year	Deposits Rs.	Change in Rs.	%Share in Fixed Deposit
2008/09	7,049,978,230	
2009/10	10,440,278,594	3,390,300,364	5.68
2010/11	15,061,938,201	4,621,659,607	7.74
2011/12	13,003,478,505	-2,058,459,696	-3.45
2012/13	14,104,779,337	1101300832	1.84
	59,660,452,867		
Mean (\bar{x})	9,331,394,872.4		
S.D(δ)	8,691,548,153.05		

Source: www.everestbank.com/ Appendix-3

Here, above data shows the deposits amount of fixed deposit in every fiscal year. The % deposit amount is in increasing trend in the fiscal year (2009/10 and 2010/11), which are amount 5.68% and 7.74%,.But during fiscal year 2011/12 there is a percentage decrease in the fixed deposit amount, i.e. -3.45%.

Call Deposit Position of Everest Bank Ltd (Amt in Rs.)

CALL DEPOSIT			
Fiscal Year	Deposits Rs.	Change in Rs.	% Share in Call Deposit
2008/09	6,294,006,124	
2009/10	8,412,803,235	2,118,797,111	4.32
2010/11	7,550,045,393	-8,62,757,842	-1.76
2011/12	12,952,136,592	5,402,091,199	11.03
2012/13	13,753,335,604	801,199,012	1.63
	48,962,326,948		
Mean (\bar{x})	9,792,465,389.6		
S.D(δ)	5,986,914,672.65		

Source: www.everestbank.com /Appendix-4

Here, above data shows the deposits amount of Call deposit in every fiscal year. The percentage of deposit amount is simultaneously in increasing and decreasing trend. In 2009/10, the increase in deposit amount is 4.32%, but in 2010/11, the % amount of deposit decreases by -1.76%, which is minimum in comparison to others. However in 2011/12, Call Deposit is 11.03%.

Current Deposit Position of Everest Bank Ltd (Amt in Rs.)

CURRENT DEPOSIT			
Fiscal Year	Deposits Rs.	Change in Rs.	% Share in Current Deposit
2008/09	4,859,946,758	
2009/10	4,173,319,653	-686,627,105	-2.45
2010/11	4,791,202,774	617,883,121	2.20
2011/12	6,098,254,263	1,307,051,489	4.66
2012/13	8,099,050,980	2,000,796,717	7.14
	28,021,774,428		
Mean (\bar{x})	5,604,354,885.6		
S.D(δ)	3,119,401,681.80		

Source: www.everestbank.com/ Appendix-5

Here, above data shows the deposits amount of Current deposit in every fiscal year. The deposit % amount is in decreasing trend in fiscal year 2009/10, the decrease in percentage deposit is -2.45%, which is minimum in comparison to others. But in 010/11 onwards, the amount of percentage deposit amount is in increasing trend which is 2.20% and in the fiscal year 2011/12, the percentage amount is Rs.4.66%..

Margin Deposit Position of Everest Bank Ltd (Amt in Rs.)

MARGIN DEPOSIT			
Fiscal Year	Deposits Rs.	Change in Rs.	% Share in Margin Deposit
2008/09	291,984,073	
2009/10	375,934,100	83,950,027	3.32
2010/11	410,037,379	34,103,279	1.35
2011/12	951,737,361	5,41,429,982	21.43
2012/13	495,889,582	-455847779	-18.04
	2,525,852,495		
Mean (\bar{x})	505, 116,499		
S.D(δ)	520,296,927.39		

Source: www.everestbank.com / Appendix -6

Here, above data shows the deposits amount of Margin deposit in every fiscal year. The deposit amount is simultaneously in increasing trend from 2008/09 onwards, the percentage increase in deposit amount is 21.43%, which is maximum in comparison to others. But in the fiscal year 2012/13, the percentage of Margin deposit amount decreases to -18.04%

Others Deposit Position of Everest Bank Ltd (Amt in Rs.)

