

CHAPTER-I

INTRODUCTION

1.1 General Background of the study

The development of any country in this modern era is depends upon to some extent with financial activities of the country. Financial activities play a role of catalyst in the process of economic development of the country. In Nepal, financial sectors (banks, finance companies etc.) play a vital role in the economic development of the country. Agriculture is the main occupation of almost village people but no scientific methods of agriculture have yet been implemented. It is one of the richest countries in the world in terms of natural resources available here have remained unutilized due to reasons.

Nepal is a tiny landlocked country is south Asia, it remains as one of the 48 least developed countries in the world. The country's per capita income has been growing a little over two percent annum at a situation when more than two-fifth of the country's population is in absolute poverty. Nepal's current economic situation is best with nearly half of the population living below poverty line, and unemployment and disguised unemployment together depriving one half of the labor force.

Investments in productive sectors increase the economic activities. The unutilized financial resources should be diverted towards productive sector in order to increase the economic activities. To develop the Nepalese economy, the financial institutions should be established. The participations of the private sectors play ever more important role for the economic development. Hence, various banks, insurance companies, financial companies etc. have been established in the private sector and government sector as well to develop the economy to develop the economy of the country, their providing their active participation for the economic development. But even with the rapid development and expansion of financial institutions, the country has not been able to achieve the desired income so far which is due to the poor capital market condition of our country and due to the early stage of economic growth.

The profit planning and control mechanism is being widely practiced in manufacturing industries but it is relatively new in non-manufacturing/services, industries/sectors. However, this concept is equally applicable to any kind of business concern for the best utilization of the scarce resources and effectively and efficiently achieving goal. Every company or institutions are established based on the definite goals and objectives. According to the objectives, the company performs its tasks. Mainly two types of institutions such as profit oriented and service oriented institutions are established, but most of them are profit is the lifeblood of the business, which not only keeps it alive but also assures the future and makes it sound. Profit planning is an important tool of the firm to achieve the objectives. Profit do not just happen, profits are managed (Lynch & Williamson, 1989:125).

“A profit plan is an advance decision of expected achievement based on the most efficient operating standards in effect or in prospect of time. It is established against which actual accomplishment is regularly compared” (Niel, 2001:305).

Therefore, to manage the profit, the management should follow various processes of profit planning because the management process and profit planning and control are interested to each other. Profit maximization is the basic objectives of a firm and to make it reliable service should render to its customers. Profit is a device to measure efficiency of a firm. Planning is the first essence of a management and all other functions are performed with the framework of planning. Planning means declining in advanced what is to be done in future. Planning starts from forecasting and predetermination of future events. The main objective of planning in business is to increase the chance of making profit. The budget is the primary planning operation document committed to performance. In this sense budget is also called a profit planning.

The term comprehensive profit planning and control is defined as a systematic and formalized approach for performing significant phase of the management planning and control function. PPC involve the following terms:

-) The development and application of broad and long-range objectives of the enterprise.
-) The specification of enterprise goals.

-) A long-range profit plan developed in broad terms.
-) A short-range profit plan detailed by assigned responsibilities (divisions, product, project etc.)
-) A systematic periodic performance reports detailed by assigned responsibilities,
-) Control system.
-) Follow-up procedures.

As like in the other profit-oriented organizations, a commercial bank has also to make reasonable profit for its survival. Most of the commercial banks are formed as a company with joint stock and the shares being traded at stock exchanges. Therefore, profit made by them is the important parameter for measurement of effectiveness efficiency of them.

1.2 History of Banking Development

The word 'Bank' is derived from the word 'Bunco', 'Bancus' or Basque' but the meaning is same that is bench. This refers that early bankers transacted their money lending activities on benches in the market place exhibiting the coins of different denominations for the purpose of changing and or lending money. Some writers are of the opinion that the word 'Bank' came from the German word 'Banc' meaning joint stock fund (Varshney, 1993:169).

In its native from, banking is as old as in the authentic history and origins of the modern commercial banking are traceable in ancient times. In ancient Greece, around 2000 B.C., the famous temples of Ephesus, Delphi and Olympia were used as depositories for people surplus fund and these temples were the centers for money lending transactions. The pries of these acted as financial agents until public confidence was destroyed by the spread of disbelief in the religion. Later, however, for a few countries, banking as an organized system of money lending receded because of the religious belief that the charging of interest was immoral. However, the banking as we know today, made its first beginning around the middle of 12th century in Italy. The Bank of Vedic, founded in 1157 A.D. was the first public banking institutions. Following this, in 14th century, the Bank Genoa was established in 1401 A.D. and 1407 A.D. respectively (Vaish, 1996:134).

In England, start of Banking can be accounting for as far back as the region of Edward III. Those days, the Royal Exchanger used to exchange the various coins into British money and used to supply foreign money to the British men going out of the country. The bankers of Lombardy were famous in medieval Europe as the credit of planning the seed of modern banking in England goes to them when they settled in London in the locality now famous as the Lombard street.

The goldsmiths can be considered as the initial Bankers in England as they used to keep strong rooms with security guards employed. People entrusted their cash to them. The goldsmiths used to issue duly signed receipt of the deposits with the undertaking to return the money on demand charging some fee for safekeeping. These undertaking helped in gaining a further confidence of the public therefore the money were kept with them for longer periods. They were thereby encouraged to lend some part of these funds, which became profitable business to them. Therefore, they started offering interest on the deposits to attract more funds. In the course of time independent banking concerned were set up. The Bank of England was established in 1694, under a Special Royal Charter. Further, in 1833 legislative sanction was granted for establishment of joint stock banks in London, which served as a big impetus to the development of joint stock banking. These banks took the initiative for extending current account facilities of withdrawals through ceruse.

In India, the ancient Hindu scrip tares refer to the Vedic period. During the Ramayana and Mahabharata eras, banking had become a full-fledged business activity and during the Smiriti period (after the Vedic period), the business of Banking was carried on by the members of vanish community. Manu, the great lawgiver of the time speaks of the earning of interest as the business of Bishyas. The bankers in the smiriti period performed most of those functions which the banks in modern times performs such as the accepting of deposits, granting loans, acting as the treasure, granting loans to the king in times of grave arises and banker to the state and issuing banker to the state and issuing and managing the currency of the country.(Vanish,1992:183)

1. In Nepal, although the monetary history dates back to 1st century (Lichhavi Dynasty), the banking history is comparatively very short. The development of organized banking has started in Nepal only from around the starting of 20th century of Bikram Sambat. Nepal bank limited, established in B.S. 1994 with

an authorized capital of Rs.1 corer and paid up capital of Rs. 8 Lakh 42 thousand is the first organized bank established in Nepal (NRB,2045). Although during the Prime Minister Ship of Rana Prime Minister Ranadwip Singh an office called “Tejarath Adda” was established for granting loans to government officials and to the public against the security of gold, silver and other valuables, it could not be considered as Bank in real sense, as it did not collect deposit. Later after establishment of Nepal Banks, the functions of ‘Tejarath Adda’ were limited up to providing loans to government officials only (NRB Report, 2045:12). Banking development in Nepal found another break after the establishment of Nepal Rastra Bank, the central Bank of Nepal in 2013B.S. (NRB Report 2045:14). This has helped organizing the monetary system in the country before which the dual currency system (Indian and Nepalese currency) was prevailing in the system largest sector of economy was none monetized. In the course of organized development of banking sector, second commercial bank, Rastriya Banijya Bank was established in 2022B.S. at the state ownership (NRB Report, 2045:16).

Later on, in F/Y 2039/40, the policy for allowing establishment of foreign joint venture banks was taken with an aim to having fair competition and skill development in banking sector, which had added new dimension in development of banking in Nepal. Accordingly, Nepal Arab Bank Ltd (presently renamed as Nabil Bank) has been established as the first joint venture bank in Nepal in 2041 B.S.(NRB Report, 2045:17).

Afterward, various commercial banks were opened with foreign joint venture under private sectors in Nepal, which had contributed a lot to bring the commercial banking at present day position. Till there are 31 commercial banks licensed under NRB in Nepal which are enlisted below.

Table 1.1
Lists of Commercial Banks in Nepal

S.No.	Name of Banks
1	Agriculture Development Bank Ltd.
2	Bank of Asia Nepal Ltd.
3	Bank of Kathmandu Ltd.
4	Century Bank
5	Citizens Bank International Ltd.
6	Civil Bank
7	Commerz & Trust Bank Nepal Ltd
8	Development Credit Bank Ltd.
9	Everest Bank
10	Global Bank Ltd.
11	Himalayan Bank Ltd.
12	Janta Bank Nepal Ltd.
13	Kist Bank Ltd.
14	Kumari Bank Ltd.
15	Laxmi Bank Ltd.
16	Lumbini Bank Ltd.
17	Machhapuchhre Bank Ltd.
18	Mega Bank
19	NABIL Bank Ltd.
20	Nepal Bangladesh Bank Ltd.

21	Nepal Bank Limited.
22	Nepal Credit & Commercial Bank Ltd.
23	Nepal Industrial & Commercial Bank Ltd.
24	Nepal Investment Bank Ltd.
25	Nepal SBI Bank Limited.
26	NMB Bank Ltd.
27	Prime Commercial Bank Ltd.
28	Rastriya Banjiya Bank
29	Siddhartha Bank Ltd.
30	Standard Chartered Bank Ltd.
31	Sunrise Bank Ltd.

(Source: www.nrb.org.np)

1.3 Importance of Financial Institution

Financial Institution can be considered as the catalyst to the economic growth of a country. The development process of a country involves the mobilization and deployment of resource and financial institutions have become much more significant than ever. Their activities for the poor can be considered as the major role-played by the endeavor toward poverty alleviation.

“Financial Institution” means an institution established under the prevailing laws with the objectives of providing loans for agricultural cooperative, industrial or any other specific economic purpose or of collecting deposits from the general public and the word also includes an institution prescribed as financial institution by Government of Nepal by publishing notice in the Nepal Gazette. (NRB act 2002)

In Nepal, there are several kinds of financial institutions such as Commercial Banks, Development Banks, Rural Development Banks, Finance Companies, Co-operatives

involving in saving and Credit activities etc. Most of the financial institutions are under regulation of Nepal Rastra Bank (NRB), the central Bank of Nepal.

1.4 Statement of Problem

The Nepal SBI Bank Limited is one of the leading commercial bank in Nepal, which is earning profit since its establishment. However, in recent years the economic condition of Nepal is not satisfactory. All business activities are going downwards. As a result, there is less investment opportunities and increment in collection of deposit. This may effect on profitability of the bank. So, the bank has to prepare the profit plan for future in order to take step to improve profitability. The main research questions are as under.

1. Does Nepal SBI Bank limited have appropriate profit planning system?
2. Does the Bank mobilize the deposits and other resources at optimum cost?
3. Does the Bank deployment resources generating satisfactory yield?
4. Does the Bank giving proper attention towards non-funded business activities thereby generating satisfactory amount of other income?
5. What are the overall PPC problem of Nepal SBI Bank and what suggestions can be recommended for their proper solution?

1.5 Objectives of the Study

The basic objectives of this study are to appraise the application of comprehensive PPC system in Nepal SBI Bank Limited. Thus, the major objectives are:

1. To observe Nepal SBI's profit planning based on overall budgets by the Bank.
2. To analyze the variance of budgeted allocation and actual achievements.
3. To study the growth of the business of the Bank over the period.
4. To provide suggestion and recommendation for improvements of the overall profitability of the Bank.

1.6 Signification of the Study

Profit is the way to run lifetime of every organization because the continuity or survival of the each any every organization is depends upon the earning capacity of that organization. This study is concerned with the profit planning in the commercial bank. It attempts to examine and analyze the applicability of profit planning system in the bank. Profit planning process significantly contributes to improve the profitability as well as the overall financial performance of an organization with the help of the best utilization of resources.

Profit planning is a part of an overall process and is an area in which finance function plays major role. It is now an important responsibility of financial manager while activities of those require an accounting background.

It is also need knowledge of business principles, economics statistics and mathematics.

Hence, profit planning represents on overall plan of preparation for a definite period. Profit planning is crucial for management. Profit is the most important indicators for judging managerial efficiency and does not just happen, for this every organization has to manage. Various functional budgets are the basic tools for proper planning of profit and control. Therefore, Therefore this study will be great references:-

-) This study will be useful for those who want to know the profit-planning tool and for next researcher as a reference.
-) It will help other similar nature of commercial Bank to determine and manage different type of budgeting.
-) It will be useful for government to formulate appropriate managerial policy.
-) This study might be valuable for the researcher, scholars and students who want to investigate into the working capital management.

1.7 Limitations of the Study

The study no doubt has certain limitation of the following kinds:

1. This study covers only related data of the banks from F/Y 2006 to 2010.
2. The data are taken from visible area of Bank which has provided in annual report.

3. Especially profit planning aspect of Nepal SBI Bank Limited has been analyzed with the based by past data.
4. The result of the study may not be thoroughly applied over all types of commercial banks.

1.8 Design of the Study

The study is divided into the following five chapters.

Chapter I: Introduction

The first chapter deals the background of the study, history of banking development, importance of financial institution, statement of problem, objectives, significance and limitation of the study.

Chapter II: Review of Literature

The second chapter deals with the review of available literature. It takes in review of related books, journals, articles and previous unpublished Master Degree Dissertation etc.

Chapter III: Research Methodology

The third chapter is deals with the research methodology employed in this study. It includes research design, population and sample, data collection procedure and sources of data, data analysis techniques etc.

Chapter IV: Data Presentation and Analysis

The fourth chapter is the important chapter of the study, which implies the presentation, and analysis of data as well as major findings of the study.

Chapter V: Summary, Conclusions and Recommendations

The final chapter covers the summary of the study, the main conclusion that flows from the study and offers some recommendations as well as suggestions for further improvement. In the final part of the study bibliography, appendix, along with questionnaire will be attained.

CHAPTER-II

CONCEPTUAL FRAMEWORK AND REVIEW OF LITERATURE

2.1 Introduction

For analyze type of every study, review of literature is essential, which helps to find out what research studies have been conducted in ones chosen field of study and what remains to do. In fact, review of literature begins with a search for a suitable topic and continues throughout the duration of the research work. It is a path to find out what other research in this area has uncovered. It is the process of locating, obtaining, reading and evaluating the research literature in the area of the student's interest. It is also a means to avoid investing problems that are already been positively answerer. The main reason for a full review of research in past is to know the outcomes of those investigations in areas where similar concepts and methodologies had used successfully.

Review of literature means reviewing research studies or other relevant propositions in the related area of the study so that all the past studies, their conclusions and deficiencies many are know and further research can be conducted. The most important reason of literature review is to learn not researcher such as, what research has been done in the subject? What the ones have been developed? Methods approaches used by other researcher's area of agreement or disagreement etc.

2.2 Conceptual Framework of Profit Planning and Control

2.2.1 Concept of Profit Planning and Control

“The term comprehensive profit planning and control has recently come into existence in the business literature. It has its synonyms like comprehensive budgeting, managerial budgeting and budgeting.” This term is broadly defined as a systematic and formalized approach for performing significant phases of the management planning and control includes the following matter:

1. The development and application of broad and long range objectives for the enterprises.

2. The specification of enterprise goals.
3. The development of strategic long-range profit plan in broad terms.
4. The development of tactical short-range profit detailed by assigned responsibility (division, product and projects).
5. The establishment of a system of periodic performance report detailed by assigned responsibility and follow up procedures(Welsh,1999:257)

In many of the better-managed companies, comprehensive PPC has been identified as a way of managing. It focuses directly upon a rational and systematic approach to management objectives and realistic flexibility in performing the management process.

“The international management institutions conferences on budgetary control held at Geneva in 1980 has defined profit plan as an exact and rigorous analysis of the past and the probable and desired future experience with a view to substituting considered intention for opportunism in management”(Int’l mgmt institutions Geneva conference Doc, 1980).

“Profit planning is predetermined detailed plan of action developed and distributed as a guide to current operations and as a partial basis for the subsequent evaluation of performance. Thus it can say that profit planning is a tool which may be used by the management in planning the future course of actions and controlling the actual performance”. (Gupta, 1994)

Profit plan represents and overall plan of operations, cover a definite period and formulates the planning decision of the management. It can be viewed as one of the major important approaches that have been developed to facilitate effective performance of the management process.

The basic concepts of PPC model includes: (Bajracharya, Ojha, Goiet & Sharma; 2005)

-) PPC is the plan prepared in advance comprising both short-range plans.
-) PPC is the concept where participation and viewpoints of every members of the organization is taken into even though prepared by top management.

-) PPC is management laid process comprising of all management functions from planning to controlling and providing feedback.
-) PPC is focused towards the enterprises goals.
-) PPC is totally based on formulating plans and controlling those plans that are formulated with the assistance of budgeting and
-) Finally, follow up procedure is conducted to check whether it is along with the budgeted plan or not.

Now a day's profit planning system is especially familiar to business organization but the practicability of it depends upon the size of the business. The common objectives of PPC system whether applied to business administration is to formulate policy as well as with the implementation of policy. In addition, an objective established after the consideration of the probable courses of events in the future. In conclusion, PPC is directed towards the final objectives of the enterprises and generally include all of its important elements. It has main objectives of attaining the optimum profit in the enterprises.

2.2.2 Profit

Profit is the basic elements of profit plan so that the concept of profit planning may not be complete and meaningful in absence of the clear-cut well-defined idea of profit. According to Oxford dictionary profit means- {1}(a) financial gain (b) amount of money gained in business especially the difference between the amounts and the amount spend. {2} Advantage or benefits gained from some things.” (Hornby,1992)

According some theories, profit are factory payment for taking the risk for getting to take what is left over after contractual outlays have been made.

In the second type of profit theory are viewed as a wage for the service of Innovation. Profits in this theory are tied to dynamic development.

Profits around which all enterprises activities directly or indirectly revolve play the significant role for judging the managerial efficiency. In absence of profit, nobody can think about the long-term survivalists of the enterprises.

2.2.2.1 Long Range and Short Range Profit

Long range and short-range profit plans mean strategic and tactical profit plans respectively. The two types of profit plans are developed in PPC. “The strategic profit plan is broad and it usually encompasses five or more years in the future. The tactical profit plan is detailed and encompasses one-year time horizon the upcoming year. The development of strategic and tactical profit plans each year is a process that involves managerial decisions and ideally a high level of management participation.” (Welsch, Hilton & Gordon 2006:173) While preparing the strategic profit plan state of economy, political stability, population study etc are keep in considerations. Likewise, tactical profit plan is prepared for short period. By the time is prepared for a month, quarter, half year & a year.

2.2.3 Planning

Planning is the foundation of PPC. We should be clear in concept of planning “According to Oxford Dictionary, planning means:

-) To (do something) arrangement for doing or using something, considered or workout in advanced.
-) Way of arrangement something especially when shown on a drawing scheme.
-) Go according to plan.” (Hornby, 1992:21)

“Planning is deciding in advance what is to be done in future.” (Bhusan, 1975:25)
planning is a method of a course of action to achieve a desired result. Planning starts from forecasting and determination of future events. It is the first functions of management and all other functions are performed with the framework of planning.

“Planning is the process of developing enterprises objectives and selecting a future course of action to accomplish them. It includes development premises about the environment in which they are to be accomplished.”(Welsch, 1999:27)

A plan is then a projected course of action. All planning involves anticipation of the future course of events and therefore bears an element of uncertainty in respect of its success.

Management planning and control begins with the establishment of the organization and continues as the process by which necessary resources are provided and employed effectively and efficiently towards the achievement of goals.

Planning is essential to accomplished goals. It reduces uncertainty and provides direction to the employees by determining the course of action and advance.

“Planning is the feed forward to reduce uncertainty about future. The planning process is based on the conviction that management can plan its activities and condition the state determines its destiny.” (Pandey 1991:20)

Planning is mental process requiring the use of intellectual facilities, imagination, foresight sound judgment etc. Whether the manager is of top level, medium level or lower level, he cannot be separated from the planning task i.e. their commonality is planning but planning differ as the level.

“In planning the manager fixes the objectives of the organization as a whole and in the light of this, the goals of the various departments of the organization. Then, he proceeds to prepare a kind of blue print mapping out of way of attaining these objectives naturally then all other functions of the manager depends upon planning.” (Bhusan 1976:30)

Planning is the backbone functions of the management. Hence, we can point out the nature of planning.

-) Planning is an intellectual process.
-) Planning is a goal-oriented task.
-) Planning is a primary function of management.
-) Planning pervades all management activities.
-) Planning is desired towards deficiency.

2.2.3.1 Long Range and Short Range Planning

Long range planning is closely concerned with the concept of the organization as long living institution. It most important for broad and long living enterprises. Long range planning varying five to ten years with the enterprises in some times extended to ten

years. Strategic planning is one of the most difficult time span involve in planning as many problems in short range planning can be traced to the absence of a clear sense of direction and the practices which a comprehensive long range plan provides. The short term planning is limited time dimension & usually it covers one year's time. The management as a substantial part of the long-range plan uses short term planning.

2.2.3.2 Corporate Planning

Corporate planning means the systematic process of setting corporate objectives and making strategic decisions and developing the plans necessary to achieve these objectives.

Corporate planning is one part of plan. It was first started in the USA in 1950, and it is however being used in one form or another in many companies there.

According to Andrew Robertson, "Corporate planning is to be determined the long term goals of a company as a whole and then to generate plan designated to achieve these goals bearing in mind probable change in its environment". He pointed out the premises of the corporate planning are:

-) Before drawing up a plan, which is designed to do something decide what you want to do.
-) In these days of rapid change, it is necessary to look ahead as far as possible to anticipate these changes.
-) Instead of treating a company as a collection of department, treat it as a corporate whole.
-) Take full account of the company environment before doing up any plan.

Long term planning is included in corporate planning. Corporate planning often is considered synonymous with long term planning. The main objectives of corporate planning areas as follows:

-) Achieving objectives.
-) Embodiment of goals and objectives in the Enterprises.
-) Formulating realistic and attainable objectives.
-) Clarity and adequacy of goals and objectives.

-) Communication of goals and objectives.
-) Involvement of personnel in developing the goals of enterprises.

2.2.3.3 Role of Forecasting in Planning

Forecasting is an integral part of decision-making activities of management. An organization establishes goals and objectives seek to predict the environmental factors.

The need for forecasting is increasing as management attempts to decrease its dependence on change and become more scientific in dealing with its environment. Since each area of organization is related to others. A good or bad forecast can affect the entire organization. Planning or budgeting is not nearly forecasting although forecasts from the basis of budgeting. Forecasting is the estimate of the future environment within the company will operate. Budgeting or planning on the other hand involves the determination of what should be done, how the goals may be reached and what individual or units are to assume responsibility and be held accountable.

Forecasting is indispensable in planning. Forecast is statement of expected future conditions definite statements of what will actually happen are patently impossible.

Expectation depends upon the assumptions made. If the assumptions are possible, the forecast has a better chance of being useful forecasting assumptions and techniques vary with the kind of planning needed.

