COMPARATIVE STUDY OF INVESTMENT PATTERN OF COMMERCIAL BANK IN NEPAL

(WITH REFERENCE BANK OF KATHMANDU LIMITED AND KUMARI BANK LIMITED)

A THESIS

SUMITTED BY

Yamuna Khanal

Nepal Commerce Campus Campus Roll No: 865 MBS Roll No: 251843

TU Registration No: 7-2-502-1-2003

SUMITTED TO

Office of Dean
Faculty of Management
Tribhuvan University

In Partial Fulfillment of Requirements of Degree of

Masters Business Studies (M.B.S)

Kathmandu, Nepal August 2012

RECOMMENDATION

This is to certify that the Thesis is

Submitted by

YAMUNA KHANAL

Entitled

COMPARATIVE STUDY OF INVESTMENT PATTERN OF COMMERCIAL BANK IN NEPAL

(WITH REFERENCE BANK OF KATHMANDU LIMITED AND KUMARI BANK LIMITED)

has been prepared as approved by this department in the prescribe format of faculty of management .

This is forward for examination

Madhab Prasad Neupane
Campus Chief
Krishna Bahadur Thapa
Thesis Supervisor

VIVA VOCE SHEET

We have conducted the Viva-Voce of the thesis presented by

Submitted by

YAMUNA KHANAL

Entitled

COMPARATIVE STUDY OF INVESTMENT PATTERN OF COMMERCIAL BANK IN NEPAL

(WITH REFERENCE BANK OF KATHMANDU LIMITED AND KUMARI BANK LIMITED)

and found that the thesis to be the original work of the student and written according to the prescribed format. We recommend the thesis to be accepted as partial fulfillment of the requirements for Master of Business Studies (M.B.S.)

<u>Viva Voce – Committee</u>

Chairperson, Research Department	
Member (Thesis Supervisor)	
Member (Thesis Supervisor)	
Member (External Expert)	
Date	

DECLARATION

I hereby declare that this thesis work entitled **COMPARATIVE STUDY OF INVESTMENT PATTERN OF COMMERCIAL BANK IN NEPAL** (WITH REFERENCE

BANK OF KATHMANDU LIMITED AND KUMARI BANK LIMITED) submitted to Office of the

Dean, Faculty of Management, Tribhuvan University, is my original work done in the form

of partial fulfillment of the requirements for the Degree of Masters of Business Studies which

is prepared under the supervision **Mahendra Aryal** and **Krishna Bahadur Thapa** of Nepal

Commerce Campus, Tribhuvan University.

YAMUNA KHANAL
Nepal Commerce Campus

ACKNOWLEDGEMENTS

This research has not been completed by my sole efforts only, many helping hands made contributions in different ways to bring out it in this shape. Firstly, I would like to extend my sincere gratitude to my thesis supervisors **Mahendra Aryal** and **Krishna Bahadur Thapa** of Nepal Commerce Campus, Tribhuvan University, for their valuable guidance, suggestion, timely supervision and kindly treatment as well as co-operation in completing thesis work. Without their valuable suggestion and time, I would not have been able to complete it in this form. I would like to thank for chairman of Research Department of Nepal Commerce Campus, **Dr. Sushil Bhakta Mathema** for his kindly suggestion and co-operation.

I would like to extend my gratefulness to the professors and lecturers of Nepal Commerce Campus, staff of library and administration of Nepal Commerce Campus, Central library of TU and Shanker Dev Campus and all my colleagues who have extend their helping hands towards the accomplishment of his thesis.

I would like to extend my appreciation to the staff of Bank of Kathmandu Limited and Kumari Bank Limited, for their kind co-operation in furnishing lot of valuable information and data.

Similarly, I would like to extend my thanks to my friend, relatives and well wisher who are directly and indirectly involved during the entire period of thesis preparation.

Finally, I would like to extend my heartily thank to all my family members who inspired me in my ways to cope with during the entire period of thesis.