OTHERS DEPOSIT			
Fiscal Year	Deposits Rs.	Change in Rs.	%Share in Others Deposit
2008/09	44,700,292	
2009/10	169,937,413	1,25,237,121	13.65
2010/11	275,581,671	1,05,644,258	11.51
2011/12	227,177,220	-48,404,451	-5.27
2012/13	199,923,193	-27254027	-2.97
	917,319,789		

Mean (\bar{x})	183,463,957.8		
S.D(δ)	173,510,082.87		

Source: www.everestbank.com/ Appendix-7

Here, above data shows the deposits amount of Others deposit in every fiscal year. The deposit amount is in increasing trend for two simultaneously years (2009/10 – 2010/11). In 2009/10, the percentage increase in deposit amount is 13.65%, which is maximum in comparison to others.

But in 2012/13, the percentage amount of deposit decreases by -2.97%. Simultaneously, this is minimum in comparison to others.

Major Findings:

The following are the major findings of the present study:

1. This subject or topic shows the customer's habit, wants, interests etc. Customers want more facilities & interest.
2. They want quality product, fast service and at affordable price.
3. They want to easily deposit & withdraw the amount from their account, easily taking loan facilities. ATM card facilities, do not want to give more time in cheque clearance.
4. They expect that Bank's staff should give more time and attention while dealing with them.
5. Customer's not only want high interest but want more facilities. Customers are satisfied with their own choice of bank. The customer's do not know the interest rate but they are satisfied with the service of bank & their staffs.

CHAPTER-5

SUMMERY, CONCLUSIONS AND RECOMMENDATIONS

Summary & Conclusion

5.1 Summary

Deposits represent the amounts accepted by a bank from the depositors. So, they are the Liabilities of the bank to its depositors.

Deposits are the most important item on the liabilities side of a bank's balance sheet for many reasons. First, they account for the major portion of funds raised by a bank. Secondly, they capacity of a bank to earn profits depends on the volume of deposits. The higher the volume of deposits, the greater will be amount of profits. Thirdly, the efficiency of a bank is judged by its ability to attract deposits. As Deposits are so important to a bank, every bank strives hard to raise as much deposits as possible.

Deposit is the main constitute of the bank. It is the main part of the banking system .Deposit is used in different sector i.e. loan, investment in share market & also deposit shows the financial position. There has been an increase in the deposits of the commercial banks in recent years. The increase in the deposits of the commercial banks is due to the spread of banking habit among the people, vigorous branch expansion by the banks, higher rates of interest offered on bank deposits, increased outlay in the public and private sectors of our economy, etc

There has been a remarkable expansion of bank deposits in the Everest bank LTD. in the recent years. The bank deposits have increased from 6,695.00 mil in 2003 to 18,186.2 mil by July 16, 2007. This tremendous increase in the bank deposits is due to the development of banking habit among the people, remarkable branch expansion program me, and sustained publicity by the bank, increased supply of currency notes etc.

Generally, Bank is a compulsory component of an economy. Most of the commercial banks established are after restoration of democracy when the government adopted liberal & market oriented policy.

Joint venture banks have played significant role in the economic development of the country. They have introduced new technology in banking system, mobilized the saving of community. They have focused their services on commerce, trade & industry. Along with general public ,but the intense competition & lack of sufficient investment opportunities have created threats to the banks.

Generally Bank is a compulsory component of an economy. All the commercial banks are after restoration of democracy when the government the government adopted liberal & market oriented policy.

Deposit is the main part of banking system. Deposit used in different sectors i.e. loan, investment in share market & also deposit shows the financial position.

Deposit data of the different types of A/C of Everest bank Ltd are being provided. Questionnaire are filled up by the customer of the banks. This survey shows customers want more interest & facilities ,not only interest. Customers are aware in provided facilities.

5.2 Conclusion

In such an economically pushed country like Nepal, opening of an Joint venture banks reflects the better economic future of the country. Many banks are in the course of economic development. Everest Bank is also playing its part in that. This bank is employing its deposits in different productive sectors. Banks are providing certain percentage to the depositors as the rate of interest. The study also shows that total deposits are dependent variable towards the time and interest cost where one unit change in interest cost makes change in the deposits volume of 2438.50 units of output, similarly one unit change in time makes change in deposits volume by 1077383.99 units.