The short term forecasting is needed in budget making. A budget set for the following year will be much useful. It is regarded to sales levels, which will eventuate rather than current sales level. As budget distributed according to current sales may establish policy as to lines of emphasis, but will obviously, required successive adjustment if sales levels changes (Bratt, 1985:246)

2.2.4. Control

After being clear about the concept of profit and planning we move towards the third component of profit planning and control i.e. control. The dictionary meaning of control is;

- 1) Have a power or authority over somebody or something
- 2) Regular something
- 3) Management, guidance, restriction.
- 4) Standard of comparison for checking the results of the experiment.(Horn by 1992:32)

Controlling can be defined as process of measuring and evaluating actual performance of each organizational component of an enterprises and initializing corrective action when necessary to ensure efficient accomplishment of enterprises objectives, goals, policies and standards, planning establishes the objectives, goals, policies and standards of an enterprise. Control is exercised by using personal evaluation, periodic performance, reports and special reports.

"Control is an ambiguous word: it means the ability to direct oneself and one is work. It can also mean domination of person by another (management). Objectives are the basis of control in the first. Sense, but they must never become the basis of control as in the second for this would defeat their purpose, indeed one of the major contributions of management by substitute management. By objective is that it enables us to substitute management by self control for management by dominant."(Drucker P.F.-1954:20)

An important aspect of control that is frequently over looked is its relationship to the point of action or at the time of commitment. Effective control requires feed forward. In other words, it is assumed that objectives, plan policies, and standards have been developed and communicated to that manager who has the related performance responsibilities.

Thus, control must necessarily rest upon the concept of feedback which requires performances measurement and triggers corrective action designed to ensure attainment of the objectives. When plans become operational control must be exercised to measure progress. In some cases, control also results in the revisions of prior plans and goals or in the formulation of new plans changes in operations and reassignment of people. Control approach must be tailored to the characteristics of the operation and the organization on structure.

"A control process designed to help monitor the periodic activities of business and of each responsibility center has the following phases;

1. Compare actual performance for the period with the planned goals and standards.
2. Prepare a performance report that shows actual results, planned results and any difference between the two (i.e. variation above or below planned results.)
3. Analyze the variations and the related operations to determine the underlying causes of the variations.
4. Develop alternative course of action to correct any deficiencies and learn from the success.
5. Make a choice (corrective action) from the set of alternatives and implements it.
6. Follow up to appraise the effectiveness of the correction follow with feed forward for re-planning."(welsch-1999)

The comparison of actual result with planned goals and standard constitutes measurement of the effectiveness of control during a specified past period. The provides the basis for effective feedback. The facts shown in a performance report cannot be changed however the historical measurement may lead to improved control in the future. The significant concept here is that objectives policies and standards fulfill two basic requirements in the overall control, process, namely (1) Feed forward to provided a basis for control at the point for measurement of the effectiveness of control after the action has taken place. Moreover, feedback is of instrumental in re-planning.

2.2.5 Budget and Budgeting

Budgeting is a forward planning and involves the preparation in advance for the quantitative as well as financial statement in indicate the intention of the management is respect of the various aspect of the business. "A budget is a comprehensive and coordinate plan expressed in financial term for the operation and source of an enterprise for some specific period in the future" (Pandey, 1991:98)

As regards the term 'Budget it can be visualized as the end result of the budgeting. If budgeting is the procedure for preparing plan is respect of future financial requirements, the plan when presented in written form is called budget. Budgeting in facts is a managerial technique and a business budget is such a written in which all aspects of business operations with respect to definite future period are included. It is

a formal statement of policy, plan, objectives and goals established by the top-level management in respect of some future period (Gupta, 1994:78). “Budgeting is a forward planning. It serve as a device for management control, it is a pivot of any effective scheme of control. Budgeting is the principal tool of planning and control offered to management by accounting functions.” (Welsch, Hilton & Gorden, 1999:234)

A budget is forecast, in detail of the result of an officially recognized programmed of operations based on the highest reasonable expected operating efficiency. “Budget is designed as a comprehensive and coordinated plan, expressed in financial terms for the operations and resources of enterprises for some specified period in the future.”(Fregmen,1976:256). According to his definition the essential elements of a budget are:

-) Plan
-) Operations and Resources
-) Financial Terms
-) Specified future period
-) Comprehensiveness
-) Co-operation.

Therefore, we can say that budget is a tool, which may be used by the management in planning the future course of action and in controlling the actual performance.

2.2.6 Budgeting: As a Device of Profit Plan

Budgeting is a forward planning. It as a device (tool) for management, control; it is rather pivot of any effective scheme of control. Budgeting is the principal tool of planning and control offered to management by accounting functions (Welsch, et. al 1999; 346). The prime objective of budgeting is to assist in systematic planning and in controlling the operations of the enterprises. IN fact budgeting is best sources of communication and an important tool in the hands of management. Since, budgeting deals with fundamental policies and objectives it is prepared by top management. A formal budget by itself will not ensure that a firm’s operations will be automatically geared to the achievement of the goals set in the budget. For this to happen, the top-

level managers and lower level employees have to understand the goals and support them and co-ordinate their efforts to attain them.

Budgeting is a device of a planning and control that serves as a guide to conduct operation and a basis for evaluating actual results. Actual results can be judged being satisfactory or unsatisfactory in the light of the relevant budgeted data and in the light of changes in conditions. Company controls operations through its budgeting and responsibility reporting system. Top executive are able to control every area of the organization through a system of budgetary planning and control reporting by responsibility area. Budgets are an important tool of profit planning. The main objectives of budgeting are:

-) Explicit statement of expectations
-) Communication
-) Co-ordination
-) Expectation as a framework for judging performance.

2.2.7 Essentials of an Effective Budgeting

An Effective budgeting system should have some essential feature to ensure best results. The following are the chief characteristics of an effective budgeting.

Sound Forecasting

Forecasts are the foundation of budgets; these forecasts are discussed by the executives and when most profitable combinations of forecasts are selected they becomes budgets. The sounder are the forecasts better result would come out of the budgeting system.

An Adequate and planned Accounting System

There should be proper flow of accurate and timely information in the enterprise, which is, must for the preparation of budgets. This can be ensured only by having an adequate and planned accounting system in the firm.

Efficient organization with Definite Lines of Responsibility

An efficient adequate and best organization is imperative for budget preparation and its operation. Thus, a budgeting system should always be supported by a sound

organization structure demarcating clearly the lines of authority and responsibility. Not only this, there should be a true delegation of authority from top to low levels of management. This will provide adequate opportunity to all executives to make decisions and also to participate on the function of budget preparation. Thus, an efficient organization helps not only in budget co-ordination but in it also plays important role in budget co-ordination and operation.

Formation of Budget Committee

As mentioned earlier, budget committee receives the forecasts and targets of each department as well as periodic reports and finalizes. And approves the departmental budgets. Thus in order to make a budgeting system more and more effective, a budget committee should always be set up.

Clearly Defined Business Policies

Every budget reflects the business policies formulated by the top management. In other words budgets should always prepare taking in to account the policies set for particular department or functions. However, for this purposes, policies should be precise and clearly defined swell as free from any ambiguity.

Availability of Statistical Information

Since budgets are always prepared and expressed in quantitative terms. It is necessary that sufficient and accurate relevant that should be made available to each department. Such data may not be available from accounting system alone and therefore they may be processed through statistical technique. These data should be as far' as possible, reliable, accurate and adequate.

Support of Top Management

If a budget program is to be made successful, the sympathy of each member of the management team, it should start preferably from top level (chairperson). The enthusiasm for budget operation as well as direction for it should initiate and come from top.

Good Reporting System

An effective budgeting system also requires the presence of a proper feedback system. As work proceeds in the budget periods, actual performance should not only be recorded but it should also be compared with budgeted performance. The variations should be reported promptly and clearly to the appropriate levels of management.

Motivational Approach

All the employees or staff other than executives should be strongly properly motivate towards budgeting system. In an organization, it is needed to make each staff member. Feel too much involved in the budgeting system. To meet this end motivational approach towards budgeting should be followed.

2.2.8 Basic Assumptions and Limitations of Profit Plan

Profit planning systems are more common in business organization. However, there are so many assumptions of using profit-planning program. Firstly, the basic plans of the business must be measured in items of money, if there is to be any assurance that many will be available for the needs of the business. Secondly, it is possible to plan for the future of a business, in a comprehensive way, coordinating every aspect of the business, with every other aspect of establishes optimum profits goals. Thirdly, profit planning is preplanning not merely what to do if things work out as forecasted, but also what to do if things work out differently from the forecast.

In developing, using a profit planning, and control (PPC) program, the following limitations should consider:

- 1 Profit plan is based on estimates.
- 2 A PPC program must be continually adapted to fit changing circumstances.
- 3 Execution of a profit plan will not occur automatically the profit plan is not a substitute for management.

The profit plan should be regarded as a master but as a servant. It is not one of the best tools yet devised for advancing the affairs of a company and the individuals in their various spheres of managerial activity. It is not assumed that any profit plan is perfect. The most important consideration is to make sure, by intelligent use of profit

plans that all possible attainable benefits are derived from the plans as rendered and to re-plan when there are compelling business reasons (Welsch.et. al. 1998; 265)

2.2.9 Resources Mobilization Plan or Budget

Planning for resources mobilization is the foundation for planning in a bank. The all other planning is based on it. The major and the sustainable resource of a bank are the customer deposits. Therefore, the plan for resources mobilization has a primary focus on the customer deposit mobilization. The lending and investment activities are depended on the deposit mobilized by the Bank. Therefore, the deposit mobilization or collection plan is the starting point in preparing the other different plan.

Deposit mobilization is the primary function of a bank, which has major contribution in the total resources of the bank. In terms of cost for the Bank, customer's deposits are of two kinds, viz. (i) interest free deposits i.e. current deposits, margins deposits etc. and (ii) interest bearing deposit i.e. saving deposits, fixed deposits of various tenure, call deposits etc. The interest free deposits are cost free but are generally volatile in nature. Those can be withdrawn without restriction from the bank, thus cannot be invested into higher income yielding assets. Further, interest bearing deposits involve cost of deposit but their retention ratio with the bank are much better so they can be put to high income yielding assets having longer tenure. Therefore, a proper mix of cost free and costly deposits corresponding to short term and long-term deposits are to be maintained by the bank in its deposit mix in order to minimize its average cost of deposit at the same time having comfortable mix of income yielding assets. The cost of deposit of banks is also affected by the prevailing deposit interest rate of other banks in the market.

Budgeted targets for deposit mobilization during a particular year is set in advance with each view of optimizing the cost of deposit and the same are allocated to the different branches of the banks. Such allocations may be regarded as the tactical plan for deposit mobilization of the banks. Banks resources other than customer deposits are the borrowing from other banks and the capital fund. Generally banks borrows from other banks to meet temporary requirement of liquidity which may occur, sometimes, during the occurs of banking operation caused due to unexpected withdrawals of deposit or deferment in loan repayments by the borrower by some

reason or other. Such activities are managed from the tied office with the least possible cost.

Among the capital fund, the equity capital is formed generally one time during opening of the bank. The central bank (NRB) may from time to time instruct the bank to enhance the paid up capital to improve the capital adequacy of the bank.

Further, the bankers may choose by themselves whether to increase the owner's capital by raising the other item included in capital funds beside paid up capital and general reserves. It is always better to have a higher capital fund base of a bank because, creation of bank's assets and the size of lending to any particular borrower are tied up with the capital adequacy requirement by the central Bank.

2.2.10 Resources Deployment Plan or Budget

Planning for development of resources starts from assessment of nature of resources to be mobilized. That is the assets are allocated based on the nature of resources.

This approach of deployment of resources is called asset allocation approach. The fundamental criterion, which must be followed in allocating funds for acquiring different types of assets, is that the velocity turnover rate of different sources of supply of fund determines the appropriate maturity of the assets acquired through fund utilization, for instance while relatively stable fund, like saving deposits, fixed deposits and paid up capital could be used to buy long dated high yielding securities, demand deposits which are more volatile, could be used to acquire relatively liquid assets like cash or money at call and short notice on which little or no return is made by the bank (Vanish, 1996:365). Funds kept as cash in vault and as balance with NRB and other banks in current account are the liquid assets of the bank. Normally banks have to maintain certain fixed percentage of their deposit liability in this form as directed by the central Bank from time to time. There is no yield in the fund deployed as liquid assets.

Deployment for lower income yielding assets are generally placing the funds in short term securities, treasury bills etc. which provide reasonable liquidity to the bank as well as yield some return although they are at very low rate. Major portion the income of the Bank comes as interest income from the resources deployed to loans advances

and Bill discounting (LDO). As the most part of the resources are for LDO. Banks make its lending budgets in advance as per their lending policies. Lending targets and fixed at various sector of economy for various kinds of trades and commercial activities and to various borrowers ensuring well diversification of the assets. The targets are allocated to the branches, which are generally operated as separated profit centers.

2.2.11 Planning for Non-Funded Business Activities

Other activities of commercial banks where it does not have to involve its fund yet it can generate other income are called non-funded business activities of the bank. They are usually letter of credit and Bank guarantee insurance business of the bank where the bank undertakes payment liabilities, which are contingent in nature and the banks charges certain percentage of commission on such transaction to their client who are availing these facilities from the bank. The bank fixed annual target for such business and those are allocated to the branches of the bank.

Expenditure planning

Express planning and controlling are very necessary for supporting the objectives and planning programs of the firm. An expense is related with profit. It is real fact, that the minimization of cost is maximization profit. Therefore, the expenses must be planned carefully for developing a profit plan. In a Bank there are generally following types of expenses:

-) Interest Expenses.
-) Personnel Expenses.
-) Office Operating Expenses.
-) Expenses meeting the loss in Exchange Fluctuation.
-) Non-operating Expenses.
-) Expenses for provision for loan loss.
-) Expenses for provision for staff bonus.
-) Expenses for provision of income tax.

The interest expenses are incurred while paying for the deposit mobilized by the bank and include the expenses incurred for interest payment in all kinds of interest bearing

deposit as per the agreed rate between the bank and the borrower. In the total expenses of a bank, the portion of interest expenses is quite higher. Therefore, the expenses are categorized into interest expenses and other expenses while the latter includes other expenses as mentioned above except the interest expense.

Interest expenses in a bank depend on the average cost of deposit (COD) mobilized by the bank. Lower the COD, lower the interest expenses and thus higher the profitability. Therefore, from a profitability point of view, banks plan their COD at the lowest possible level. The nature of interest expenses is that of variable expenses. The net earnings from interest income of a bank, deducting the interest expenses for the deposit mobilized, is called "Spread" which is similar to the 'Contribution Margin' in sales of commodities by a manufacturing unit.

Other expenses are the administrative expenses that are generally incurred by the bank during the course of its operation. Higher the volume of business transactions of a bank, higher will be the amount of its other expenses. Therefore, the expense should be related with the business activities, which ultimately should yield an income for the bank. Such other expenses are a burden to the profitability as they consume the spread earned. Therefore, budgets are prepared with an aim of reducing the burden as far as possible. The expense budgets are formulated in co-relation with the activities of the banks and the targets are allocated to different branches.

Revenue Plan

Revenue of a bank is generated from the income-yielding activities of the bank. Therefore, while preparing the resources deployment plan and non-funded business activities plan, the banks make the estimation of the revenue in advance during the period for which the plan is developed. Revenues of a bank are generated in the following forms:

-) Interest income.
-) Commission and discounts.
-) Dividend.
-) Other income
-) Foreign exchange income.
-) Non-operating income.

Generally, the interest income of a commercial bank holds a major source of earning of a bank. Therefore, total income of a bank is categorized in two-type viz. interest income and other income, while the later including other income items as listed above except the interest income. The interest income is earned by charging interest on the fund deployed in interest earning assets such as loan and advances, overdraft, investments in government securities, debenture etc. For this study, the income from Bills discounting has also been treated as interest income, as we consider loans overdraft and bills discounting together as a single asset portfolio as LDO.

As the average rate of interest on LDO are comparatively higher than any other kind of income yielding assets, from the profitability point of view, higher asset allocation into LDO, higher will be the income. The other income are generate from other activities of the bank such as issuance of L/C Bank Guarantees, from remittance charges, services charges, commitment charges, trading gain on foreign exchange, revaluation gain on foreign exchange reserves etc. The amount of other income of a bank greatly contributes in lowering the burden on the profitability. Higher the other income earned by the bank, lower will be the net burden amount and thus better will be profitability of the bank.

Income of a bank is essentially activity based i.e. the volume of business. Higher the income generating activities of a bank, higher will be the amount of its revenue. Therefore, the bank develops its plans for various activities in such a way that it optimizes its revenue.

2.2.12 Performance Reports

Performance reporting is an important part of a comprehensive PPC system. Its phase of comprehensive PPC program significantly influences the extent to which the organization has planned goals and objectives are attained. Performance reports deal with control aspect of PPC. The control function of management defined as the action necessary to assure the objectives plans, policies and standards are being attended. Performance reports are one of the vital tools of management to exercise its control function effectively.

Special external reports, reports to owner and internal reports are specially presented in the organization. Performance reports include in internal reports groups. It is usually

prepared on a monthly basis and follows a standardized format. Such reports are designed to facilitate internal control by management. Fundamentally, actual results of reports are compared with goals and budget plans. Frequently they identify problems that require special attention since these reports are prepared to pinpoint both efficient and inefficient performance.

Features of Performance Reports

In comprehensive PPC, performance report is very important. The main objective of performance reports is the communication of performance measurement, actual results and the related variances. Performance reports offer management essential insights in to all the facts of operational efficiencies. Performance reports should be:

- 1 Tailored to the organizational structure and focus of controllability (that is by responsibility centers)
- 2 Designed to implement the management by exception principle.
- 3 Repetitive and related to short term period.
- 4 Adapted to the requirements of the primary users.
- 5 Simple understandable and reports only essential information.
- 6 Accurate and designed to pinpoint significant distinctions.
- 7 Prepared and presently promptly.
- 8 Constructive in tone.

Aspects of Performance Reports

The various managers use their performance reports depends on many factors, some behavioral and some technical. One important factor is the extent to while the performance reports serves the management and decisions making needs of the users. Top management needs reports that give a complete and readily comprehensive summary of the overall aspects of operations and identification of major events.

Middle management needs summary data as well as detailed data on day to day operation. Similarly lower level management needs reports that must be detailed, simple understandable and limited to items having a direct bearing on the supervisor's operational responsibilities.

In the design and preparation of performance reports careful attention must be given that titles and headings should be descriptive; column heading and side caption should clearly identify the data, and the technical jargon should be avoided. Reports should not be too long and complex; tabulations should be avoided. Performance reports should be standardized to a reasonable degree and if should be relevant.

Performance reports should be available on a timely basis. To attain a realistic balance between immediate reporting and the costs of detailed reporting, monthly performance reports are widely used on the organization.

2.3 Profile of Nepal SBI Bank Limited:

2.3.1 Introduction

In the scenario of Global opening up of the economy and liberalization, Nepal also could not stay behind in joining the worldwide trend. Further, with the restoration of in the country, the liberalization process has gained even more impetus and as result, more and more foreign investments found their way as joint venture economy of the country. This trend is more prominent in financial institutions.

2.3.2 Establishment

Nepal SBI Bank Ltd (NSBL) is the first Indo-Nepal joint venture in the financial sector sponsored by three institutional promoters, namely State Bank of India, Employees Provident Fund and Agricultural Development Bank of Nepal. NSBI commenced operation with effect from July 7, 1993 with the full fledged office at Durbar Marg, Kathmandu with 18 staff members. The staff strength has since increased to 465 Under the Banks & financial institution act, 2063, Nepal Rastra bank granted fresh license no NRB/I.pra.ka.7/062/63.

2.3.3 Share Capital

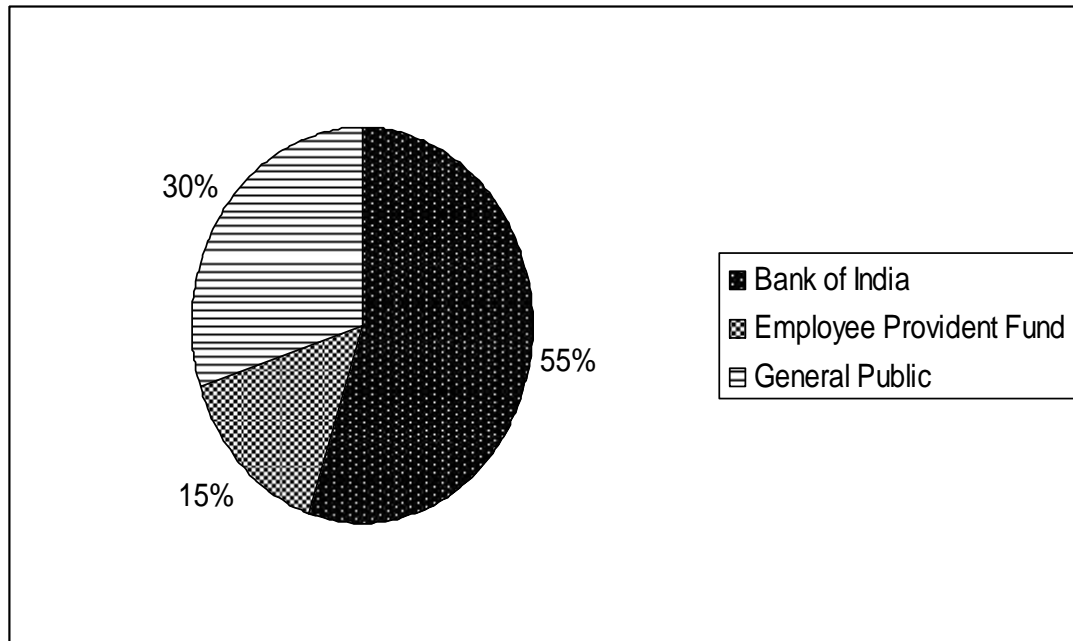
The Authorized, Issued and Paid-Up Capitals have been increased to Rs. 200 Crores, Rs. 186.93 Crores and Rs. 186.93 Crores, respectively. The management team and the Managing Director who is also the CEO of the Bank are deputed by SBI. SBI also provides management support as per the Technical Services Agreement. Fifty five percent (55%) of the total share capital of the Bank is held by the State Bank of

India, fifteen percent (15%) is held by the Employees Provident Fund and thirty percent (30%) is held by the general public. (*www. NSBI. com. np*).