Yamuna Khanal Nepal Commerce Campus

ABBREVIATIOS

A/C : Account

ATM : Automatic Teller Machine

B.S. : Bikram Sambat

BOKL : Bank of Kathmandu Limited

C.V. : Coefficient of Variation

CRR : Cash Reserve Ratio

EBL : Everest Bank Limited

F.C : Foreign Currency

F/Y : Fiscal Year

Govt : Government

NBL : Nepal Bank Limited

NEPSE : Nepal Stock Exchange

NIDC : Nepal Industrial Development Corporation

NRB : Nepal Rasta Bank

PF : Provident Fund

P/L : Profit and Loss

RBB : Rastriya Banijya Bank

RS : Rupee

SCBNL : Standard Chartered Bank Nepal Limited

D.S. : Standard Deviation

T.T. : Telegraphic Transfer

TWF : Total Working Fund

VIZ : such as

VSAT : Very Small Aperture Terminal

N G : NEPAL GOVERNMENT

MISC : Miscellaneous

Ltd : Limited

KBL : Kumari Bank Limited

IMF : International monetary fund

I.e. : That is

TABLE OF CONTENTS

Recommendation	
Viva-Voce Sheet	
Declaration	
Acknowledgements	
Table of Contents	
List of Tables	
List of Figures	
Abbreviations	
	Page No.
CHAPTER I	
INTRODUCTION	
1.1 Background of the Study	1
1.2 Origin and Development of Bank	3
1.3 Introduction of Sample Organizations	10
1.3.1 Introduction of Bank of Kathmandu Limited	10
1.3.2 Introduction of Kumari Bank Limited	11
1.5 Objectives of the Study	14
1.6 Significance of the Study	14
1.7 Limitations of the Study	15
CHAPTER – II	
REVIEW OF LITERATURE	
2.1 Conceptual Framework	17
2.2 N.R.B. Directives Based on Investment Policy	21
2.3. Review of Related Studies	22
2.3.1. Review of Journals and Articles	22
2.3.2. Thesis Review	23
2.4 Research Gap	30

CHAPTER – III

RESEARCH METHODOLOGY

3.1 Introduction	31	
3.2 Research Design		
3.3 Population and Sample		
3.4 nature and Sources of Data		
3.5 Data collection procedure		
3.6 Data Analysis Tools		
CHAPTER – IV		
DATA PRESETATION AND ANALYSIS		
4.1 Data Presentation and Analysis	42	
4.1.1 Financial Tools	42	
4.1.2 Statistical Analysis	65	
4.2 Major Findings of the Study		
CHAPTER V		
SUMMARY, COCLUSIO AD RECOMMEDATIOS		
5.1 Summary	77	
5.2 Conclusion	79	
5.3 Recommendations		

BIBILOGRAPHY

APPENDICES

LIST OF TABLES

Table No.	Title	Page No.
1.1	Lists of Commercial Banks	9
4.1	Current Ratio	43
4.2	Cash and bank balance to total deposit ratio	44
4.3	Cash and bank balance to current assets ratio	45
4.4	Investment on Government Securities to Current Assets ratio	46
4.5	Loan and Advance to Total Deposit ratio	48
4.6	Total Investment to Total Deposit Ratio	49
4.7	Loan and Advance to Total Assets ratio	50
4.8	Investment on Government Securities to Total Assets	51
4.9	Investment on share and debenture to Total Assets	52
4.10	Return on Loan and advance	54
4.11	Return on Total Assets	55
4.12	Total interest earned to Total Assets Ratio	56
4.13	Total interest earned to Operating Income Ratio	57
4.14	Total interest Paid to Total Assets Ratio	58
4.15	Liquidity Risk Ratio	59
4.16	Credit Risk Ratio	60
4.17	Analysis of Investment on Government Securities	61
4.18	Analysis of Investment on Share and Debentures	63
4.19	Growth Rate of Total Deposit (percentage)	63
4.20	Growth Rate of Loan and Advance (percentage)	63
4.21	Growth Rate of Total Investment (percentage)	64
4.22	Growth Rate of Net Profit (percentage)	64
4.23	Correlation between Deposit and Loans and Advances	65
4.24	Correlation between Deposit and Total investment	66
4.25	Correlation between Outside Assets and Net Profit	66

4.26	Projection of Total Deposit for next five years	68
4.27	Projection of Loan and Advance for next five years	69
4.28	Projection of Total investment for next five year	70
4.29	Projection of Net profit for next five year	72
4.30	Mathematical facts and finding	75

LIST OF FIGURES

Table No.	Title	Page No.
4.1	Trend line of Total Deposit	70
4.2	Trend line of Loan and Advances	71
4.3	Trend line of Total investment	72
4.4	Trend line of Net profit	73