This study also shows the bank staff's behavior is fine but numbers of staffs are few. Most of the customers want that bank provided facilities should be increases. No. of customers and total deposit amount are increasing because bank provided facilities are also increasing. The numbers of customers are increasing & also deposit amount is also increasing. These days, customers know that bank deposit is safe deposit. It means customers do not want to investment in other things. With some Thirty two commercial banks operating in Nepal, the market seems over crowded and the banks are now finding a tough competition among themselves. Since the entry barriers are not so high due to the government's liberal policy, this competition is expected to be more intense in the near future, as there is always the possibility of a new player entering this sector. EBL has not maintained a balanced ratio among its deposit liabilities. Consequently, the bank does not seem to be able to utilize its high cost resources in high yielding investment portfolio. The investment portfolio of the bank has not been managed so efficiently as to maximize the returns there from. The operational efficiency of the bank is found unsatisfactory because of the series of operational loss over the period. Lower market value is a reflection of a weaker financial performance of the bank. The net worth of the bank for the last four years is negative due to the heavy loss during the years. There are negative profits for the last four years. Decreased interest paid and earned indicates decreased operating activities of the bank during the period. The bank is not paying dividend for the

last five years due to negative profit. The EPS is negative for the last four years which shows the worst performance of the bank. The net worth of the bank is decreasing highly which clarifies the bank is not able to perform its activities in the way other successful bank are performing. Restructuring of EBL for its sound management, better technical capability and improved financial operations is the other action currently under implementations. . In addition to taking the day-today control over the managerial processes and operational activities of the banks, the management teams have also been responsible to stabilize the bank and restore its financial health to an acceptable level, maneuver the financial control process so as to increase profitability, recover the existing loan portfolio, improve the assets and liabilities structure, make financially strong and operationally viable, develop and strength the comprehensive human resource policies, design and implement information technology plan and eventually preparing it for privatization in the hands of safe and sound professional bankers of repute. There is no doubt that Everest Bank Limited has been operating smoothly and have been successful in becoming the pillars of economic system of the country. Their direct contribution to the economy, includes high amount of the corporate tax paid by them, good dividend to the shareholders and employment to the qualified persons in order to make them equipped with all the technical knowledge of banking. Indirectly, Everest Bank Limited as a joint venture bank acts as a financial intermediaries which provides a link between borrowers and lenders, there by mobilizing the idle resources towards productive investments. Customers are benefited due to excellent services of the bank and computerized transactions. The bank has introduced developments like Automatic Teller Machines, credit cards, deposit schemes and others, which cannot be over sighted and therefore, considered as a very healthy development in the economy.

Nevertheless, it will be relevant to point out some of the important loop holes or discrepancies of the joint venture in the economy. Loans and advances of EBL mostly go to the handful of big corporate houses and others are deprived from the required fund to start any productive business. Though JVBs are achieving the heights of success, living

standard of the general public have not even seen a marginal growth. The methods of earnings of JVBs have very little or no return to the economy and results in a huge disparity between two classes of people. Therefore, the statement “Figures prosper but people suffer” becomes true. NRB, the central bank in order to develop the country uniformly has necessitated the commercial banks to invest 12% of their total credit outstanding to the priority and deprived sectors of the country. In some cases, the JVBs were even happy to pay the penalty, because the penalty amount is lower than their opportunity cost of the funds to the invested in the priority and deprived sectors. Again this kind of activity leads no return for the country. Hence, JVBs must try to seek potential sectors, such as manufacturing, utility services. Tourism, agriculture, etc, and at the same time abide by the economic obligation of investing in priority and deprived sectors, so as to make profits by being instrumental in developing the country

5.3 Policy Recommendations:

On the basis of findings some important suggestions have been forwarded. Those are as follows:

1. It is suggested that they should diversify their service & facilities all over the branches.
2. To increase the provided facilities e.g. ATM card facilities should be available in all the branches.
3. In order to collect money at different deposits, it is necessary to launch different branches in different parts of the country, including the rural & deprived sectors.
4. It is very much necessary to provide knowledge to the people of rural areas about saving with a thinking that they may be of help for the in accumulating deposits & facilities.
5. The bank should introduce attractive and new schemes like “Sunaulo Bhavishya Yogana” to pool deposit.
6. The bank should launch new & modern banking services to attract customers.