The share holding pattern NSBL is shown in pie chart below:

Figure 2.1

Pie Chart Showing Status of Deployment



(Source: *www. NSBI. com.np.*)

2.3.4 Management Personnel & Branches

Nepal SBI bank Limited has the largest local network in the country. The bank is under the control of central bank of Nepal. The staff strength has since increased up to 465. Under the Banks & Financial Institutions Act, 2063, The head office of the bank is located at Durbar Marg, Kathmandu. Besides, the head office, the bank has 42 existence branches and one is proposed with in the country. The bank is planning further more branches in the country. Branch details are as follows:

Table 2.1**List of Total Branches of NSBI Bank Ltd.**

S.No.	Branches	Sol ID
1	Surya binayak, Bhaktapur	207
2	Chuchhepati, Bouddha	205
3	Prabhu complex, lainchour	225
4	Dallu awas, Swoyambhu	214
5	Durbar Marg	177
6	Battispulati, kathmandu	217
7	Gongabu chowk	201
8	Kalanki, kathmandu	213
9	Gwarko chowk, Lalitpur	216
10	Balkhu road, kuleshwor	215
11	Bansbari, maharajgunj	204
12	New baneshwor, minbhawan	203
13	Dhakwa building, dharmapath, Newroad	178
14	Jawalakhel, Lalitpur, Patan	202
15	Teku, kathmandu	192
16	Bich bazaar, Gorkha road	218
17	Bank road, Baglung	197
18	Siddhartha nagar, Rupandehi	187
19	Main road, Birtnagar	185
20	Adarsha nagaar, Birgunj	180
21	Anarmani, Birtamod	182
22	Traffic chowk, Butwal	191
23	Ghorahi-11, Dang	206
24	Damak chowk, Damak	219
25	Maharishi chowk, damauli	199
26	Dhangadi	222
27	Mahendra path, dharan	190
28	Tamghas, Gulmi	209

29	Main road, Hetauda	200
30	Dharan road, Sunsari	212
31	Ilam bazaar, Ilam	211
32	Srarion road, janakpur	183
33	Campus road, Mahendranagar,	221
34	Shahid chowk, narayangarh	194
35	Surkhet road, Nepalgunj	195
36	New road, Pokhara	189
37	Tansen, Palpa	210
38	Shreepur, Birgunj	181
39	Sainikbasti, lekhnath MNC	223
40	Srijana chowk, Pokhara	183
41	Birendra Nagar-6, surkhet	208
42	Tikapur	220
43	Waling Bazar, Waling	198

(Source: www.NSBI.com.np/branch-network.html)

Table 2.2
Board of Directors

S.N	Name	Post
1.	Mr. B.K. Shrestha,	Chairman of the Board(Representative of General Public)
2.	Mr. Pratip Chaudhari,	Director(State Bank of India Nominee)
3.	Mr. Rajiv Pal Singh,	Director (State Bank of India Nominee)
4.	Mr. SK Bhattacharyya,	Director(State Bank of India Nominee)
5.	Mr. Manoj K. Agrawal	Director (Representative of General Public)
6.	Ms. Hasana Sharma, Director	Director(Employees' Provident Fund Nominee)
7.	Mr. Mohan Raj Joshi,	Director(Professional Expert Director)
8.	Mr. N.K. Chari,	Managing Director(State Bank of India Nominee)

Table No 2.3
Central Management Committee of NSBI

S.N.	Name	Post
1.	Mr. N.K. Chari,	Managing Director
2.	Mr. Madhukar Anand,	Chief Operating Officer
3.	Mr. Binod M Mishra,	Chief Financial Officer
4.	Mr. Tulsi Ram Gautam, AGM (Credit)	Assistant General Manager

(Source: www.NSBI.com.np)

Table 2.4
Nepal SBI bank ATM location

1	Durbarmarg	Kathmandu	27	PPO Dharan	Inaruwa
2	Newroad	Kathmandu	28	Birgunj	Parsa
3	EOI Ext, counter	Kathmandu	29	Bhairahawa	Rupandehi
4	Jawalakhel	Kathmandu	30	Butwal	Rupandehi
5	Boudha	Kathmandu	31	Narayangarh	Chitawan
6	Bhatbhateni (Maharajgunj)	Kathmandu	32	Janakpur	Janakpur
7	Gongabu	Kathmandu	33	Biratnagar	Morang
8	Army camp, Chhauni	Kathmandu	34	Birtamode	Jhapa
9	Maharajgunj	Kathmandu	35	Palpa	Palpa
10	New Baneshwor	Kathmandu	36	Surkhet	Surkhet
11	Bhaktapur	Kathmandu	37	Dang	Dang
12	Hotel Shargrila, Lazimpat	Kathmandu	38	Ilam	Ilam
13	Kalanki branch	Kathmandu	49	Hetauda	Makwanpur
14	BGSN, Thamel	Kathmandu	40	Ithari	Sunsari
15	New Road-II	Kathmandu	41	Gulmi	Gulmi
16	Corporate office	Kathmandu	42	Baglung	Baglung
17	NLIC, City centre	Kathmandu	43	Damauli	Tanahu
18	Durbarmarg-II	Kathmandu	44	Waling Branch	Syangja
19	Babarmahal	Kathmandu	45	ManipaL Hospital, pokhara	Kaski
20	Kuleshwor	Kathmandu	46	Mahendranagar, Kanchanpur	Kanchanpur
21	Pokhara	Kaski	47	Rampur	Palpa
22	Nepalgunj	Banke	48	Dhangadi	Kailali
23	Sunauli	Rupandehi	59	Narayangarh-II	Chitwan
24	PPO pokhara	Kaski	50	Biratnagar	Morang
25	BPKIHS Dharna	Inaruwa	51	Damak	Jhapa
26	PPO Dharan	Inaruwa			

(Source: Annual Report of NSBI)

ATM terminals opened after ashad end 2067

1. Dallu
2. Pepsicola, sinamangal
3. Teku
4. Birgunj
5. tikapur
6. Abukhaireni
7. Lake Side, Pokhara
8. Butwal-II

2.3.5 Broad objectives and goals of NSBI

Nepal SBI Bank Limited has defined its objectives and goal in its mission and vision statement, which states as follows:

Vision

The vision of the bank has been stated as “Bankers with profitability, professionalism and excellence.” It is mentioned that the profitability is the core vision that shall be achieved with professionalism and excellence.

Mission

The mission of bank states "My Nepal SBI Bank : My Customer First, My Nepal SBI Bank :First in Customer Satisfaction" To be the leading Nepali Bank delivering world class service through the blending of state-of-the art technology and visionary management in partnership and committed staff, to achieve sound financial health with sustainable value addition to all our stakeholders. (*www.nepalsbi.com.np*)

Thus, the objectives and goals set the bank can be noted from above statements as follows:

-) To provide quality and reliable financial services to general public by safeguarding and promoting the interest of the depositors and shareholders of the bank.
-) To assist in bringing pace in development of country's industrial, commercial and agricultural sectors by mobilizing necessary financial resources from internal and external sources for he establishment, development, expansion and

enhancement in capacity and productivity of agricultural, industrial, service, trade and other productive enterprises viable from business point of view,

) To establish, operate, develop, expand and promote productive and employment generating enterprises in rural and urban sectors by properly mobilizing available skill, labor and capital, and to assist by actively participating for the alleviation of poverty by providing necessary financial resource, technical and managerial consultancy services, training and technology for the purpose.

) To provide financial intermediary services through institutional investments and healthy competition by mobilizing capital scattered in the country.

Corporate Philosophy

The objective of the bank has been further reflected in the corporate philosophy of the bank that states as follows:

Life long relationship with our client is our valuable asset. We serve with excellence, always standing by to cater the need of our valued client. We developed relationship of mutual respect and faith founded on the bedrock of commitment to provide with value added and quality service. We create an environment that is progressive, productive and professional encouraging, management by grouping objectives and teamwork through proactive and multidisciplinary management to promote corporate excellence. We strive to enhance shareholders wealth remaining catalyst to the rapid growth and socio economic development of the nation.”

2.4 Review of Previous Studies

Commercial banks came into the existence mainly with the objectives of collecting the idle funds mobilizing them into proactive sector and causing on overall economic development. Any institution accepting deposits subject to withdrawal on the demand

and granting loans to the different sector, creation of credit is done by a bank. As far as the study concerned with the profit planning of commercial banks, there are various study have been available in the field of profit planning of commercial banks in Nepalese context, so of them have been analyzed in this section:

2.4.1 Review of Books:

Profit planning can be defined as the set of steps that are taken by firms to achieve the desired level of profit, planning is accomplished through the preparation of a number of budgets, which, when brought through, from an integrated business plan known as master budget.

In many of the better-managed companies, comprehensive PPC has been identified as a way of managing. It focuses directly upon a rational and systematic approach to management objectives and realistic flexibility in performing the management process.

“The international management institutions conferences on budgetary control held at Geneva in 1980 has defined profit plan as an exact and rigorous analysis of the past and the probable and desired future experience with a view to substituting considered intention for opportunism in management”(Int’l Mgmt institutions Geneva conference Doc, 1980:10).

“A financial and quantitative statement prepared prior to a defined period of time, of the policy to be pursued during that period for the purpose of achieving a given objective.” (Mr Scott, J.A. ; 1970:12)

“Profit planning is predetermined detailed plan of action developed and distributed as a guide to current operations and as a partial basis for the subsequent evaluation of performance. Thus it can say that profit planning is a tool which may be used by the management in planning the future course of actions and controlling the actual performance”. (Gupta, 1994:35)

“One systematic approach to facilitate the effective management performance is profit planning and control or budgeting.”

Further at the sixth International Congress for Scientific Management, Ronal Dunkerely states” budget coordinates sales, manufacturing and finance and enables management to decide policy with some knowledge of the results thereof, and provides and objective and measure of success, provides a stimulus and emphasizes

collective effort and the profit objectives.... Executives to think and think as a group.” Thus, the budgets are designed to carry out the various managerial functions, i.e., planning, evaluating performance, coordinating activities, execution of plans, communicating, motivating and authorizing. (Pandey, I.M.,1947: 454)

Profit plan represents and overall plan of operations, cover a definite period and formulates the planning decision of the management. It can be viewed as one of the major important approaches that have been developed to facilitate effective performance of the management process.

The basic concepts of PPC model includes:

-) PPC is the plan prepared in advance comprising both short-range plans.
-) PPC is the concept where participation and viewpoints of every members of the organization is taken into even though prepared by top management.
-) PPC is management laid process comprising of all management functions from planning to controlling and providing feedback.
-) PPC is focused towards the enterprises goals.
-) PPC is totally based on formulating plans and controlling those plans that are formulated with the assistance of budgeting and
-) Finally, follow up procedure is conducted to check whether it is along with the budgeted plan or not.

Profit planning system is especially familiar to business organization but the practicability of it depends upon the size of the business. The common objectives of PPC system whether applied to business administration is to formulate policy as well as with the implementation of policy.

In addition, an objective established after the consideration of the probable courses of events in the future. In conclusion, PPC is directed towards the final objectives of the enterprises and generally include all of its important elements. It has main objectives of attaining the optimum profit in the enterprises.

2.4.2 Review of Thesis

Tiwari, Udaya Kishor (2003) has conducted a research entitled “*Profit Planning in Commercial Banks: A case study of Standard Chartered Bank Limited.*” For this purpose of the study, he used the data. The major concern of Mr. Tiwari is to study the profit planning in commercial bank by taking a case study of SCBL. His objectives and some of major findings are as follows:

The following are the objectives of study:

-) To highlight the current profit planning premises adopted and its effectiveness in SCBL Bank.
-) To analyze the variance of budgeted and actual achievements.
-) To study the growth of the business of the bank over the period.
-) To provide suggestion and recommendation for improvements of the overall profitability of the bank.

The following are the Major Findings of the study:

-) Bank management policy is very strong. It keep minimum number of employees and highly qualified for maintain the job.
-) The Bank always adopted new technology.
-) The Bank is provides ATM and 365 days and services for customers.
-) The Bank provides funds for NGOs and Scholarship for the schools.
-) The Bank is adopting new Accounting policy prescribed by NRB.
-) Customer deposit collection is the main resources mobilization of the bank.
-) Loan, Allowance and Bill purchasing hold the highest outlet of resources deployment.
-) There is no significant relationship between budgeted and actual LABP.
-) Bank’s actual deposit is more variable than actual outstanding LABP. Hence, the coefficient of variation of actual deposit is highest than actual outstanding liability LABP.
-) LABP holds highest outlet resources deployment among the various portfolios.
-) Actual LABP are increasing trend.

Thapa, Roshan (2004) has conducted a research work on the topic of “*A study on profit planning and control of Nepal SBI Bank Limited*” has objectives and major findings are as follows:

The following are the objectives of study:

-) To identify the profit planning process and adopted by Nepal SBI Bank Limited.
-) To sketch the trend of profit & loss.
-) To evaluate the variance between target and actual performance.
-) To recommend the steps to be taken to improve the profit planning process.

The following are the Major Findings of the study:

-) Nepal SBI does not prepare long-term strategic profit plan. It only prepares short-term profit plan, which is usually referred as budget time period of this budget covers one fiscal year.
-) The budget is not based on past performance but on targeted growth, which is very optimistic in the budgeted year.
-) Nepal SBI has not made any in depth analysis of its strength and weakness.
-) Its mission and objectives have not clearly defined and delegated to the lower levels.
-) The bank has not been able to maintain a minimum level of co-ordination between the departments and staff.
-) The profit budget is extremely ambiguous. It is not based on scientific method or past trend analysis but based on a specific target put forward by the governing board.
-) The bank is facing competition from increasing number of financial institutions in these years. These had led to substantial decrease in interest rates in the market thus attributing to lower yield.
-) Budget is prepared just to fulfill the formalities but these are not used effectively from the profit planning process.

Thapa, Tirtha Bahadur (2006) has study on “*Profit Planning in Merchandising Company: A case study of National trading Limited*”

-) To examine the practical and effectiveness of profit planning in National trading Limited.
-) To analyze the various functional budgets adopted by National Trading Limited.
-) To evaluate the performance of budgeted and actual in NTL.
-) To provide summary finding and recommendation.

The following are the Major Findings of the study:

-) NTL does not take in account its weakness and strength to support planned activities.
-) NTL fails to maintain its periodic performance report for the evaluation of performance to find the underlying causes of poor achievements.
-) It seems that budgeted sales are higher than actual sales.
-) Financial position of NTL is not satisfactory.
-) There is low degree of positive correlation between sales and profit and negative correlation between profit and assets.
-) There is not complete and comprehensive budgeting system.
-) NTL is operating above BEP and enjoying profit but not appropriate.

Rimal, Kamal (2008) has study on “*profit planning and control of Nepal Bangladesh Bank,*” his objectives and major findings are as follows:

The following are the objectives of study:

-) To analyze the trend of profit.
-) To highlight the current profit planning premises adopted and its effectiveness in NB Bank.
-) To observe NB Bank’s profit planning on the basis of overall managerial budgets developed by the Bank.
-) To analyze the variance of budgeted allocation and actual achievements.
-) To study the growth of the business of the Bank over the period.
-) To provide suggestion and recommendations for improvements of the overall profitability of the bank.

The following are the Major Findings of the study:

-) The general trend of bank's profit is growing stage but cost is not quite been able to make up to its profit potentiality.
-) NB Bank lacks active and organized planning department to undertake innovative products R & D works.
-) Lack of staff training.
-) The major resources of NB bank are cost bearing deposit.
-) Major portion of resources has been deployed in loan and advances.
-) LDO ratio & CD ratios of the bank are at higher position.
-) Lending policy as well as some restriction provided by NRB seems to be in the way of Bank to reach its major objectives.

Chhetri, Him Bahadur (2010) is conducted a research entitled "*profit planning of commercial Banks: A case study of Everest Bank Limited, Nabil Bank Limited and Bank of Kathmandu Limited*" his objectives and some of major findings are listed below:

The following are the objectives of study:

-) To find out the relationships between total investment, loan and advances, deposit, net profit and outside assets.
-) To identify the investment priority sectors of commercial banks.
-) To assess the impact of investment on profitability.
-) To analyze and forecast the trend and structure of deposit utilization and its projection for five years of commercial banks.
-) To provide suggestions and possible guidelines to improve investment policy and its problems.

The following are the Major Findings of the study:

-) Profit is fluctuating based on various related variables.
-) Coefficient correlation between variables is positive.
-) The trend analysis shows that all are in increasing trend.
-) The assets quality & ratios of the bank is higher side.
-) Lending policy as well as some restriction provided by NRB seems to be in the way of
-) the bank to reach its objectives.

Khatiwada, M. (2010) has conducted a research entitled “*Profit Planning in Commercial Banks: A Case Study of Himalayan Bank Limited*” For this purpose of the study he used the data. The major concern of Mr. Khatiwada is to study the profit planning in commercial bank by taking a case study of Himalayan Bank Ltd.

The following are the objectives of study:

-) To focus the current profit planning adopted and its effectiveness in Himalayan Bank Limited (HBL).
-) To study the variance of budgeted and actual achievements.
-) To analyzes the growth of the business of the bank over the period.
-) To provide suggestion and recommendations for improvements of the overall profitability of the bank.

The following are the Major Findings of the study:

-) Profit Planning and control system of HBL is very effective.
-) Budgeted is always lower than Actual performance since it means forecasting system of HBL is not good.
-) The relationship between budgeted and actual figures is positively correlated.
-) The major income source is interest margin the trend of interest margin
-) The return on assets and return on capital is satisfactory of HBL it shows the good earning capacity of the bank.

Gurung, Santosh (2010) has conducted a research entitled “*Profit planning and control: A case study of Nepal SBI Bank Limited*” objectives and some of major findings are listed below:

The following are the objectives of study:

-) To find out the relationships between total investment, loan and advances, deposit, net profit and outside assets.
-) To identify the investment priority sectors of commercial banks.
-) To assess the impact of investment on profitability.
-) To analyze and forecast the trend and structure of deposit utilization and its projection for Seven years of commercial banks.
-) To provide suggestions and possible guidelines to improve investment policy and its problems.

The following are the Major Findings of the study:

-) Profit is fluctuating based on various related variables.
-) Coefficient correlation between variables is positive.
-) The assets quality & ratios of the bank is higher side.
-) Lending policy as well as some restriction provided by NRB seems to be in the way of the bank to reach its objectives.

2.5 Research gap

Today's world is marketed by rapid changes and new developments, as such researcher conducted a few years may not be adequate to explain current phenomena. Thus, continues attempt needs to be taken and new researcher and conducted to build or existing know ledge base interpret and analyze events in the face of dynamism.

Most of past research studies about profit planning system are basically related to the profit planning system of manufacturing organization or production oriented activities. The researcher could find some study far that has been related to profit planning system of commercial bank in Rastra Banijya Bank, Himalayan Bank, Standard Chartered Bank, Nepal Bangladesh Bank. All the dissertations have pointed out that there is no proper profit planning system recommend for the effective implementation of profit planning system in the concerned institution. Through many affiliate researchers have been done in this area but these have been very few excusive researchers on this subject. This study may be a new study in this field as no study has been made profit planning of NSBI. In the past financial institution were depends only the interest margin in present economic dynamism only the interest margin is not sufficient to improve profitability so this researcher has tried to analyzed the extraordinary items of income generation in financial intuition. To bring the forth the new developments and to bridge the gap between the past research and the present situation, I set out to conduct the research in this stimulating topic. I have been through many literature reviews and given my best to fulfill this work. In many research effort had been made to understand the profit planning and control in commercial bank and I hope this research will be fruitful for future researchers as reference.

CHAPTER-III

RESEARCH METHODOLOGY

3.1 Introduction:

The main purpose of this chapter is to discuss the research methodology such as research design, population and sample. Data collection technique and analytical tools of the research study. It is widely accepted that research is simply the process of arriving at dependable solution to problem through the planned and systematic collection analysis and interpretation of data. It is important tools for advancement of knowledge and accomplishment of purpose, thus research methodology is a way to systematically solve the research problem. It may be understood as science of studying how research is done scientifically (Kothari 1990/Shakya 2008:57). Research Methodology, as a vital part of research study, describes the various sequential steps to be adopted by research in studying research problem along with the logical behind them.

This study has intense relation with application of planning and control in a commercial bank with a specific reference to Nepal Investment Bank regarding the objectives to analyze, examine and interpret the application of profit planning in the Bank. The Research methodology includes:

-) Research Design
-) Population and Sample
-) Hypothesis
-) Nature and sources of Data
-) Data Collection Procedure
-) Research Variable
-) Time Period of Profit Plan
-) Methods of Data Analysis
-) Method of Presentation

3.2 Research Design

This study is a case study in nature. A true research design is concerned with various steps to collect the data for analysis and draw a relevant conclusion. Recommendation is another important aspect of design strategy. The research design allows the researchers to take an appropriate measure and direction towards the predetermined goals and objectives. A research design is the arrangement of conditions for the collection and analysis of data in a manner to combine relevance to the research purpose with economy in procedure. Research design is the plan, structure and strategy of investigation imagines obtaining answers to research questions and controlling various things. This study is an examination and evaluation of budget process in profit planning program of Nepal SBI Bank Limited. Various Functional budgets and other related accounting information and statement of Bank are the materials to analyze and evaluate the profit planning system of the Bank. Descriptive as well as analytical research designs have been adopted in this research. This is a case study research.

3.3 Population and Sample

This research aims to studying the profit planning aspect of commercial bank taking the case study of a single bank. Nepal SBI Bank limited Bank, and data have been analyzed for five years. Therefore, the fix year's data have been taken as sample for this case study.

3.4 Hypothesis

In the light of the objective of the study, following null and alternative hypothesis have been developed for this research

Null hypothesis; $H_0; \mu_1 = \mu_2$ there is he significant difference in profit planning and control of NSBI.

Alternative Hypothesis, $H_1; \mu_1 \neq \mu_2$ there is significant different in profit control of NSBI. (Two-tailed)

3.5 Nature and Sources of Data

This study is basically conducted on secondary data, Depending on the nature of data and information,

The main sources of secondary data are quarterly and annual financial reports, official records, web site, published and unpublished reports, Magazines publication, personnel dialogues, prospectus and other relevant publications of NSBI, NRB, central Bureau of Statistic and relevant publications. From these sources, the relevant historical data are gathered for analysis purpose.

3.6 Data Collection Procedure

Secondary data have been collected from the annual reports of NSBI. Similarly other necessary data have been collected from the publication of coordination. Council of ministry of finance, Central bureau of statistic, National Planning Commission, official accounting and planning records of NSBI publication of the Nepal Rastra Bank, the Central Bank of Nepal and related publication. For the reference of materials, the researcher visited library of Shankar dev Campus, Nepal commerce Campus and Central Department of T.U.

3.7 Data Processing

Data obtained from the various sources cannot be directly used in their original form. Further, they need to be verified and simplified for the purpose of analysis. Data, information's, figures and facts. So obtained need to be checked, rechecked edited and tabulated for computation.

3.8 Research Variable

Loans / Advances; overdraft and bill discounted (LDO), customer deposits, total deployment, outstanding balance of letter of credit and bank guarantees, interest expense, interest income, other income etc of EBL are research variable of present study.

3.9 Time Period of Profit Plan

As per NRB, directives all the commercial Banks have identically to follow the accounting year of twelve months. Beginning from first Shrawan to end of Asadh

which covers the last nine months of year (B.S)to the first three months of succeeding year (B.S.) EBL prepare the profit plan for twelve months of upcoming year which includes the business budget expenditure and profit plan for the year.

This study covers 5 years period from year 2062/63 (2005/06) to 2066/67 (2009/10) for this analysis. For the case of specific year study, the data of fiscal year 2066/067 (2009/10) have to analyze.

3.10 Methods of Data Analysis

Data collected from different source are in raw form and in the initial stage as judging independently does not help much. Thus, the help of various financial and statistical tools to achieve the objectives converts these data.

Financial Tools

Under this heading following financial ratios are calculated:

1. Liquidity Ratios

- a) Current Ratio.
- b) Cash and bank balance to current assets ratio.
- c) Investment on government securities to current assets.
- d) Loan and advance to current assets.
- e) Cash and bank balance to total deposit ratio.

2. Activity Ratio

- a) Loan and advances to total deposit ratio.
- b) Total investment to total deposit ratio.
- c) Loan and advances to total assets employed ratio.

3. Profitability ratio

- a) Return on equity.
- b) Interest earned to total assets employed ratio.
- c) Interest paid to total assets employed ratio.
- d) Interest earned to opening income ratio.
- e) Return on total assets employed ratio.
- f) Return on loan and advances ratio.
- g) Earnings per share.

Statistical Tools

Under this heading following statistical tools are calculated:

- 1) Percentile increment
- 2) Mean
- 3) Correlation Coefficient
- 4) Standard Deviation
- 5) Regression Analysis.
- 6) Coefficient of variance
- 7) Probable Error.
- 8) Test of goodness of fit of the Regression Estimation.
- 9) Coefficient of Determination.

1.1 Percentile Increment

This statistical tool gives the percentage change of previous year to current year. This tool helps to find out the increment in the study variable. Simply, the word percentage means per hundred. In other words, the fraction with 100 as its denominator is known as percentage and numerator of this fraction is known as rate of percent.

1.2 Arithmetic Mean Average

The arithmetic mean is the “standard” average, often simply called the “mean”. The central values that represent the characteristics for the whole distribution or values around which all items of the distribution tend to concentrate are called average. Arithmetic mean or arithmetic average is one of the important statistical measures of average. The arithmetic mean of given set of observation is their sum divided by the number of observation.

$$\bar{X} = \frac{\sum_{i=1}^n x_i}{n}$$

The mean may often be confused with the median, mode or range. The mean is the arithmetic average of set of values, or distribution

1.3 Correlation of coefficient

Correlation analysis is statistical tool. It is used to find the relationship between variables. If two quantities vary in such a way that movement in one are accompanied by movements in the other these quantities are correlated. It shows the effect on other variable due to the change in one variable. The degree of relationship between the variables under consideration is measured through the correlation analysis. Thus correlation is statistical device, which helps us in analysis the co-variation of two or more variables. Karl Person’s Coefficient of correlation is widely used in practice. The person’s coefficient of correlation is widely used in practice. The person’s Coefficient of correlation is denoted by the symbol “r”.

The formula for computing Person's "r" is :

$$r = \frac{\sum xy}{\sqrt{\sum x^2} \sqrt{\sum y^2}}$$

Where,

r = the correlation coefficient

$\sum xy$ = the correlation coefficient

$\sum x^2$ = $\sum x^2$

$\sum y^2$ = $\sum y^2$

X = Independent variable

Y = Dependent variable

Following general rules are applied to interpret the coefficient of correlation:

When $r = +1$, it means there is a perfect positive relationship between the variables.

When $r = -1$, it means there is a perfect negative relationship between the variables.

When $r = 0$, it means that there is no relationship between the variables i.e. the variables are uncorrelated.

1.4 Standard Deviation (†)

The standard deviation is the absolute measure of dispersion. It is defined as the positive square root of the mean of the square of the deviation taken from the arithmetic mean. The greater the amount of dispersion or variability, the greater the standard deviation, the greater will be the magnitude of the deviation of the values from their mean. A small standard deviation means a high degree of uniformity of the observation as well as homogeneity of a series and a large standard deviation means just the opposite.

$$\sigma = \sqrt{\frac{\sum x^2}{N}}$$

1.5 Regression Analysis

Regression is the statistical tool which is used to determine the statistical relationship between two or more variables and to make estimation of one variable on the basis other variables in other words regression is that statistical tool with the help of which the unknown value of one variable can be estimated on the basis of known value of the other variable.

1.6 Co-efficient of Variation (CV)

Standard deviation is the absolute measure of dispersion. The relative measure of dispersion based on the standard deviation is known as the co-efficient of standard deviation. “The co-efficient of dispersion based on standard deviation multiple by 100 is known as the co-efficient of variation”. (Bajracharya; 2061)

$$CV = \frac{\sum \frac{X}{Z}}{X} | 100$$

It is used for comparing the homogeneity and the uniformity of two or more distribution. The less CV, more the uniformity and consistency etc will be and the more the CV is the less the uniformity, consistency etc. will be.

1.7 Probable Error (PE)

The probable error of the correlation co-efficient is applicable for the measurement of reliability of the computed value of the correlation co-efficient ‘r’. It is also denote by P.E. it is calculated by the following formula.

$$\text{Probable Error (PE)} = 0.6745 \left| \frac{1 Z r^2}{\sqrt{N}} \right|$$

Where,

R=Correlation Co-efficient

N=number of pairs of observation

P.E. is used to interpret whether the calculated value of r is significant or not.

(i) If $r < P.E.$, it is insignificant, i.e., there is no evidence of correlation.

(ii) If $r > 6 P.E.$, it is significant.

(iii) If $P.E. < r < 6 P.E.$, nothing can concluded.

3.11 Method of Presentation:

The techniques of presentation used herein are most of descriptive and analytical nature and the data have been presented in tabular form thereafter. Some of important tabulated information of the data has been graphically represented.

CHAPTER-IV

DATA PRESENTATION AND ANALYSIS

4.1 Introduction

The whole research is based on the analysis and interpretations of collected data. Without analysis, interpretations and presentations data, the thesis don't give any meaning. So considering it, I am trying to analysis about existing available data as much as possible.

In this chapter, various elements and variables related with profit of bank are analyzed. This study is mainly focused on analysis of revenue collection, deposit, loan and advances, investment, assets etc. by using financial and statistical tools, such as mean, standard deviation, coefficient of variation, variance analysis. For this purpose,, data of 5-years period from F|Y 2005/06 to 2009/010 of NSBI have been used.

4.1.1 Human Resources and Branch offices of NSBI.

There are altogether 465 employees in NSBI as F|Y 2009/010 the following table shows the status of personnel of NSBI.

Table 4.1
Status of Personnel in NSBI

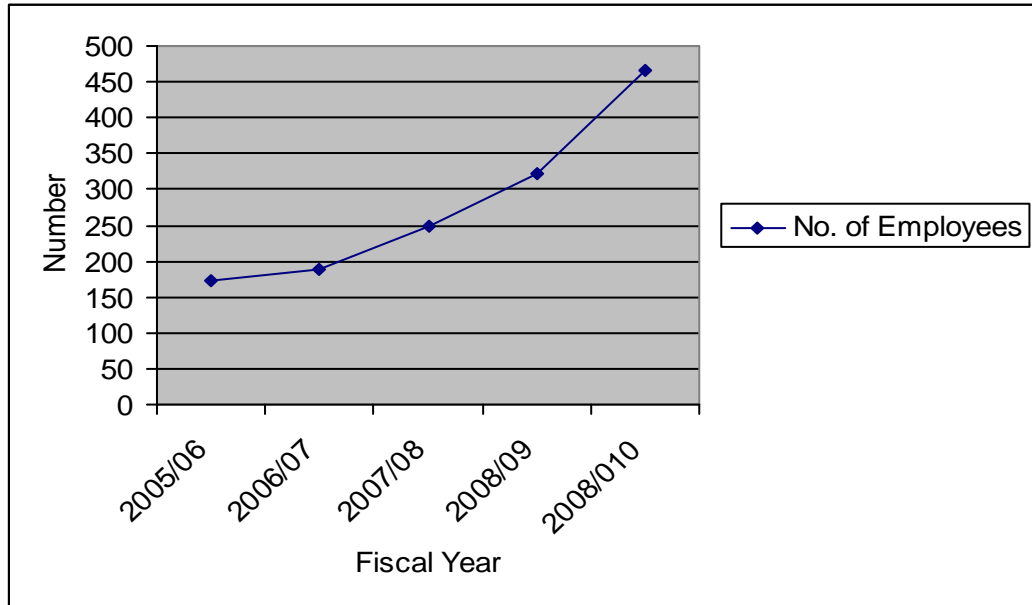
F Y	2005/06	2006/07	2007/08	2008/09	2008/010
No. of Employees	174	189	249	323	465

(Source: Annual Report of NSBI)

It has been clearly presented in graph to increasing ratio of employee in the bank.

Figure 4.1

Trend Line Showing Increasing Trend of Employee In NSBI



There are altogether 43 branches in including head office of NSBI as of end of F|Y 2009/010 the following table & graph shows the status of branches clearly of NSBI:

Table 4.2

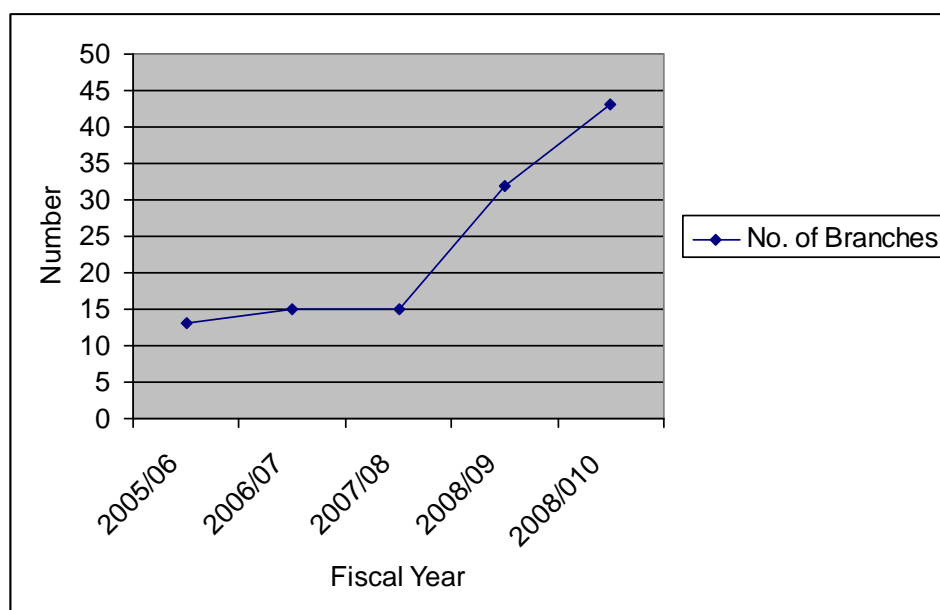
Status of branches of NSBI

F Y	2005/06	2006/07	2007/08	2008/09	2008/010
No. of Branches	13	15	15	32	43

(Source: Annual Report of NSBI)

Figure 4.2

Trend Line Showing Increasing Trend of Branch



4.1.2 Resource Mobilization Planning

The resources means required fund for the bank operation. It includes capital fund, loan and borrowing, deposit collection and other liabilities. Among these some resources are cost bearing and some are cost free sources. Here the researcher going to present status of available resources of NSBI in tabular and chart form.

Table 4.3

Status of Available Resources of NSBI

(In Million)

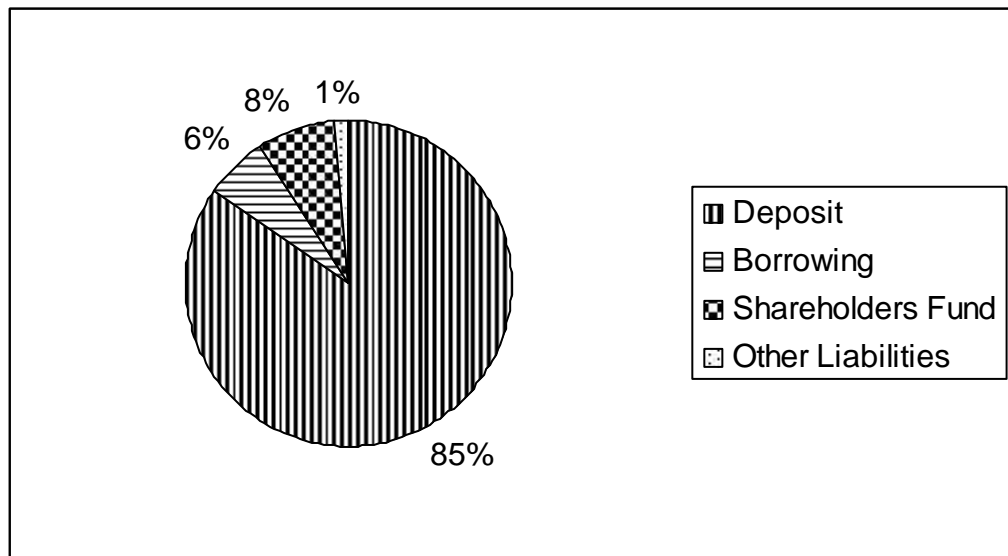
F Y	Deposit		Borrowing		Shareholders Fund		Other Liabilities		Total Resources Year wise
	Amount	%	Amount	%	Amount	%	Amount	%	
2005/06	110020.41	84.70	8124.29	6.25	9823.74	7.56	1927.57	1.48	129896.01
2006/07	114452.86	82.62	10153.65	7.33	11632.91	8.40	2284.03	1.65	138523.45
2007/08	137153.95	80.15	18274.80	10.68	14146.45	8.27	1548.11	0.90	171123.31
2008/09	279572.21	92.87	2000	0.66	17126.07	5.69	2336.64	0.78	301034.92
2009/010	348964.24	91.89	2000	0.53	24505.54	6.45	4283.33	1.13	379753.11
Total of Resources	990163.67		40552.74		77234.71		12379.68		1120330.8

(Source: Annual Report of NSBI)

The above table shows the status of total resources of NSBI. The resources are collected from customer deposits shareholder fund (Capital fund), other liabilities and borrowing if required. The major source resource collection is customer deposit since it has higher figure in the above table. For the more analysis purpose, the resource plotting in the charts below:

Figure 4.3

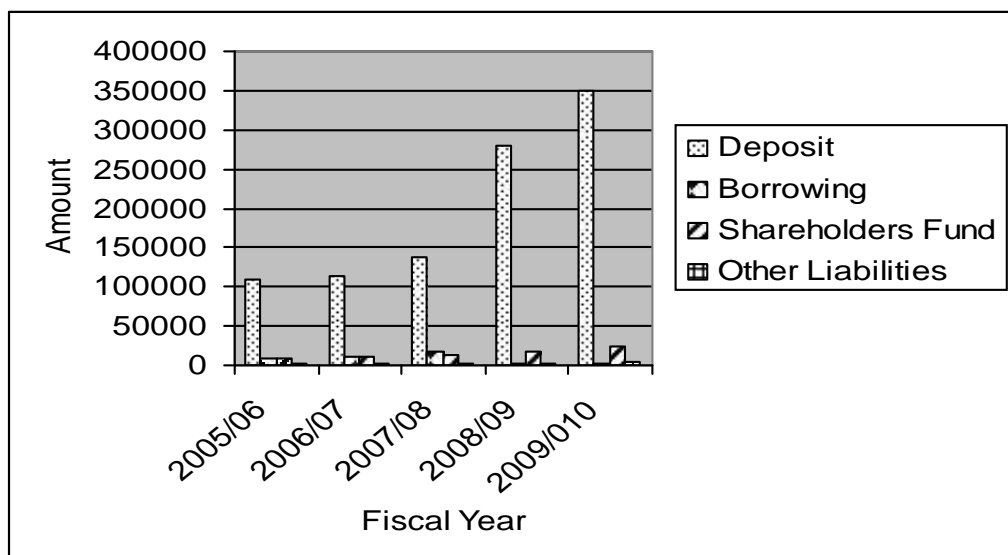
Pie Chart Showing Status of Total Available Resources.



The above table and pie chart shows the sources of available resources used by the bank. This figures shows in the pie- chart year and types resources wise and draw some conclusion below:

Figure 4.4

Bar Diagram Showing Fiscal Year Wise Available Resources



The above table, pie-chart, bar diagram shows the deposit collection is a major source of resource collection.

So we have divided total resource in two parts. One is deposit collection and another is other resources (other than deposit).

-) Customer Deposit Collection
-) Other Resources

4.1.3 Customer Deposit Collection:

As deposit collection is major activities of commercial bank this is the important source of resources mobilization. As per the data F|Y 2005/06 to 2009/010 the customer deposit is as high as 92.87%. These deposits are collected from different sectors individual and corporate customer. Deposits are collected as per the bank's rules. Some deposits into two types is as follows:

1) Interest Bearing Account:

- a) Saving Account
- b) Call Deposit Account
- c) Fixed Deposit Account
- d) Certificate of a Deposit

2) Interest Free Account

- a) Current Deposit Account
- b) Margin Deposit Account
- c) Other Deposit Account

4.1.4 Deposit Collection Budget of NSBI

NSBI prepares the plan for the deposit collection. The budgeted and actual deposit collection of NSBI has presented in table below:

Table 4.4
Status of Budgeted and Actual Deposit Collection.

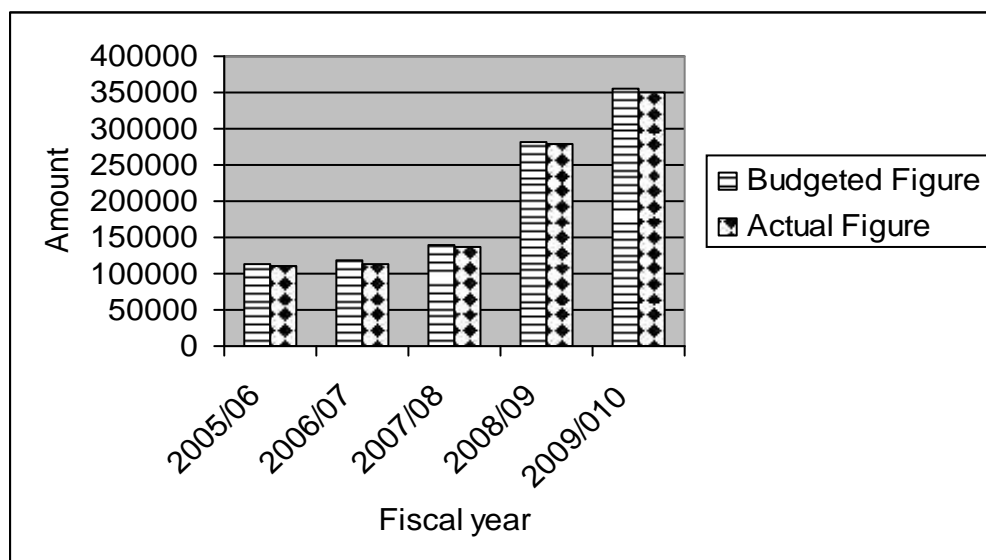
(Rs. In Million)

Fiscal Year	Budgeted Figure	Actual Figure	Achievement
2005/06	112,889	110,020	97.45%
2006/07	118,089	114,453	96.92%
2007/08	140,173	137,154	97.84%
2008/09	280,520	279,572	99.66%
2009/010	355,000	348,964	98.29%

(Source: Annual Report & Budget Statement of NSBI)

The above table shows the status of budgeted and actual deposit collection of NSBI. The bank has achieved its objectives of deposit collection every year more than 100%. The achievement ranged between 97.45% to 99.66% throughout the five year of study period. Although this year has some decreased but overall, the performance is going to be increased. The data of table are presenting in bar-diagram from the analysis purpose.

Figure 4.5
Bar Diagram Showing Budgeted and Actual Deposit Collection

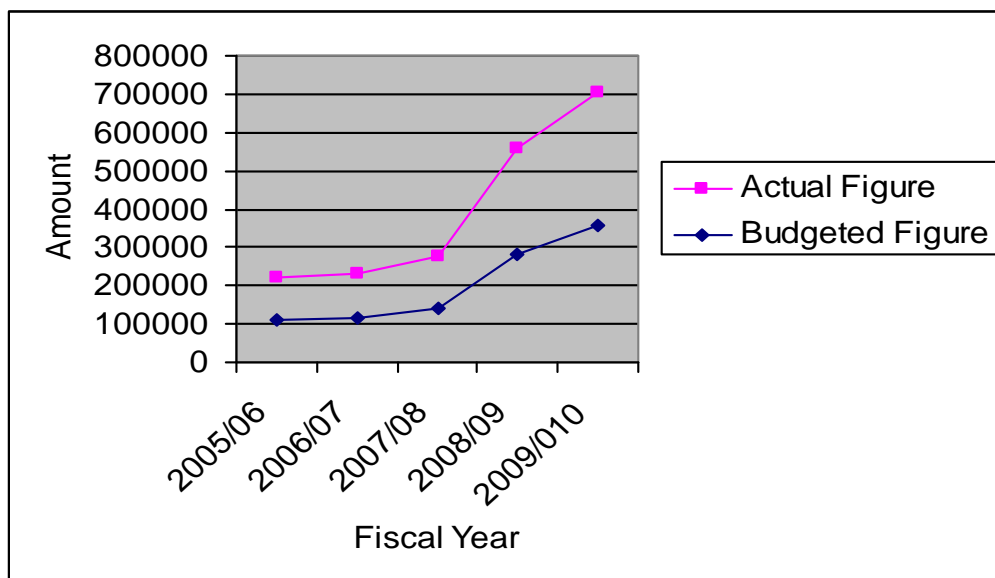


The above bar diagram shows the budgeted and actual figure of deposit collection of NSBI. The actual deposit has over the budget figure, so that the targeted collection of

deposit has met every year by NSBI. The position of budgeted and actual deposit collection showing in the Stack line diagram.

Figure 4.6

Stack line with marker Showing Budgeted and Actual Deposit collection



The above scatter diagram shows that the actual deposit line is on the higher side compared to budgeted deposit line. This shows that NSBI is able to meet its objective of deposit collection every year showing high level of achievement in deposit collection. The overall aspects of deposits are considered it can be said that management have prepared very optimistic budget to show its efficiency. The estimated budgeted figures are very low. In fact management is playing games with the stakeholder by underestimating the budgeted figure to show their better performance. Thus, it can be said that deposit collected NSBI is at minimum satisfactory level compared to what it has planned in advance and what the true picture is.