7. In the competition market of today, the bank should bring effective marketing strategies into existence to facilitate the greater achievements in commercial banks.
8. Motivation leads to the success of the organization, the bank should carry out reward system and other motivational programs.
9. All imperfect practices inherent from the past mistakes should be avoided to reorient the bank to new discuss of change and further improvement.
10. Customers want that the number of staffs in bank should be increased for delivering fast service.
11. To meet the interest rate in inflation.

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Appendix No.1

Position of Total Deposit of EBL:

Here, $\sum x=1, 89,118.99$, $n=5$

Therefore; $\sum x/n= 219109.6/5$

$$(\bar{X})=43821. 92(\text{In Millions})$$

Now, Standard Deviation SD (δ) = $\sqrt{\sum(x - \bar{X})^2}$

$$=\sqrt{380969559.61}$$

$$=19518.44$$

Financial Year	Total Deposit (x)	(x-(\bar{X})) ²
2008/09	33322.9	94833123.53
2009/10	36932.30	47466863.74
2010/11	41127.90	7257743.76
2011/12	50006.10	38244082.27
2012/13	57720.40	193167746.31
	$\sum x=219109.6$	$\sum(x-\bar{X})^2=380969559.61$

Appendix-1

Source: www.everestbank.com

Appendix No -2

Position of Saving Deposit of EBL:

Here,

$$\sum x = 7,951,8251,968, n=5$$

$$\text{Therefore; } \sum x/n = 7,951,8251,968/5$$

$$(\bar{X}) = 15903650393.6 (\text{In Millions})$$

$$\text{Now, Standard Deviation SD } (\delta) = \sqrt{\sum (x - \bar{X})^2}$$

$$= \sqrt{24,627,156,921,289,451,330,321.2}$$

$$= 156,930,420,636.94$$

Financial Year	Saving Deposit (x)	(x-\bar{X})²
2008/09	14,782,330,769	1,257,357,700,513,084,925.16
2009/10	13,360,037,013	6,469,969,029,967,360,456.36
2010/11	13,039,108,920	8,205,597,853,974,459,496.96
2011/12	17,269,289,330	24,584,558,799,196,042,923,244.96
2012/13	21,067,485,936	26,665,197,508,953,502,197.76
	$\sum x = 79,518,251,966$	$\sum (x - \bar{X})^2 = 24,627,156,921,289,451,330,321.2$

Source: www.everestbank.com

Appendix No-3

Position of Fixed Deposit of EBL:

Here,

$$\sum x = 46,656,974,362, n=5$$

$$\text{Therefore; } \sum x/n = 46,656,974,362/5$$

$$(\bar{X}) = 9,331,394,872.4 (\text{In Millions})$$

$$\text{Now, Standard Deviation SD } (\delta) = \sqrt{\sum (x - \bar{X})^2}$$

$$= \sqrt{75,543,009,296,904,563,798.2}$$

$$= 8,691,548,153.05$$

Financial Year	Fixed Deposit (x)	(x-\bar{X})²
2008/09	7,049,978,230	5,204,861,896,219,689,477.76
2009/10	10,440,278,594	1,229,623,108,029,466,306.56
2010/11	15,061,938,201	32,839,126,840,961,967,577.96
2011/12	13,003,478,505	13,484,198,204,808,811,782.76
2012/13	14,104,779,337	22,785,199,246,884,628,653.16
	$\sum x = 46,656,974,362$	$\sum (x - \bar{X})^2 = 75,543,009,296,904,563,798.2$

Source: www.everestbank.com

Appendix No-4

Position of Call Deposit of EBL:

Here,

$$\sum x = 48,962,326,948, \quad n = 5$$

$$\text{Therefore; } \sum x/n = 48,962,326,948/5$$

$$(\bar{X}) = 9,792,465,389.6 \text{ (In Millions)}$$

$$\text{Now, Standard Deviation SD } (\delta) = \sqrt{\sum (x - \bar{X})^2}$$

$$= \sqrt{35,843,147,297,646,513,389.2}$$

$$= 5,986,914,672.65$$

Financial Year	Call Deposit (x)	(x- \bar{X}) ²
2008/09	6,294,006,124	12,239,217,233,062,491,343.36
2009/10	8,412,803,235	1,903,467,660,835,514,301.16
2010/11	7,550,045,393	5,028,447,441,151,544,011.56
2011/12	12,952,136,592	9,983,522,107,275,861,765.76
2012/13	13,753,335,604	15,688,492,855,321,101,967.36
	$\sum x = 48,962,326,948$	$\sum (x - \bar{X})^2 = 35,843,147,297,646,513,389.2$

Source: www.everestbank.com

Appendix No-5

Position of Current Deposit of EBL:

Here,

$$\sum x = 28,021,774,428, n=5$$

$$\text{Therefore; } \sum x/n = 28,021,774,428/5$$

$$(\bar{X}) = 5,604,354,885.6 \text{ (In Millions)}$$

$$\text{Now, Standard Deviation SD } (\delta) = \sqrt{\sum (x - \bar{X})^2}$$

$$= \sqrt{9,730,666,852,389,734,181.2}$$

$$= 3,119,401,681.80$$

Financial Year	Current Deposit (x)	(x-\bar{X})²
2008/09	4,859,946,758	554,143,460,436,937,881.76
2009/10	4,173,319,653	2,047,861,836,942,536,102.76
2010/11	4,791,202,774	661,216,356,599,538,854.56
2011/12	6,098,254,263	243,936,594,996,107,630.76
2012/13	8,099,050,980	6,223,508,603,414,613,711.36
	$\sum x = 28,021,774,428$	$\sum (x - \bar{X})^2 = 9,730,666,852,389,734,181.2$

Source: www.everestbank.com

Appendix No-6

Position of Margin Deposit of EBL:

Here,

$$\sum x = 2,525,582,495, n=5$$

$$\text{Therefore; } \sum x/n = 2,525,582,495/5$$

$$(\bar{X}) = 505, 116,499 (\text{In Millions})$$

$$\text{Now, Standard Deviation SD } (\delta) = \sqrt{\sum (x - \bar{X})^2}$$

$$= \sqrt{270,708,892,624,963,010}$$

$$= 520,296,927.39$$

Financial Year	Margin Deposit (x)	(x- \bar{X}) ²
2008/09	291,984,073	45,425,431,012,645,476
2009/10	375,934,100	16,688,092,211,395,201
2010/11	410,037,379	9,040,039,059,974,400
2011/12	951,737,361	199,470,194,373,623,044
2012/13	495,889,582	85,135,997,324,889
	$\sum x = 2,525,582,495$	$\sum (x - \bar{X})^2 = 270,708,892,624,963,010$

Source: www.everestbank.com

Appendix No-7

Position of Others Deposit of EBL:

Here,

$$\sum x = 917,319,789, n=5$$

$$\text{Therefore; } \sum x/n = 917,319,789/5$$

$$(\bar{X}) = 183,463,957.8 \text{ (In Millions)}$$

$$\text{Now, Standard Deviation SD } (\delta) = \sqrt{\sum (x - \bar{x})^2}$$

$$= \sqrt{30,105,748,856,924,718.8}$$

$$= 173,510,082.87$$

Financial Year	Others Deposit (x)	$(x - \bar{X})^2$
2008/09	44,700,292	19,255,354,946,254,089.64
2009/10	169,937,413	182,967,414,226,407.04
2010/11	275,581,671	8,485,673,085,197,454.24
2011/12	227,177,220	1,910,849,292,165,948.84
2012/13	199,923,193	270,904,119,080,819.04
	$\sum x = 917,319,789$	$\sum (x - \bar{X})^2 = 30,105,748,856,924,718.8$

Source: www.everestbank.com