Table - 4.5

Summary of Budgeted and Actual Deposit Collection

Statistical Tools	Budgeted Deposit(X)	Actual Deposit(Y)
Mean	2,013.40	1,980.20
Standard Deviation	983.53	978.79
Coefficient of Variation	48.85%	49.43%
Correlation of Coefficient (r)	0.9998	
Probable Error (PE)	0.0001(r>6PE)	

(Sources: Appendix-1)

The above table shows that actual deposit is more variable than budgeted deposit since the CV of actual deposit is higher than budgeted deposit. Budgeted deposit is a greater CV represents less homogenous. By using another statistical tool correlation co-efficient to analyze the relationship between budgeted deposit and actual deposits. It is used Karl person's coefficient of correlation which is denoted by calculating (r) can examine whether positive correlation between budgeted deposits and actual deposit is or not. Budgeted deposit is denoted by X and assumed to be independent variable and actual deposit is denoted by Y is assumed to be dependent variables. So that increased in budget is support to increase in actual achievement or vice versa, this meant that there should be positive correlation between, budgeted figure and achievement figures. Significance of correlation of (r) tested with probable error (PE) by the calculation as per appendix 1. The researcher have found (r) is 0.9998 and PE is 0.0001 the figure of 'r' shows that there is positive perfect correlation between budgeted deposit and actual deposit. The relation of PE with r is $r > 6PE$ so it is significant so the actual deposit going on same direction. Another statistical tools regression line can also be fitted to show the degree of relationship between budgeted deposits and actual deposit and to forecast the achievement with given target so that the regression line of 'Y' on 'X' is as follows:

$$Y = \bar{Y} + r \frac{\sigma_Y}{\sigma_X} (X - \bar{X})$$

$$Y = 1980.20 + 0.9998 \left(\frac{978.79}{983.53} \right) (X - 2013.40)$$

$$Y = 1980.20 + 0.995(X - 2013.40)$$

$$Y = 0.995X - 2003.33$$

When X=435000

The Expected deposit for the year 2067/68

$$Y = 0.995 \times 435000 - 2003.33$$

$$= 430821.67$$

From the above equation it is clear that actual deposit is in increasing trend. By the help of this equation we can determine the expected deposits achievement with given value of budgeted deposit (X=435,000) ascertain the expected deposits achievement for F/Y 2067/68.

4.1.5 Movement in Deposit Collection of NSBI

Table No. 4.6

Movement of Deposit Collection of NSBI

(Rs. In Million)

Fiscal Year	Deposit Amount	Growth In Amount	Growth in Percentage
2005/06	110,020.41	-	-
2006/07	114,452.86	4,432.45	4.03 %
2007/08	137,153.95	22,701.09	19.83 %
2008/09	279,572.21	142,418.26	103.84 %
2009/010	348,964.24	69,392.03	24.82%

The above table shows the growth trend of deposit collection of NSBI. F|Y 2005/06 is the base year for the growth calculation. In F|Y 2006/07 the deposit collection is the base year for the growth calculation.

In F|Y 2006/07 the deposit collection is increased by the 4.03% in the comparison with 2005/06. The amount of deposit collection is in increasing trend where as the increasing percentage is fluctuating as a result in F|Y 2009/010 the percentage has decrease in 10.83% from 38.98% of F|Y 2008/09 and in F|Y 2008/09 the trend of growth is 103.84% with comparison of F|Y 2007/08 which is the highest among the five year.

In F|Y 2009/010 the deposit is decreasing by 79.02% comparing with base year in NSBI because it has lack of political instability of the country and effective mechanism tool of management.

4.1.6 Other Resources of NSBI:

Other resources of NSBI contribute 14.0% in total resources. It is formed of shareholder fund and other liabilities except deposit collection. The budgeted and actual other resources of NSBI presented in the following table.

Table 4.7
Other Resources of NSBI

(Rs. In Million)

Fiscal Year	Budgeted Amount	Actual Amount	Achievement
2005/06	55,000	54,091.02	98.35%
2006/07	56,000	44,407.50	79.30%
2007/08	58,000	50,737.47	87.48%
2008/09	160000	157,849.3	98.66%
2009/010	170,000	130,167.13	76.57%

(Source: Annual Report & Budget Statement of NSBI)

The above table shows maximum achievement in resources other than deposit. The achievement trend of other resources is in increasing in the amount where as the increment ratio is in declining trend. The bank has increment ratio is in declining trend. The bank has highest achievement in F|Y 2008/09 which is similar with 2005/06.

Likewise budgets are prepared but the actual figure doesn't match accordingly. The achievement percentage is ranged between 76.57% to 98.66% below 100% indicate the lower achievement of budgeted figure. The status of resources other than deposit figure. The status of resources other than deposit presented in BAR & Scatter diagram.

Figure 4.7
Bar Diagram Showing other Resources of NSBI

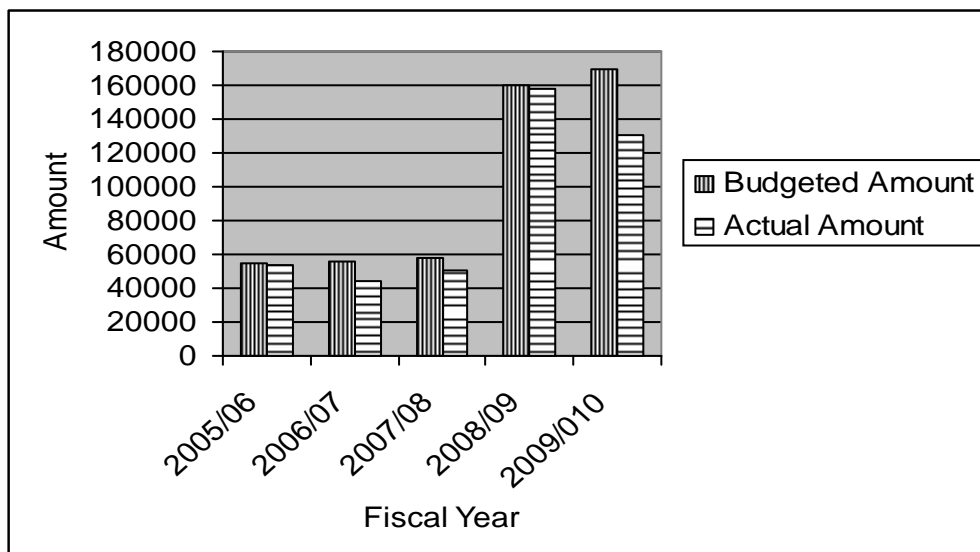
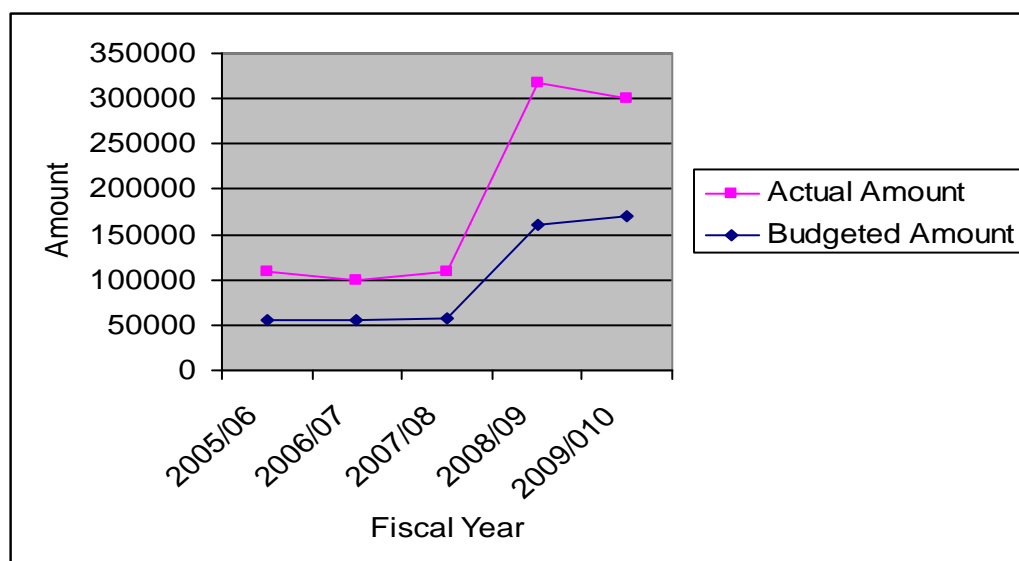


Figure 4.8

Stack line with marker show Other Resources of NSBI



From the above table and diagrams we can find the status of budgeted and actual resources of NSBI. The actual resources is higher than budgeted in the bar diagram.

4.2 Structure and Planning System of NSBI

The corporate governance framework of Nepal SBI Bank is designed to lead us towards creating opportunity while protecting the interests of, as well as to create value for, shareholders and other stakeholders including customers, employees and communities and also to ensure transparency and integrity in communication and to make available full, accurate and clear information to all concerned. NSBI has applied the profit plan in the whole sector. NSBI has analyzed the SWOT analysis by individual branch and sector before preparing a profit plan. Following are the SWOT identified by management.

Strength: it represents internal environment of organization which has strongly affected by environment of any organization. Strength facilitates profitable performance. The following elements are included under the strength.

-) Increasing goodwill of bank.
-) Large scale network of loan flow.
-) Quality service system.

-) Corporate good governance.
-) Low cost under urban sector investment.
-) Adequate and well trained human resource.
-) Adequate internal sources.
-) High development of physical facility of bank.
-) Development oriented work system.

Weakness: It present in the internal environment. Weakness facilitates to improve the performance of the bank. The following elements are included under the weakness.

-) Lack of effective project analysis.
-) Lack of knowledge of market.
-) Lack of investigation and development.
-) High operating cost.
-) Low productivity of employee.
-) Lack of professional employees.

Opportunity: It is present in the external environment. Environmental scanning should be done to identify opportunity of the bank. It involves:

-) Umbrella Law adopted by Nepal Rastra Bank.
-) Increasing Computerized System.
-) High possibility of non-agricultural sector market expansion.
-) Extend marked.

Threat: It present in the external environment threat leads to determination in profit planning. In present situation, most of the banks are struggling and taking threat to maintain long existence. In the same way, Nepal SBI bank has also threat. Actually threat includes:

-) Brain drain
-) High work load at District head quarter.
-) External invasion for running program.
-) No elasticity at interest rate.
-) High bargaining power of customer from the high competition.
-) Increasing competition.
-) WTO policies.

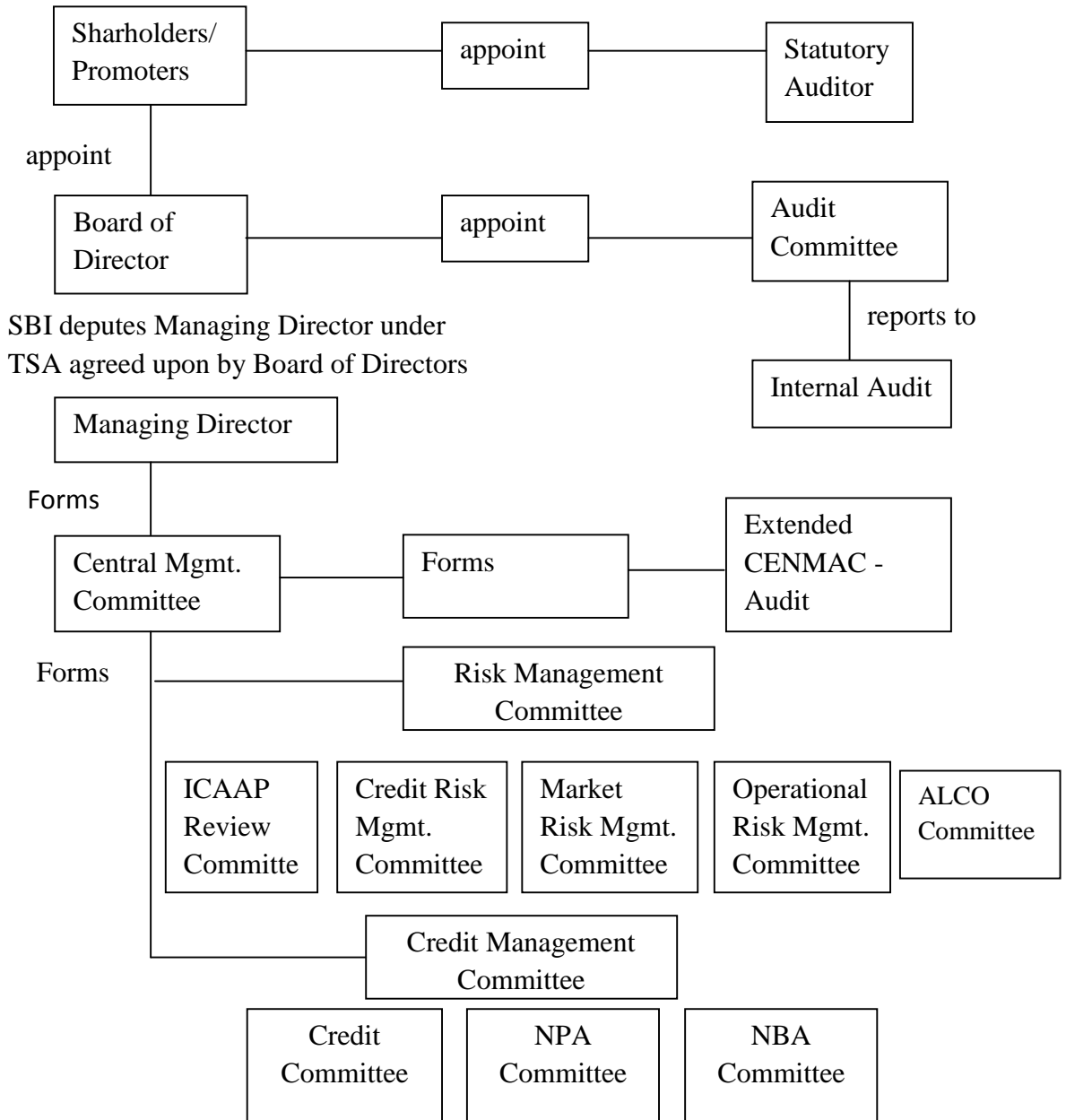
After the SWOT analysis of NSBI analyzes previous data with different component. After analyzing the previous data each branch office will find out the good or bad sector. After that NSBI does the portfolio analysis.

Under the portfolio analysis NSBI selects the good portfolio and make a resource management, first of all NSBI has made plan from the following facts:

-) NSBI considers the vision, mission, objectives and process conduct.
-) Concept of plan formulation method and process are considered :
-) Plan formulation process should be simple and flexible.
-) Latest accurate statistics are considered.
-) After making plan appraisal is compulsory.
-) Market portfolio is considered.
-) Relevant stakeholder is considered.

Compliance with all applicable legislation, regulations, standards and codes is an essential characteristic of organizational culture at Nepal SBI Bank. The Board of Directors (BODs) is the apex decision-making body and has ultimate responsibility for governance. The Board monitors compliance with these by means of management reports, which include information on any significant interaction with all key stakeholders.

Corporate Governance Structure Figure



(Source: Annual report of NSBI)

4.3 Resources Deployment plan of NSBI

Allocation of available resources in to different sector is called deployment of resources plan. Resources can be use for maintain liquidity, investing in income generating activities, investing for fixed assets purchase and other assets. The available resource can be allocated in to three purposes these are listed below.

-) To maintain the liquidity position.
-) To invest in income generating activity.
-) To purchase fixed and other assets.

a) Deployment to Maintain Liquidity position

Liquidity need to maintain for the purpose of payment of withdraws from deposit amount and payment for other liabilities and expenses. The liquidity can be maintained in terms of cash in vault and balance in bank. The return on such amount may be nominal or no return at all. The central bank of Nepal NRB has instructed to commercial bank to maintain certain liquidity as per their deposits. The liquidity position should be maintained as required higher the liquidity can't give effective return and lower the liquidity became failure to repay the deposit.

b) Development for income generating Activities:

The major function of commercial banks is to collection of deposit and invests them in different sector as loan Deployment of fund in income generating activities can divided in to two categories.

- Loan, Discount, Overdraft (LDO)
- Other Investment

LDO refers Loan, Advances, Old Bills Purchase of Discount and other loan which generates income in terms of interest other investment includes investment in securities, Treasury bill, etc.

Table 4.8
Total Income Generating Deployment of NSBI

(Rs. In Million)

Fiscal Year	Investment		Loan and Advance		Total
	Amount	%	Amount	%	
2005/06	36,107.75	32.13	76,267.36	67.87	1,12,375.11
2006/07	26,594.53	21.94	94,604.51	78.06	1,21,199.04
2007/08	30,888.87	20.32	1,21,136.98	79.68	1,52,025.85
2008/09	1,32,861.82	46.75	1,51,317.48	53.25	2,84,179.30
2009/10	1,63,056.33	48.26	1,74,805.48	51.74	3,37,861.81

(Source: Annual Report of NSBI)

Other Investment = Investment + Money at call and short notice.

The above table shows the status of income generating deployment of NSBI. The major portion of deployment of the bank covers by the loan and advance. The range of loan and advance is 51.74% to 79.68% where as the range of other investment is 20.32% to 48.26%.

c) Investment of other Assets

Assets needs in the organization to show the performance of business such assets may be fixed or current. These assets can't give returns directly but without these others activities can't be run smoothly. Fixed assets subject to write off at certain period of times expenses.

4.3.1 Total Deployment Investment of NSBI

Table No: 4.9

Total Resources Deployment of NSBI

(Rs. In Million)

Fiscal Year	Cash & Bank Balance		Inv. & Money at call		Loan and Advance		Fixed Assets		Other Assets		Total yearwise
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	
2005/06	14813.58	11.36	36107.75	27.70	76267.36	58.50	667.12	5.12	2502.57	1.92	130358.38
2006/07	14726.90	10.59	26594.53	19.13	94,604.51	68.05	972.19	6.99	2113.88	1.52	139012.01
2007/08	16469.73	9.37	30888.87	17.97	121136.98	70.48	1202.22	6.99	2176.65	1.27	171874.45
2008/09	11,764.40	3.89	132861.82	44.04	151317.48	50.16	2535.81	8.41	3184.89	1.05	301664.40
2009/010	34,412.61	9.04	163056.33	42.85	174805.48	45.94	4182.45	1.09	4019.92	1.06	380476.79
Total Sector wise	92187.22		389509.30		618131.81		9559.79		13997.91		1123386.03

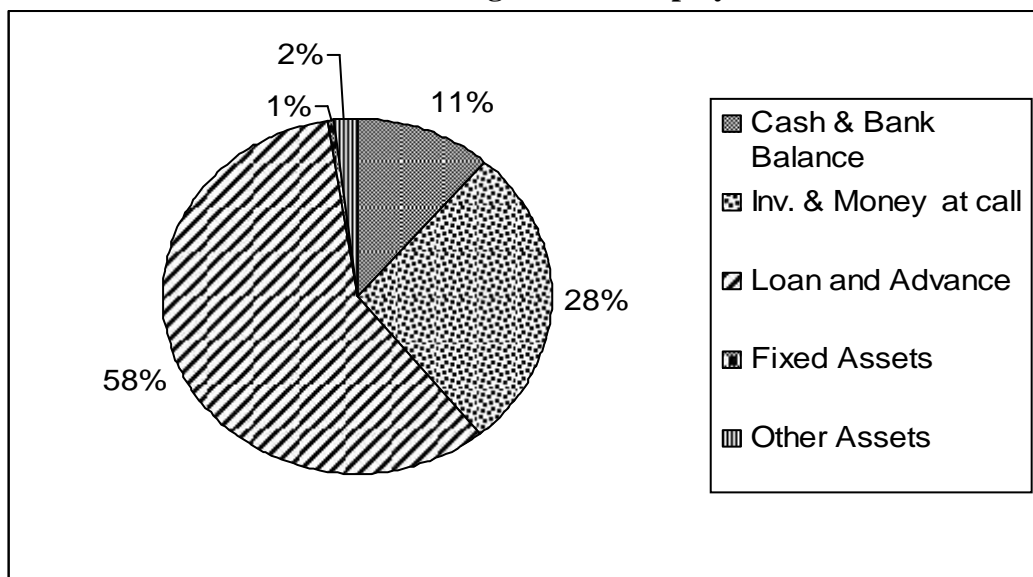
(Source: Annual Reports of NSBI)

Above table shows the total deployment of funds in various sectors of NSBI. The range of cash and bank balance of NSBI throughout the study period is 9.04% to 11.36%, it means the bank use their fund to maintained liquidity position 9.04% to 11.36%, out of total deployment. The trend of cash and bank balance fluctuating trend. In year 2005/06 it shows the highest thereafter it is in decreasing trend and lowest is in year 2008/09. Likewise the bank uses their fund in investment 17.97% to 44.04% over the period.

The trend of investment is in fluctuating trend in the F|Y 2005/06 the percentage of investment is 27.70% where as in decreased in year 2007/08 is 17.97% which is the lowest percentage over the analytical period. In year 2008/09 show the highest percentage to investment i.e. (44.04%). Highest use of resource in the loan and advances the range of loan and advance is 45.94% to 70.48%. Out of total deployment over the five years period. It show the slightly decreasing trend because of available source may not be necessary to take high loan and advance. Even though the range of loan and advance is fluctuating trend in terms over the study period. NSBI use the resources in fixed assets and other assets in nominal percentage out of total deployment. The range of fixed assets is 1.09% to 8.41% and other assets are 1.05% to 1.92% out of total deployment over the study period. For the analysis purpose the total deployment of NSBI is presented in pie-chart and bar diagram below:

Figure 4.9

Pie Chart showing status of Deployment



The above pie chart shows the total deployment of NSBI in various sectors. The loan and advances holds the highest area of the chart since it has 58% of deployment out of total deployment. This means the bank deploy more of their resources in the deployment of loan and advance than other.

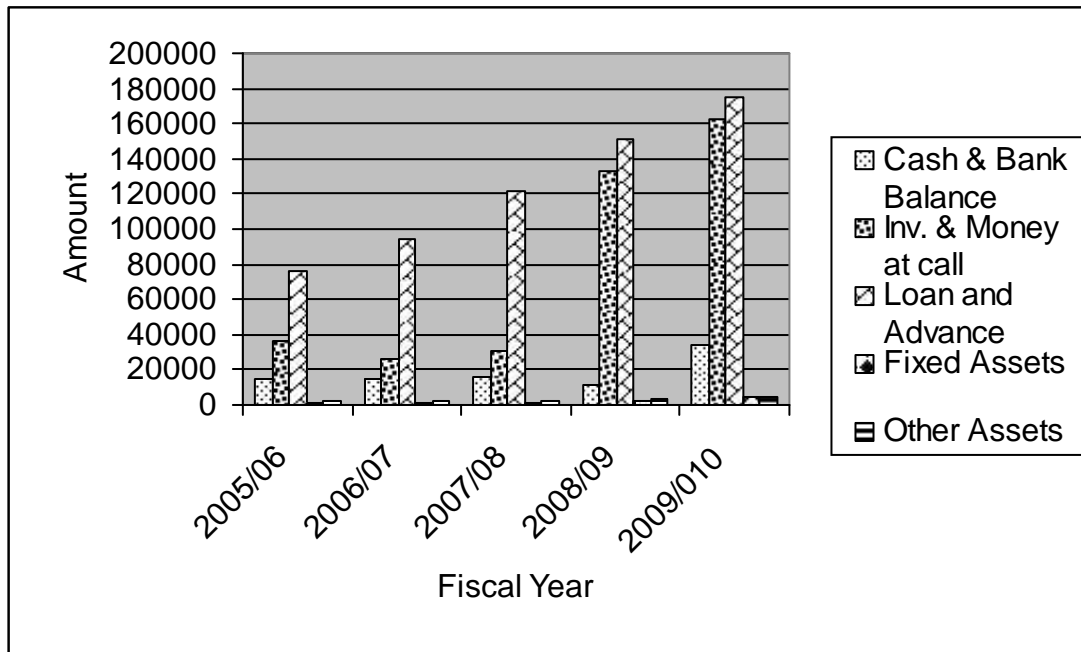
Like wise investment is 28% out of total deployment. The third highest sector of investment is cash and bank balance this shows the bank keeps the liquidity of 11% out of total deployment in average over the five year of study period. Similarly, the

bank uses their resources in fixed assets and other assets 1% and 2% respectively over the five years period.

The deployment of resources in various sector NSBI can be represented in the bar diagram for the analysis purpose. The diagram is presented below and analyzed accordingly.

Figure 4.10

Bar Diagram Showing the Status of Deployment



The above shows the deployment of Banks available resources at various portfolios among which LDO is in highest position throughout the study period the trend is in increasing over the period. Likewise the trend is in increasing over the period. The second position of deployment holds by investment is in increasing trend. Cash and bank balance is in third position out of total deployment amount the trend of cash and bank balance is fluctuating trend over the five years of study. The other assets and fixed assets hold the equal position but it is in fluctuating trend over the five years of time period.

By the above table, and charts researcher find that the highest portion of deployment is hold by loan and advance out of total deployment. Therefore, researcher has categorized the deployment in two parts. These are as follows:

-) Deployment in LDO
-) Deployment in other sector NLDO

4.3.2 Budgeted and Actual LDO of NSBI

Since the LDO is a major sector of where the bank invests more, thus the researcher going to analyze about the position of LDO of NSBI Following table shows the budgeted amount of LDO and the same achieved actually.

Table 4.10
Comparative Table showing Budgeted and Actual Loan, Discounted, overdraft
of NSBI.

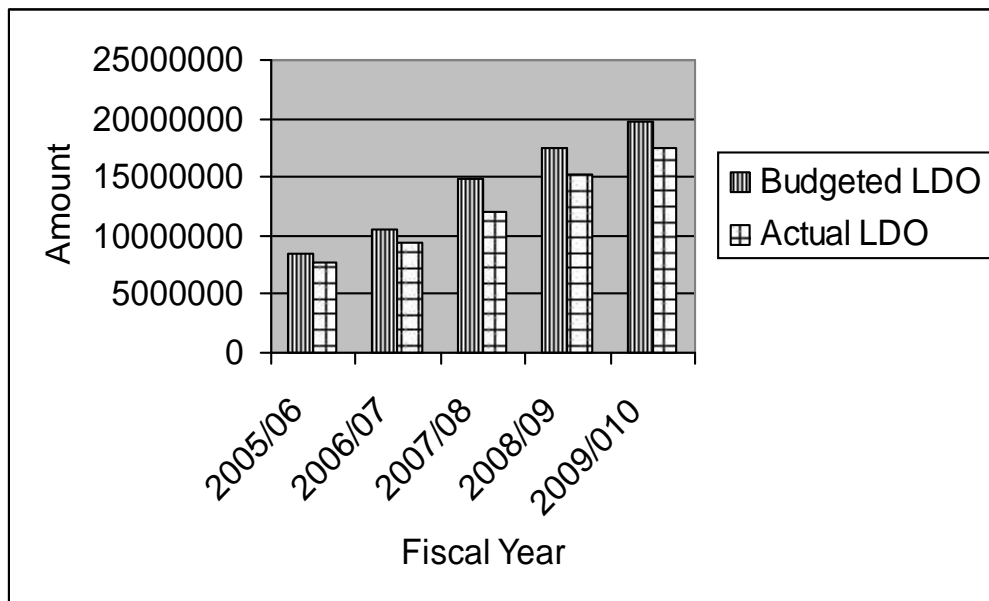
(Rs. In Thousand)

Fiscal Year	Budgeted LDO	Actual LDO	Achievement
2005/06	8452590	7626736	90.23%
2006/07	10583210	9460451	89.31%
2007/08	14913420	12113698	81.23%
2008/09	17528230	15131748	86.33%
2009/010	19657200	17480548	90.69%

(Source: Annual Report & Budget Statement of NSBI)

Above table shows that status of budgeted and actual LDO of NSBI. The actual achievement of LDO is increasing but in middle year there is fluctuating trend, in every year. The investment in LDO is increasing trend in terms of amount where as the achievement percentage with budgeted figure is fluctuating trend. The range of achievement over the five year period is 81.23% to 90.69% it shows that NSBI has going to meet the targeted investment level in each year. For the study purpose the figure of LDO are presented in Bar and Scatter diagram and draw some conclusion accordingly.

Figure 4.11
Bar Diagram Showing Budgeted and Actual LDO of NSBI

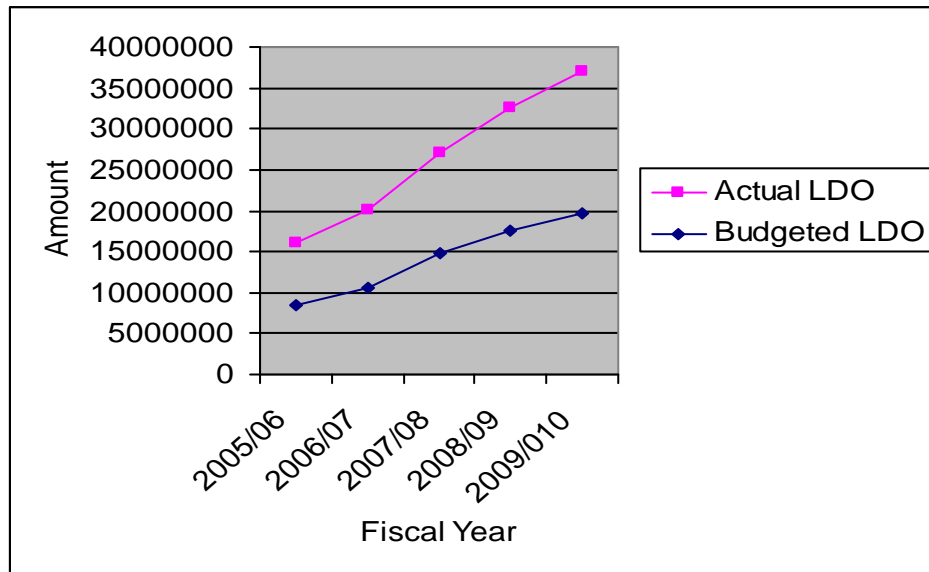


The above bar diagram shows the trend of budgeted and actual investment of resources in the sector of LDO provided by NSBI in five different years to its customers. The actual LDO are over the budgeted LDO suggesting that NSBI has met its objective of investing LDO every year. It shows that actual LDO is more in every year which is considered good for NSBI for generating income every year. For more analysis the budgeted and actual LDO figures are presented in scatter diagram to shows the relationship between budgeted figure and actual achievement throughout the study period.

The scatter diagram showing the status of budgeted and actual deployment in LDO

Figure 4.12

Scatter Diagram Showing Status of Budgeted and Actual LDO of NSBI



The above scatter diagram shows the actual LDO line is on the higher side compared to budgeted LDO line. This shows that NSBI is able to meet its objective of investing is able to meet its objective of investing LDO every year. This shows high level of achievement of NSBI is dispersing loan to its customer. But if the overall aspects of LDO are considered then it can be said that management have prepared very optimistic budget to show its efficiency. The estimated budgeted figures are very low. In fact management is playing games with the stakeholder by underestimating the budgeted figure to show their better performance. Thus, it can be said that LDO provided by NSBI is at the minimum satisfactory level compared to what it has planned in LDO and what the true picture is.

Table-4.11

Summary of Budgeted LDO and Achievement

Statistical Tools	Budgeted LDO(X)	Actual LDO(Y)
Mean	1422.20	1236.20
Standard Deviation	418.07	359.81
Coefficient of Variation	29.40%	29.11%
Correlation of Coefficient (r)	0.9921	
Probable Error (PE)	0.0047(r>6PE)	

(Sources: Appendix-2)

The above table shows that budgeted LDO is more variable than actual LDO. Since the coefficient of variations of actual LDO is slightly less than that of budgeted LDO, smaller CV represent homogeneous to the data. Actual LDO are more homogeneous than budgeted.

We can use another statistical tool correlation co-efficient to analyze the relationship between budgeted LDO and Actual LDO. There should be positive correlation between budgeted and actual LDO. We can take the help of Karl person's coefficient of correlation to find correlation between actual LDO and budgeted LDO. For this purpose budgeted LDO is denoted by X and actual LDO is denoted by Y. Here X is independent variable and Y is dependent variable. Here the correlation between budgeted and actual LDO is 0.9921 it means the relation between budgeted and actual LDO are perfectly correlated. Significance of r is tested with PE we have $r > 6PE$, this means the value of r is more significant. So it is not doubtful that actual LDO will go on same direction that of budgeted LDO.

From the calculation, we have obtained the value of r being 0.9921 . Now the coefficient of determination which explains the change in Y variable i.e actual LDO by X variable i.e. budgeted LDO can be calculated as the square of r. $r^2 = (0.9921)^2 = 0.9843$. Another statistical tool, regression line can also be fitted to show the degree of relationship between budgeted LDO and actual LDO and the forecast the achievement with given target. For this purpose, achievement figure have been supposed to be depended up on independent target. So that the regression line of achievement of 'Y' on targeted 'X' or Y on is an follows:

$$Y = 1236.20 + 0.9921(X - 1422.20)$$

$$Y = 1236.20 + 0.8538(X - 1422.20)$$

$$Y = 0.8538X + 21.93$$

4.3.3 Movement in LDO of NSBI:

Table 4.12

Table Showing Movement in LDO of NSBI

(Rs. In thousand)

Fiscal Year	LDO Amount	Growth in Amount	Growth in %
2005/06	7626736		-
2006/07	9460451	1833715	24.04%
2007/08	12113698	2653247	28.04%
2008/09	15131748	3018050	24.91%
2009/010	17480548	2348800	15.52%

(Source: Annual Reports of NSBI)

The above table shows the movement of LDO of NSBI. The base year to calculate the growth rate of NSBI is F|Y 2005/06. The increment rate is 24.04% in 2006/07 in comparison with F|Y 2005/06. The rate of growth is declining trend and show maximum decrease in year 2009/2010 over the period of study.

4.3.4 Resources Deployment in other sector (NLDO)

The portfolio of NLDO consists of liquidity in terms of cash and bank balance, investment and other assets. The budgeted and actual deployment in other sector listed in following table over the study period.

Table No. 4.13

Status of budgeted and actual Deployment in other sector (NLDO)

(Rs. In Million)

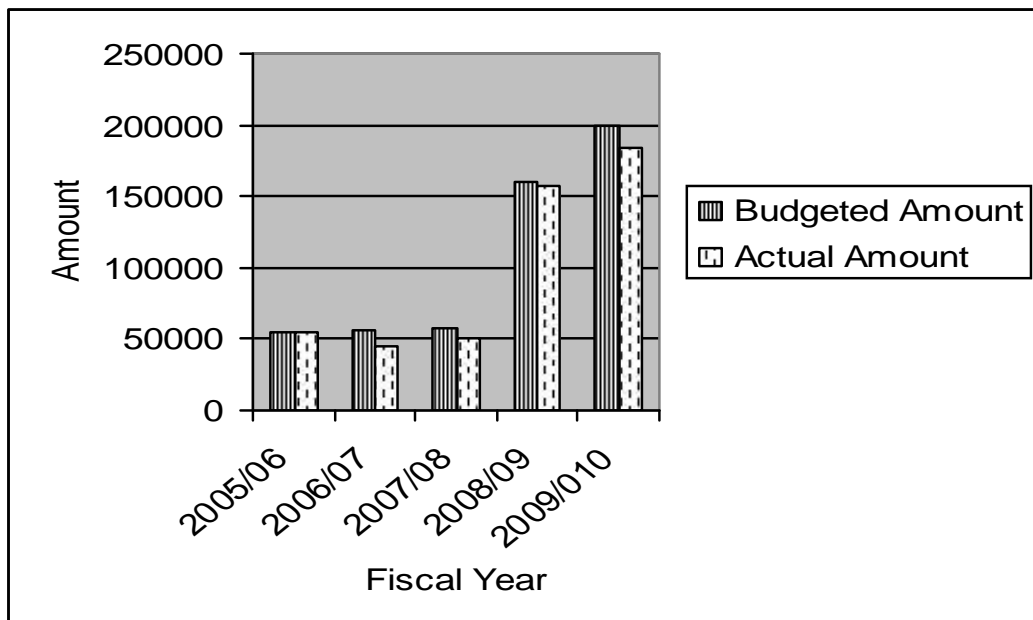
Fiscal Year	Budgeted Amount	Actual Amount	Achievement
2005/06	55000	54091.02	98.35%
2006/07	56000	44407.5	79.30%
2007/08	58000	50737.47	87.48%
2008/09	160000	157849.3	98.66%
2009/010	200000	184548.2	92.27%

(Source: Annual Reports & Budget Statement of NSBI)

The above table shows the status of budgeted and actual deployment in other sector. The rate of such achievement in fluctuating trend over the study period. The achievement is 98.35% in F|Y 2005/06 and it decreased in F|Y 2006/07 to 79.30%. Again in F|Y 2007/08 in increase to 87.48%. it show the fluctuating trend up to F|Y 2009/010. The average rate of achievement over the five year is 91.21% this indicates that the bank is struggling to achieved its target. For the analysis purpose the status of budgeted and actual NLDO is presenting in diagram below.

Figure 4.13

Bar Diagram Showing Status of Budgeted and Actual NLDO of NSBI



The above bar diagram shows the budgeted and actual NLDO provided by NSBI in five year different years. The actual NLDO are over the budgeted NLDO suggesting that NSBI has met its objective of investing NLDO every year. It shows that actual NLDO is increasing trend in every year which is considered good for NSBI for generating income every year.

4.3.5 Actual Deposit and Outstanding LDO of NSBI

Customer deposit and deployment in LDO is major activities of NSBI. The major source of resource utilization is customer deposit and similarly the major outlet for deployment portfolio is for loan and advance and bills discount (LDO). It is desirable to analyze the comparative status of the same for the study period. The following table shows actual balance of deposit and actual position of deployment toward LDO.

Table 4.14

Actual Deposit and Actual LDO/OS of NSBI

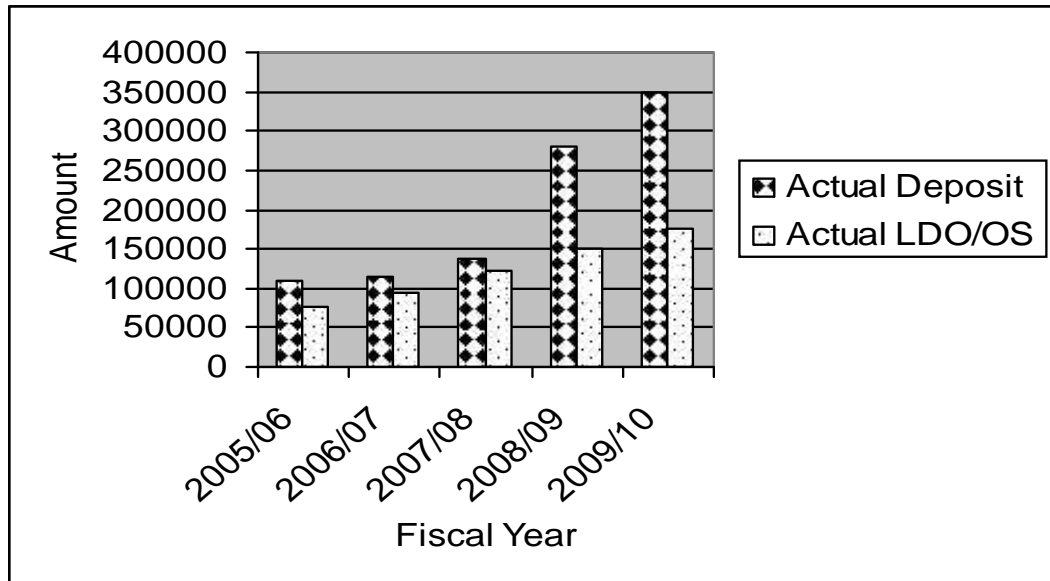
(Rs. in Thousand)

F/Y	Actual Deposit	Actual LDO/OS	LDO to deposit ratio
2005/06	110020	76267	69.32%
2006/07	114453	94605	82.66%
2007/08	137154	121137	88.32%
2008/09	279572	151317	54.12%
2009/10	348964	174805	50.09%

The above table shows the status of actual deposit balance and actual LDO. The actual deposit balance and actual LDO both are in increasing trend throughout the study period. The utilization of deposit collection in terms of LDO is fluctuating trend in percentage. The range of LDO to deposit ratio is 50.09% to 88.32%. This indicates that invest in LDO out of total deposit in the range of 50.09% to 88.32% over the five year time period. For the analysis purpose the figure of actual deposit balance and actual LDO is presenting in the figures.

Figure 4.14

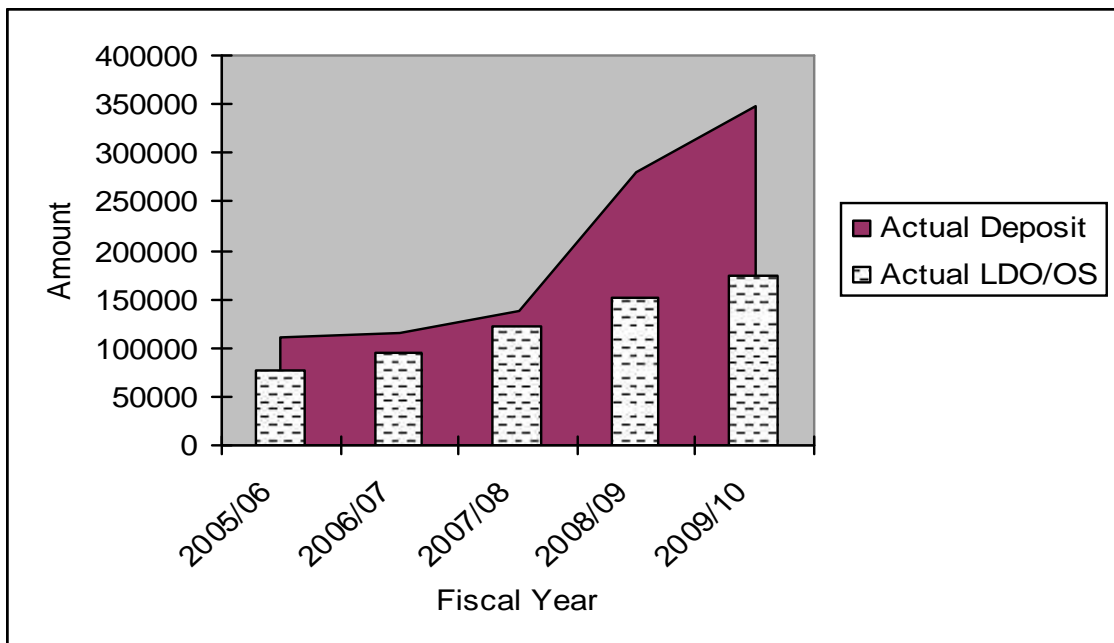
Bar Diagram Showing Status of Actual Deposit and Actual LDO



The above diagram is showing the position of actual deposit balance and actual outstanding balance of LDO. The position of actual deposit is higher than the actual LDO. Both are in increasing trend throughout the study period.

Figure 4.15

Column series and Area series showing actual deposit and Actual LDO of NSBI



From the above column and area figures, we can know that both the deposit and LDO is in increasing trend over the period. The actual deposit is greater than LDO. We have to calculate arithmetic mean, standard deviation, coefficient of variation, correlation of coefficient, probable error and can watch the actual situations which are as follows:

Tabel-4.15
Summary of Actual Deposit and Actual LDO/OS

(Rs. In Million)

Statistical Tools	Actual Deposit(X)	Actual LDO(Y)
Mean	1980	1236.20
Standard Deviation	978.48	359.81
Coefficient of Variation	49.42%	29.11%
Correlation of Coefficient (r)	0.9501	
Probable Error (PE)	0.0293($r > 6PE$)	

(Sources: Appendix-3)

The above table shows that actual LDO is less variable than actual deposit since it has lower C.V. On the other hand actual deposit less consistent than outstanding LDO is means the deposit is variable in nature. The relationship between actual deposit and actual Outstanding LDO can be measured by correlation between them. We can take the help of Karl Person's Co-efficient of correlation to find correlation between actual deposit and actual outstanding LDO. The correlation r is 0.9501 this means it is perfectly correlated between actual deposit and actual outstanding LDO. Significance of correlation r is tested with probable error (PE) here the $6PE < r$ so the calculation of r is highly significance.

4.4 Planning for Expenditure of NSBI

Expenditure planning is most essential to support the objectives and planned programs of the bank. Expenditure planning considered expenses and the benefits derived from this expenditure.

The major concern of business is income is not possible without expenditure. So expenditure is most crucial part of the business. Expenditure plan helps to organization to achieve the goal and objectives. The following table shows the status of expenditure incurred by the NSBI over the study period.

4.4.1 Interest Expenses

The bank amount collected from various sources. Among them some are non cost bearing and some are cost bearing sources. Interest expenses incurred for making payment as cost of such deposit amount, which are interest bearing nature. The interest holds highest portion of total available resources. The bank may have different interest rate in different types of account. Here, the researcher going to analyze the average cost of deposit throughout the study period.

Table No. 4.16
Status of Average Cost of Deposit

(Rs. In Million)

Fiscal Year	Total Deposit	Interest Expenses	Cost of Deposit (%)
2005/06	110,020	3,347.70	3.04
2006/07	114,453	4,122.62	3.60
2007/08	37,154	4,549.18	3.32
2008/09	279,572	8,247.00	2.95
2009/010	348,964	14,436.93	4.14

(Sources: Annual Report of NSBI)

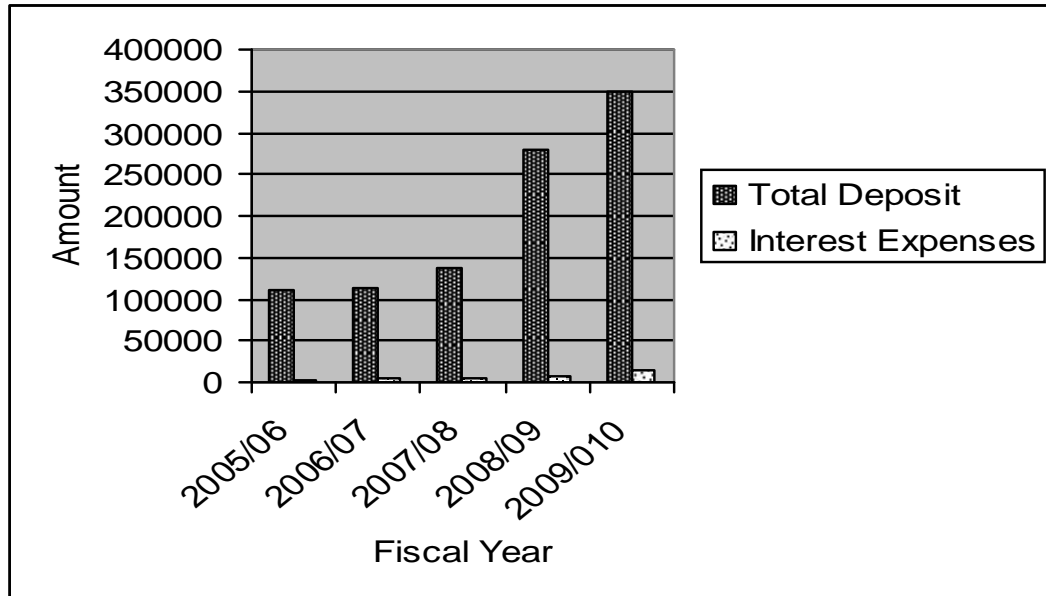
COD= Cost of deposit

The above table shows the total deposit and interest expenses of every year over the analysis period. The deposit amount is increasing trend likewise the interest. The table shows the cost of deposit in percentage. The NSBI cost of deposit (Interest) range between 2.95 % to 4.14% over the study period. The COD of the bank is slightly

fluctuating trend the highest cost of deposit is 4.14% in the year 2009/010. The relation between COD and total deposit can be shows on the bar diagram below.

Figure 4.16

Bar Diagram Showing Status of Total Deposit and Interest Expenses



The bar diagram shows the status of interest expenses and total deposit in respective fiscal year. The amount of total deposit is in increasing trend likewise interest is charging trend accordingly. The amount of interest expenses is increasing every year.

Tabel 4.17

Summary of Actual Deposit and Interest Expenses

Statistical Tools	Actual Deposit(X)	Interest expenses(Y)
Mean	1980	69
Standard Deviation	978.48	41.11
Coefficient of Variation	49.42%	59.58%
Correlation of Coefficient (r)	0.962	
Probable Error (PE)	0.0225(r>6PE)	

(Sources: Appendix-4)

4.5 Revenue Planning of NSBI

The major objective of every business concerns is revenue. NSBI generates its revenue from its income earning activities. Such activities are mostly fund based; some are non-fund based business activities. The major contribution in revenue of bank is interest income. So NSBI income categorized in to two types interest income and other income.

4.5.1 Interest Income

Interest income also called return of LDO contributes major portion of total revenue mix. Now, researcher going to analyze the comparative status of total returns on LDO with the help of table & diagram.

Table 4.18
Status of Average Return on LDO

(Rs. In Million)

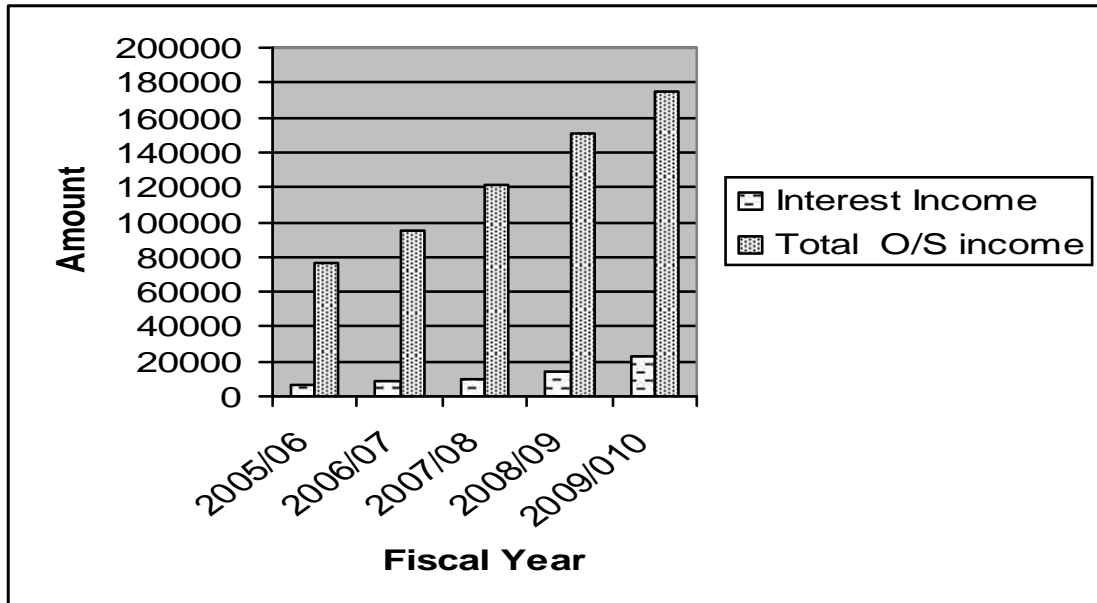
Fiscal Year	Interest Income	Total O/S income	Average Rate of Return
2005/06	7,087.19	76,267	9.29
2006/07	8,311.17	94,605	8.79
2007/08	9,705.13	1,21,137	8.01
2008/09	14,604.5	1,51,317	9.65
2009/10	22,697.04	1,74,805.48	12.98

(Sources: Annual report of NSBI)

The above table shows the comparative status of interest income with the O/S LDO and the return on same LDO. The interest income is in increasing trend as the LDO. The interest income is in increasing trend as the LDO has increased where as the rate of return on LDO is fluctuating trend. The range of rate of return lies fluctuating trend. The range of rate of return lies between 8.01% to 12.98% over the five year period. For the more analysis purpose the data of interest income and O/S LDO presenting in bar diagram.

Figure 4.17

Bar Diagram Showing Status of Interest Income and Total O/S LDO



From the chart, it becomes clear that the yearly total interest income is in increasing trend based on the increasing amount as per the O/S LDO. In the term of rate of return it is in fluctuating trend.

Tabel-4.19

Summary of Actual LDO and Interest Income

Statistical Tools	Actual LDO(X)	Interest income(Y)
Mean	1236.20	124.80
Standard Deviation	359.81	57.11
Coefficient of Variation	29.10%	45.76%
Correlation of Coefficient (r)	0.9388	
Probable Error (PE)	0.0358(r>6PE)	

(Sources: Appendix-5)

4.6 Performance Evaluation of NSBI

Performance evaluation will help to study the strength and weakness of management and help to improve the weakness of management and to energize to accomplishment of organizational goal. Following are the some of the financial tools which has been used to measures the performance of NSBI.

4.6.1 Ratio Analysis

“Ratio refers to the numerical relation of component parts of financial statement to each other. Ratio relationship is computed to obtain information about various characteristics and conditions of firm.” (Bagavati & Pillai, 200:1339)

Ratio analysis is a technique of analysis and interpretation of financial statement through mathematical expression. It may be defined as the mathematical expression of the relationship between two accounting figures, which will be used to evaluate performance of an organization by comparing the ratios from the figures of different accounts ratio analysis. Ratio used for financial analysis of business can be classified into four categories.

- Liquidity Ratio
- Leverage Ratio
- Activity Ratio
- Profitability Ratio

4.6.1.1 Liquidity Ratio

Liquidity Ratio is ability of a firm to pay short-term liabilities. Liquidity ratio reflects the short- term financial strength of a firm. This ratio is calculated by the help of current liabilities. Here the researcher is going to calculate the current ratio of NSBI. Current ratio is calculated dividing current assets by current liabilities.

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

Table 4.20
Current Ratio of NSBI

(Rs. In Million)

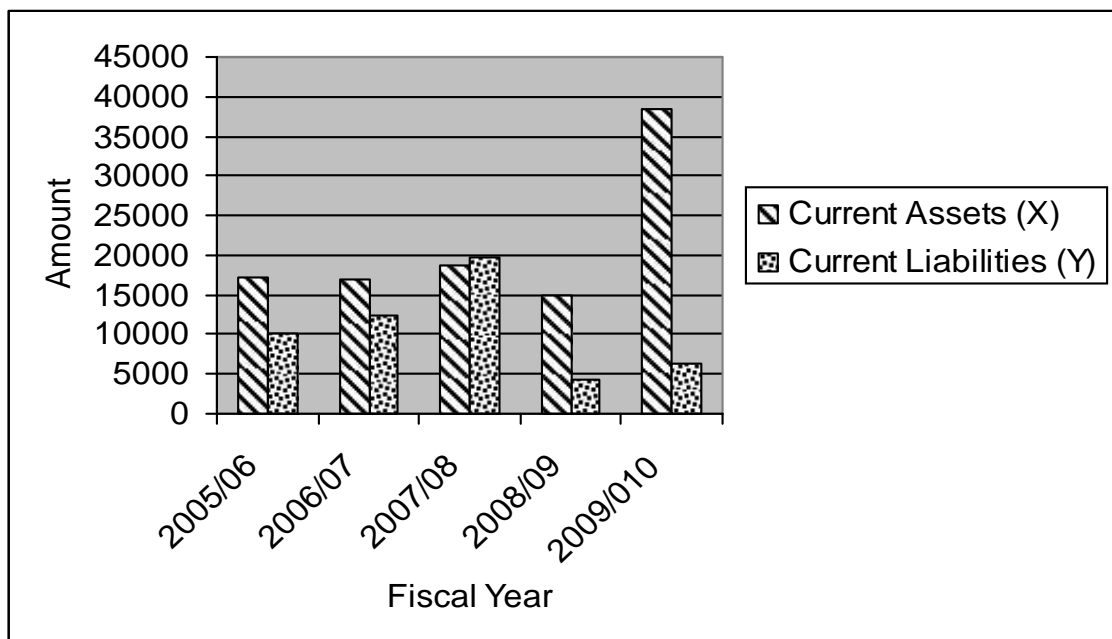
Fiscal Year	Current Assets (X)	Current Liabilities (Y)	Current Ratio (X/Y)
2005/06	17,316.15	10,051.86	1.72:1
2006/07	16,840.78	12,437.68	1.35:1
2007/08	18,646.38	19,822.91	0.94:1
2008/09	14,949.29	4,336.64	3.45:1
2009/010	38,432.53	6,283.33	6.12:1

(Source: Appendix - 6)

The above table shows the liquidity position of NSBI. Higher the current ratio better the liquidity position for the many types of business 2:1 is considered to be an adequate ratio. If the current ratio of a firm is less than 2:1, it means the firm has difficulty in meeting current obligation. If the current ratio is more than 2:1 the company may have an excessive investment in current assets that could produce satisfied return. In the time of study period current ratios are increasing trend from 2005/06 to 2009/010. Although current ratio is below than 2:1 at the beginning, after It's position is highly increasing. As the current ratio is more than the standard. But in more condition also show the un utilization in effective sector, overall Liquidity position of NSBI bank is going to be strong than before. The liquidity position is strong The relationship presenting in the bar diagram for the analysis purpose.

Figure 4.18

Bar Diagram Showing Status of Current Assets & Current Liabilities



Using above figure, we can get current assets and liabilities show in fluctuating trend but in year 2009/10 , current assets is in highest over the period.

4.6.1.2 Leverage Ratio

The leverage ratio also called capital structure ratio. The leverage ratio calculated to judge the long-term financial position of a firm. These ratios measure the firms ability to pay the interest regularly and to pay the principal on maturity the following ratios are included in leverage ratio.

- Debt- equity Ratio
- Interest coverage ratio

4.6.1.3 Debt-equity ratio

The ratio showing the relationship between long- term debt and share holder's equity is called debt equity ratio. Debt-Equity ratio measures the long-term financial solvency of a business concern. It is calculated by dividing to long term debt by shareholder's equity. The Debt Equity Ratio can be calculated dividing to borrowings by shareholder equity.

$$\text{Debt-Equity Ratio} = \text{Borrowings} / \text{Shareholder's Equity}$$

Table 4.21
Debt Equity Ratio of NSBI

(Rs. In Million)

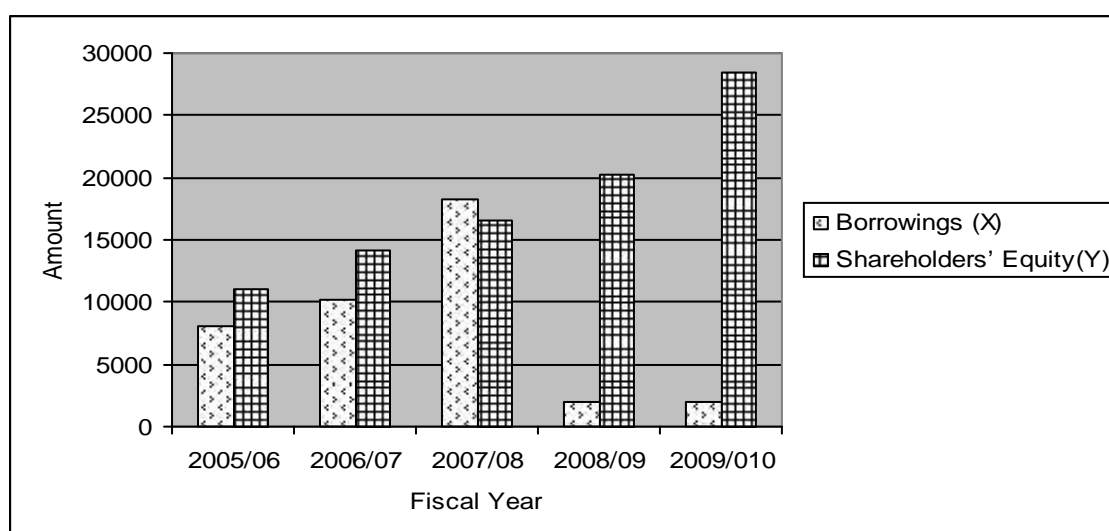
Fiscal Year	Borrowings (X)	Shareholders' Equity(Y)	Debt Equity (X/Y)
2005/06	8124.29	10,993.76	0.74:1
2006/07	10,153.65	14,181.99	0.72:1
2007/08	18,274.80	16,624.16	1.1:1
2008/09	2000	20,289.80	0.1:1
2009/010	2000	28,422.96	0.07:1

(Source: Appendix -7)

The above table shows the debt equity ratio of NSBI. The column x shows the figure of borrowing and column y shows the figure of shareholder's Equity. By dividing to column x by y is the result of debt equity ratio. Here the range of debt of debt equity ratio is fluctuating every year. NSBI has portion of equity than long-term debenture where as for a banking sector fixed deposit also consider as long term obligation but in above analysis researcher have calculated only borrowing long-term debt. The above table and charts shows that NSBI's financial weakness is very poor it has not more internal fund to repay debt and shareholder's equity is presenting in bar diagram below.

Figure 4.19

Bar Diagram Showing Status of Borrowings & Shareholders' Equity



4.6.1.4 Interest Coverage Ratio (ICR)

ICR measure the capacity to pay interest expenses. This ratio is calculated by dividing Net Profit before Interest & Tax (EBIT) by Interest cost amount.

$$\text{Interest Coverage Ratio} = \frac{\text{EBIT}}{\text{Interest Expenses}}$$

Table 4.22
Calculation of Interest Coverage Ratio

(Rs. In Million)

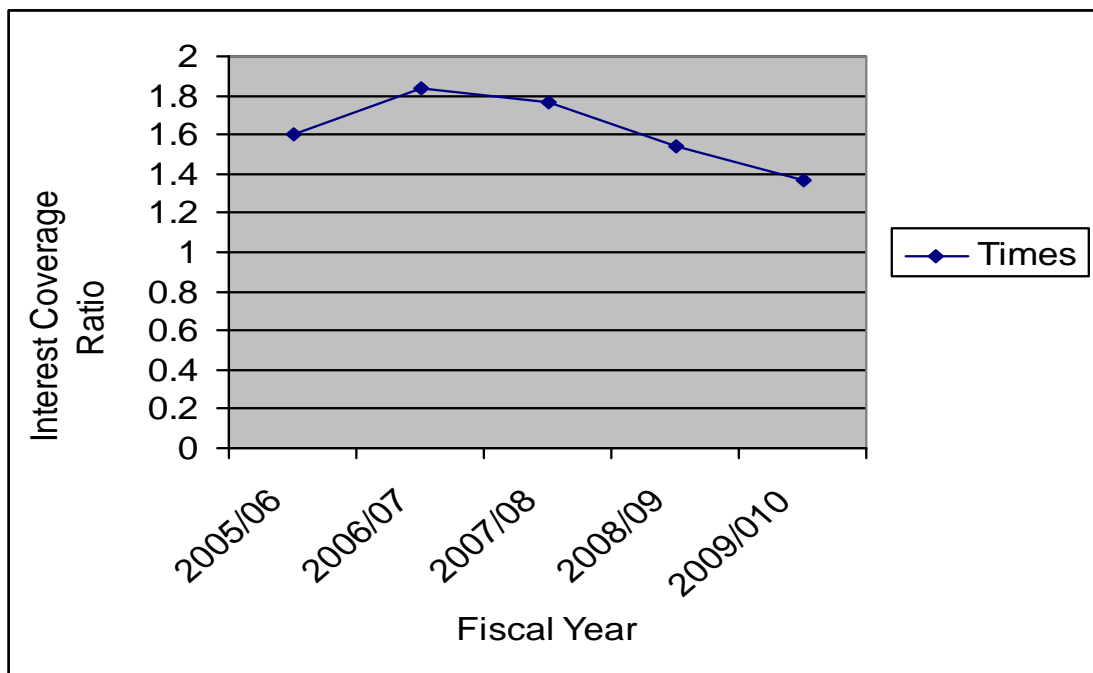
Fiscal Year	EBIT(V)	Interest Expenses (Y)	Times
2005/06	5,345.34	3,347.70	1.60
2006/07	7,568.52	4,122.62	1.84
2007/08	8,029.52	4,549.18	1.77
2008/09	12677.32	8,247.00	1.54
2009/010	19820.76	14,436.94	1.37

(Source: Annual Reports of NSBI)

The above table shows the position of interest coverage ratio (ICR) of NSBI. The ICR is 1.60 times in F|Y 2005/06 this means EBIT is 1.60 times which cover the interest expenses. Likewise the ICR reached to 1.84 times in F|Y 2006/07 and 1.77 times in 2007/08 this result represents the NSBI increased its EBIT. In this way, ICR is increasing over the study period .The range of interest coverage ratio of NSBI is 1.37 to 1.84 times. It means that the bank is capable to pay the interest expenses. The details status of bank capacity to pay interest can be show by following diagram.

Figure 4.20

Bar Diagram Showing Status of Interest Coverage Ratio



4.6.1.5 Activity Ratio

The relationship between activity of bank and human resources is called activity ratio. These ratios reflect how efficiently the organization is utilizing their employees. The major activity of a bank is collection deposit and LDO, so researches going to show the relationship with these items and number of employees of NSBI.

$$\text{Deposit per Employees} = \text{Deposit Collected/No. of Employees}$$

$$\text{LDO per Employees} = \text{LDO Deployed/No. of Employees}$$

Table 4.23
Showing The Activity Ratio of NSBI

(Rs. In Million)

Fiscal Year	Deposit Collected (A)	LDO Deployed (B)	No. of Employees ©	Deposit Per Employees (D)=A/C	LDO per Employees (E) =B/C
2005/06	110,020	76267	174	632.30	438.32
2006/07	114,453	94,605	189	605.57	500.55
2007/08	137,154	121,137	249	550.82	486.49
2008/09	279,572	151,317	323	865.55	468.47
2009/010	348,964	174,805	465	750.46	375.92

(Source: Annual Reports of NSBI)

The above table shows the relationship of major activities of bank with its human resources. The number of employees increasing every year likewise the major activities of NSBI is increasing trend. In the above table column A, B,C shows deposit collection, LDO deployed and No. of employees. The relationship with such activities is calculated dividing to column A, B by column C.

4.6.1.6 Profitability Ratio

Profitability ratio is related to profit. It shows the overall efficiency of the business concern. The overall efficiency of the business concern. The earning capacity of a business is measured by profitability ratio. Maximization of profit is the main objectives of each and every business concern. It is very necessary to earn maximum profit for the successful running of a business concern. Here, this researcher going to measure of NSBI profitability by total assets and total capital fund to net profit. It is computed by dividing to Net profit. Total assets and net profit to capital fund.

Table 4.24
Profitability Ratio of NSBI

(Rs. In Million)

Fiscal Year	Net Profit after Tax(A)	Total Assets (B)	Return On Assets (C)=A/B	Total Capital Fund (D)	Return on Capital (E) = A/D
2005/06	1,170.02	130,358.39	0.90%	9,823.74	11.91%
2006/07	2,549.09	139,012.01	1.83%	11,632.91	21.91%
2007/08	2,477.71	171,874.46	1.44%	14,146.45	17.51%
2008/09	3,163.73	309,166.82	1.02%	17,126.07	18.47%
2009/010	3,917.42	380,476.79	0.97%	24,505.54	15.99%

(Sources: Annual Report of NSBI)

The above table shows the status of return on capital employed of NSBI. The ratio shows the relation of net profit after tax with the total assets and total capital employed. The rate of return of an assets is fluctuating trend . it is ranged between 0.90% to 1.83% throughout the five year period. Likewise the return on capital ratio presenting the relation of net profit with the capital employed. The range of return on capital employed. The range of return on capital employed is 11.91% to 21.91% it is also in fluctuating trend through five years of study period.

4.7 Trend Analysis and Projection for Next Five Years

The measurement used in financial management analysis may be classified into two groups those who measure in the relation among the items. Insight set of statements and those measure the analysis in these items in successive statement. The first is a static analysis is necessary for a comprehensive interpretation, since it is important to know not only the proportion as on a certain date but also the trends on the enterprise. Here, in this study the trend analysis of the financial condition are presented which is objected to provide the insight of the bank position.

In this study, the method of least square is used for the least square is used for the analysis of the bank's total deposit trend net profit trend.

-) The main assumption is that other things being will remain unchanged.
-) The bank will run in the present situation.
-) The economy will remain in the present stage.
-) The forecast will be true only when the limitation of least square method is carried out.
-) Nepal Rastra Bank will change its guide lines to commercial banks.

a) Trend Analysis of Total Deposit

Under this topic an effort has been made to calculate the trend value of deposit for five years from 2005/06 to 2009/010 and forecast for next four years till next 2014/15.

The following table shows the trend values of 10 years from 2005/06 to 2014/15.

Table 4.25

The Following Table Shows the Trend Line of Total Deposit

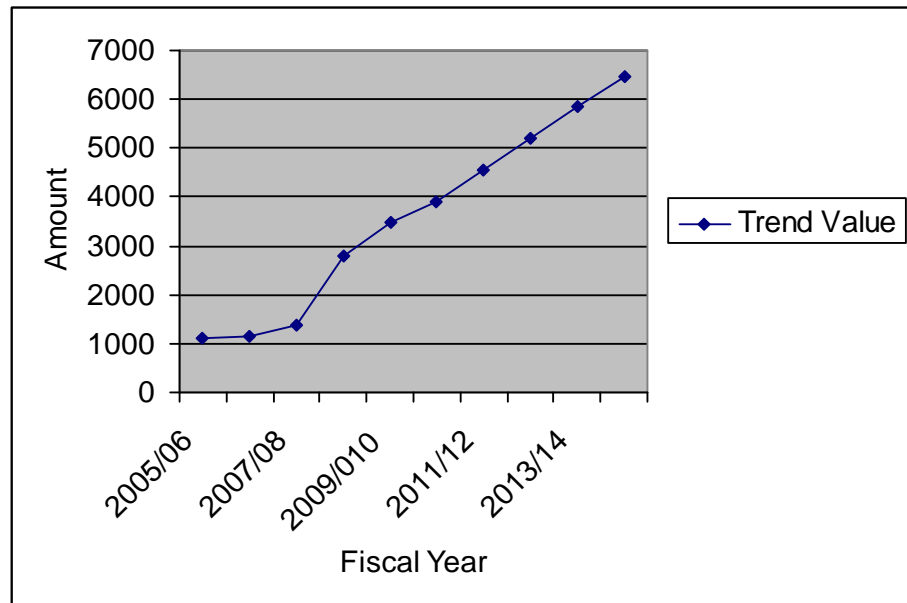
(Rs. In Million)

Fiscal Year	Trend Value
2005/06	1100
2006/07	1144
2007/08	1371
2008/09	2795
2009/010	3489
2010/011	3909
2011/12	4552
2012/13	5195
2013/14	5838
2014/15	6481

(Source: Appendix-8)

Figure 4.21

The Scatter Diagram Show the Trend Values of Total Deposit



b) Trend Analysis of Net profit

Under this topic the trend values of net profit have been calculated for five years from F|Y 2005/06 to 2009/010 and the forecast for next 5 years up to 2014/015.

Table 4.26

The Following Table Shows the Trend Values of Net Profit

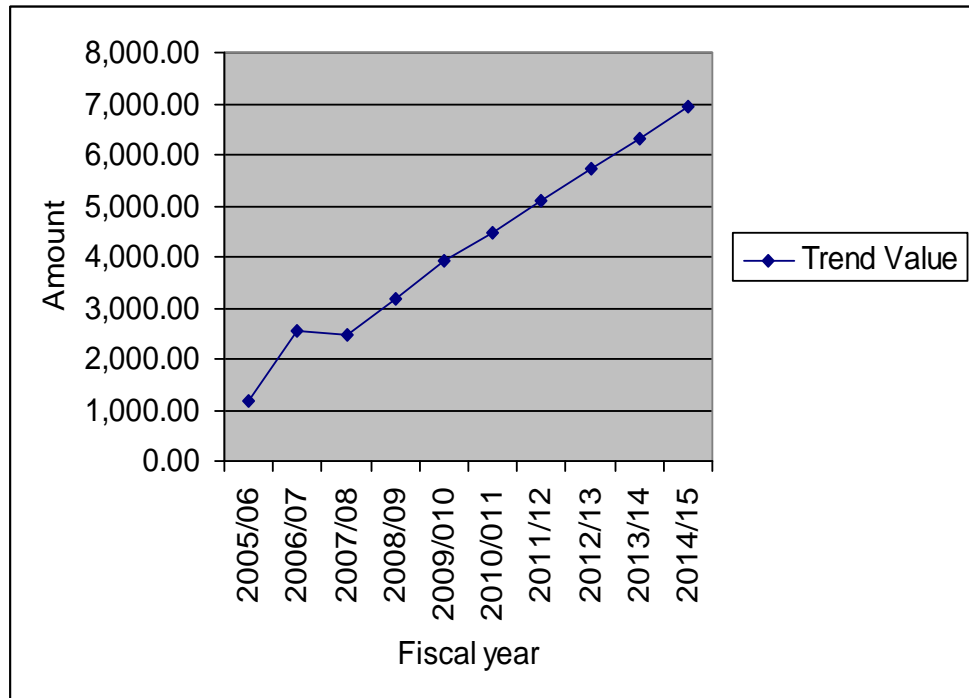
(Rs. In Million)

Fiscal Year	Trend Value
2005/06	1,170.02
2006/07	2,549.09
2007/08	2,477.71
2008/09	3,163.73
2009/10	3,917.42
2010/11	4489
2011/12	5100
2012/13	5711
2013/14	6322
2014/15	6933

(Source: Appendix-9)

Figure 4.22

The Following Table Shows the Trend Values of Net Profit



4.8 Cash Flow Statement

Cash flow shows the overall flow of funds and sources in one chart with the help cash flow analysis, researcher can find out the liquidity position of the bank. Following table represents cash flow statement of the bank for last two years, which gives the satisfactory picture of cash inflow to meet the required cash outflow within the bank for the period.

Table 4.27**CASH FLOW STATEMENT OF NSBI BANK LIMITED**

(Amount in Rs.)

Particulars	2008/09	2009/10
A. CASH FLOW FROM OPERATING ACTIVITIES	19,712,590	1,884,344,926
1. Cash Receipt	1,602,193,179	2,533,379,086
1.1 Interest Income	1,393,254,610	2,242,447,613
1.2 Commission and Discount Income	78,836,624	131,692,149
1.3 Income from foreign exchange Transaction	62,519,675	73,029,593
1.4 Recovery from loan written off	8,680,000	7,082,000
1.5 Other Income	58,902,270	79,127,731
2. Cash Payments	1,207,941,889	2,019,645,949
2.1 Interest Expenses	822,530,719	1,438,901,798
2.2 Staff Expenses	91,209,442	120,367,410
2.3 Office overhead Expenses	168,857,375	258,751,056
2.4 Income tax paid	90,541,000	157,322,526
2.5 Other Expenses	34,803,353	44,303,159
CASH FLOW before change in working capital	394,251,290	513,733,137
(Increase)/Decrease of current Assets	(13,017,536,921)	(5,457,606,767)
1. (Increase)/Decrease in money at call and short notice	304,012,877	-
2. (Increase)/Decrease in other short term investment	(10,197,294,742)	(3,019,451,155)
3. (Increase)/Decrease in loans, Advance and Bills purchase	(3,030,735,025)	(2,398,877,518)
4. (Increase)/Decrease changes in other assets	(93,520,031)	(39,278,094)

Increase/Decrease in Current Liabilities	12,642,998,221	
1. Increase/(Decrease) in Deposits	14,241,825,834	3609363762
2. Increase/(Decrease) in Certificate Deposits	-	-
3. Increase/(Decrease) in Short term Borrowing	(1,627,480,190)	-
4. Increase/(Decrease) in other liabilities	(28,652,577)	(110,984,851)
B. CASH FLOW FROM INVESTING ACTIVITIES	(185,007,702)	(253,807,204)
1. (Increase)/Decrease in Long-term investment	-	-
2. (Increase)/Decrease in Fixed Assets	(185,905,214)	(255,602,229)
3. Interest Income from Long-Term Investment	-	-
4. Dividend Income	897,512	1,795,025
5. Others	-	-
C. CASH FLOW FROM FINANCIAL ACTIVITIES	-	636,985,263
1. Increase/(Decrease) in Long term Borrowing (Bond, Debenture etc.)	-	-
2. Increase/(Decrease) in Share Capital	-	636,985,263
3. Increase/(Decrease) other liabilities	-	-
4. Increase/(Decrease) in refinance/facilities received from NRB	-	-
D. Income and expenses from change in Exchange Rate in Cash and Bank balance.	(1,225,376)	(2,701,346)
E. Current Year's CASH FLOW from all activities (A+B+C+D)	(166,520,488)	2,264,821,639
F. Opening Cash and Bank Balances	1,342,960,326	1,176,439,838
G. Closing Cash and Bank Balances	1,176,439,838	3,441,261,477

(Sources: Annual Report of NSBI)

The Cash flow table is observed that the cash flow from operating activities was subsequently increase to Rs. 1,884,344,926 in F/Y 2009/2010 from cash flow of Rs. 19,712,590 in F/Y 2008/09.

The major contributors for operating cash flow were interest income, non-operating income and deposits and that of outflow were interest expenses, staff expenses, office overheads and loan and bills purchased.

The cash flow from investing activities was Rs. (185,007,702) in F/Y 2008/09 it was increased to Rs.(253,807,204) in F|Y 2009/10. Investment in fixed assets was higher that year. Cash flow from financial activities was shown only Rs 636,985,263 in F/Y 2009/10.

Overall, the cash and bank balance of the bank has been increased from Rs. 1,176,439,838 to Rs. 3,441,261,477. Due to interest income, commission and discount income, sale of fixed assets other income; the bank has increased its cash balance in F/Y 2009/10. This cash flow indicates that bank could be maintaining its liquidity position.

4.9 Balance Sheet Analysis

The balance sheet statement shows the total assets and liabilities of 2009/10 are 38,047,679,465. Main source or capital of the NSBI is customer deposit i. e. 34,896,424,201 and Share Capital, Reserves and Funds, Debentures & Bonds and proposed dividend respectively. Deposit amount is increasing comparing previous year. In this way, in assets side, the maximum amount show in Loans, Advances and Bills Purchase then after investment, bank and cash balance.

The major contributors for current assets are bank and cash balance which create liquidity position of the bank and can do current decision quickly other wise could not investment in right time in right place by right person.

(Appendix-11)

4.10 Profit and Loss Analysis

On the basis of Profit and Loss account of 2009/10, Net profit is increasing up to 391,742,119 comparing with 2008/09. Interest income, commission and discount in major source of profit which has increase the amount of profit. The expenses side of NSBI is in Staff expenses, Other Operating Expenses, Exchange Fluctuation loss respectively. Overall, Profit has increased from Rs316,373,495 to 391,742,119 due to to interest income, commission and discount income, Other Operating Incomes Exchange Fluctuation Income its cash balance in F/Y 2009/2010.

(Appendix-10)

4.11 Major Finding of the study

On the basis of analysis of secondary data and their interpretation, the major findings of the study are summarized below:

- NSBI has followed profit plan at different component.
- NSBI performs SWOT analysis before prepare profit plan
- NSBI has three types of core planning team to make plan, policy, program and budget.
- The bank is conscious about the human resources due to rapid growth and advent new branches. Develop skills to employee's further advanced courses. Currently there are 465 employees over the 42 branches of NSBI .
- The bank has 88% average contribution of customer deposit in the resources mobilization as per the data F|Y 2005/06 to 2009/010 and uses the other resources of 12% in average.
- NSBI is well performing in the deposit collection. Actual figure is almost to the budgeted figure. It is found (r) is 0.9998 and PE is 0.0001 .The figure of 'r' shows that there is positive perfect correlation between budgeted deposit and actual deposit.
- The researcher fined that the 100% of achievement of targets in resources other than deposit.
- The statistical tool CV represents that NSBI's Budgeted LDO is the variable nature than actual LDO. The correlation between budgeted and actual LDO is 0.9921 it means the relation between budgeted and actual LDO are high degree of positive co-related. Significance of r is tested with PE there is $r > 6PE$ this means

the value of r is more significance. So it is not doubtful that actual LDO will go on same direction that of budgeted LDO.

- The status of income generating deployment of loan and advances is in increasing trend over the period. The average ratio of loan and advances is 58.63%.
- The deployment among which LDO hold the highest percentage i.e. 87.55% in average out of total deployment amount throughout the five years of study period.
- The researcher fined that the 100% of achievement of target in deployment resources like LDO and NLDO.
- The interest holds highest percentage of expenses amount as deposit is the major resources of the bank. It holds the 50% out of total expenditure over the study period.
- The yearly interest income is in increasing trend in amount as per the O/S LDO is also increasing. In the term of average rate of return is fluctuating trend .
- If the current ratio is more than 2:1 the company could have an excessive investment in current assets that can produce satisfied return. Although it has lower in first 3 year, it has highly growth there after.
- Debt-Equity ratio shows that the NSBI's financial weakness is very poor it has not more internal fund to repay the borrowing capital.
- Interest coverage ratio of NSBI ranges between 1.37 to 1.84 times. It means that the bank sufficiently capable to pay the interest expenses.
- The number of employees increasing every year likewise the major activities of NSBI is increasing trend.
- The rate of return on assets is increasing trend. it is ranged between 0.90% to 1.83% and range of return of total capital fund is 12.72% to 31.73% over the period.
- NSBI is successful to mobilize its fund in proper way in loan and advances. The researcher have find (r) is 0.9501 and P.Er is 0.0293. The figure 'r' shows that there is positive perfect correlation between deposit and Loan and advances. The relation of PE with r is $r > 6PE$, it is significant so the deposit and loan and advances going on same direction.
- The interest holds highest percentage of expenses amount as deposit is the major resources of the bank. The COD of NSBI is in the range of 2.95 to 4.14. It means the bank pays interest 3.41 in average over the period.

- NSBI is capable of earning net profit by mobilizing its total deposit. The researcher have find (r) is 0.9501 and P.Er is 0.0293. The figure 'r' shows that there is positive perfect correlation between deposit and net profit. The relation of PE with r is $r > 6PE$ it is significant so, the deposit and loan and advances going to same direction.
- The trend analysis of deposit and net profit shows the increasing trend thought the study period and the forecasting for next five years has also seen increasing trend.
- Cash flow analysis of the bank shows the sources of cash inflow are adequately met by the bank for the cash outflow.
- Deposit mobilization is the major contributor for cash inflow in the bank.
- Loan and advances is the major cash outflow factor of the bank.

CHAPTER- V

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

Nepal is a developing country, which started its economic development plans and policies more than four decades ago and has adopted the economic development plans through liberalization that the government adopted after restoration of democracy in 1990 calls for primitive and facilitative role of the government together with its strict regulatory functions. The subject matter of economic development has been limited due to variety of geographical structural and economic constraints.

The economic growth of a country cannot imagine without financial institutions. Commercial bank's play a vital role as a financial institution, which plays a quite important role of every economy by providing capital for the development of industry trade and business. Commercial bank pools between savers and users thereby raising employment opportunity. Besides the economic contribution commercial banks are also recognizing its social responsibilities by contributed to various social and welfare organization.

-) The above studies show that bank is important for economic growth for fast and safe, main source of bank has depended in customer deposit.
-) The major income source of bank is interest income, which depends upon the deployment of available resources. The bank generally deployed their resources for the purpose of liquidity lending and investing in securities. Therefore, the overall profitability of bank depends on lending procedure lending policy and investment policy.
-) The main objective of the study is to evaluate the budgeting and profit planning system of Nepal SBI bank. The study is mostly based on secondary data and required data have been collected by using various sources. There are nearly three dozen commercial banks operating in Nepal, which are taken as population of the study among them. NSBI has been taken as a sample of the

study and collected data has been analyzed by using various statistical & financial tools and budget variance.

-) Operating environment in Nepal has been tough for many years and review year is no exception. High inflation and low business confidence have made things hard for the industry.
-) After analyzing the data in, Source, Investment and policy
-) Despite the unfavorable macroeconomic conditions and competitive banking scenario that prevailed in the country, NSBI Bank was successful in improving its overall performance during the year. It has continued to maintain its position as a premier Bank in the country and is one of the most profitable and financially robust banks.
-) In current Situation, bank continues to post healthy growth in almost all the business areas. On the deposit front, bank was able to post growth of 11.03% during first quarter of the fiscal years 2010/11, Similarly total operating income has increased in current year than previous year.

NSBI is one of the well-established commercial bank in Nepal. NSBI is able to maintain its position as a market leader in the banking sector and there is ongoing effort and commitment in enhancing its financial position.

5.2 Conclusion

On the basis of major finding of study, some conclusion has drawn about the NSBI. The bank is more conscious about its human resources as they have the policy of skill development programs reward system and other motivation activities. NSBI increasing its internal fund by increasing capital year by year this means, strengthen their capability internally. NSBI is able to meet the it's targeted deposit collection, deployment of LDO. The relationship between deposit and loan & advances is positively correlated.

The bank 100% of achievement of target in deposit, deployment resources like LDO and NLDO. The interest holds highest percentage of expenses amount as deposit is the major resources of the bank. The major income source is interest is in increasing trend every year.

The liquidity position of NSBI has good position bank has maintained the cash & bank balance to met the current obligations. Debt equity ratio shows that the NSBI's financial condition which is maintainable. Because of increasing of internal fund, borrowing amount is decreasing. The return on assets and return on capital is satisfactory of NSBI; it shows the good earning capacity of the bank. Trend analysis of deposit & net profit shows the increasing trend thought the study period and the forecasting for next five years has seen increasing trend. However, the result of the study shows the overall performance of NSBI is Satisfactory and progressive.

5.3 Recommendations

This researcher would like to provide some suggestion for the better improvement of bank in future. This recommendation based on the study on Comprehensive Budgeting of NSBI these are as follows:

1. Nepal's accession to the WTO would permit international banks to operate in Nepal so NSBI need to make their business plan and strategy accordingly, which can convert challenges in to opportunities.
2. Financial institutions increasing day by day in Nepal it grows the competition with the banks so NSBI should make some policy to keep its position as before among the Nepalese financial institutions.
3. NSBI should be conscious about the factors affecting the business like global economic crisis, existing abnormal situation, political uncertainty etc.
4. NSBI should pay more attention about the changing technological environment and need to provide innovative products and services that reduce the cost of fund it give more growth and profitability.
5. Every business concerns have one another obligation i. e. corporate, social responsibility, so NSBI needs more involvement in social activities in the coming days.
6. NSBI's major source of resources collection is deposit. Since this is the cost bearing sources the bank is suggest increasing cost free resources too, and reducing the burden of the bank.
7. Branch monitoring and controlling mechanism should be made at the regional level also in order to ensure the better functioning of the branch offices located at such locations, which are far from the head office.

8. Marketing department must be well trained about the competitors.
9. NSBI invest in LDO average 58.63% out of total available resources. The over come from the situation it is recommended to follow liberal lending policy, invest more in secured loan and advances, and maintain stability on the investment policy.
10. The bank should be mechanism made for the purpose of achieve mission, vision and goal.
11. Expenses grow as the volume of activities increases, so it cannot be avoided but can be controlled. The bank can minimize those expenses not related for income generating activities. Therefore, the bank enhances its profitability.
12. People in rural area of Nepal still out of banking services so NSBI is suggested to take bold steps to expand and upgrade its network to reach such area with their products and services.
13. Commercial banks are the profit motive banks: they cannot keep their eyes closed from profit. They should be careful in increasing profit actually to maintain the confidence of shareholder's depositors and their customer. So, it is strongly recommended to utilize its risky assets a shareholders fund to gain highest profit margin.
14. The "*Global Economic Crisis 2008*" started from banking sector of USA this crisis may affects to Nepalese financial sectors too so the NSBI suggested to make some policy to be safe from this crisis.
15. As NRB's publications are the major sources of data and information regarding this topic, untimely and late publication makes the researcher wait long and even individual banks do not put available information regarding interest rate structure on their published report. So, NRB and even individual joint venture banks are suggested to publish all necessary publication in time and in their publications respectively for the convenience of researcher and other interested people.
16. The government before issuing license for the commercial banks should make a market study for the background and reputation of the people establishing a bank. This will help in avoiding the corrupt banking in the country and existing commercial banks will get benefit from these policies because they do not have to face false competition policies launched by the corrupt banks.

17. Lastly, the financial sector has become full competitive especially in the JVBs. Therefore, the banks should improve and change their servicing and operational behavior and should invite modern technologies accord to the situation. For this purpose, a research department should be built, keeping skilled and efficient workers. It helps to analyze market of the banks from different dimensions. It also helps in improving management, operation and investment policy.

The size of Nepali banking market is increasing day by day. The increase in number of financial institutions indicates to increasing competition in financial market.

The monitor with proper regulation this even more, the government had to bring new strategies. The central bank of Nepal (NRB) should make some policies toward the banking sector to comfort and able to complete with this ever increasing financial institutions.

The researcher report is concluded with the above-mentioned major findings, summary, conclusion and recommendations.

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APPENDICES

Appendix-1

Calculation of Correlation between Budgeted & Actual Deposit

(Rs. In Million)

F/Y	X (Budgeted Deposit)	Y (Actual Deposit)	$\sum x$	$\sum y$	$\sum x^2$	$\sum y^2$
2005/2006	1129	1100	-884.4	-880.2	782163.36	774752.04
2006/2007	1181	1144	-832.4	-836.2	692889.76	699230.44
2007/2008	1402	1371	-611.4	-609.2	373809.96	371124.64
2008/2009	2805	2796	791.6	815.8	626630.56	665529.64
2009/2010	3550	3490	1536.6	1509.8	2361139.56	2279496
	$\sum X$ 10067	$\sum Y$ 9901	$\sum x$	$\sum y$	$\sum x^2$ 4836633.20	$\sum y^2$ 4790132.76

$$\sum \frac{X}{N} = \frac{10067}{5} = 2013.40$$

$$\sum \frac{Y}{N} = \frac{9901}{5} = 1980.20$$

$\sum xy$
778448.88
696052.88
372464.88
645787.28
2319958.68
$\sum xy$ 4812712.6

$$\sigma_x = \sqrt{\frac{\sum x^2}{n} - \left(\frac{\sum x}{n}\right)^2} = \sqrt{\frac{4836633.20}{5} - (2013.40)^2} = 983.53$$

$$\sigma_y = \sqrt{\frac{\sum y^2}{n} - \left(\frac{\sum y}{n}\right)^2} = \sqrt{\frac{4790132.76}{5} - (1980.20)^2} = 978.79$$

$$r_{xy} = \frac{\sum xy}{\sqrt{\sum x^2} \sqrt{\sum y^2}} = \frac{4812712.6}{\sqrt{4836633.20} \sqrt{4790132.76}} = 0.9998$$

$$CV_x \times \frac{x}{z} \left| 100 \times \frac{983.53}{2013.40} \right| 100 \times 48.85\%$$

$$CV_y \times \frac{y}{z} \left| 100 \times \frac{978.79}{1980.20} \right| 100 \times 49.43\%$$

$$PE \times 0.6745 \left| \frac{1Zr^2}{\sqrt{n}} \times 0.6745 \right| \frac{1Z0.9998^2}{\sqrt{5}} \times 0.0001$$

$$6PE \times 6 \left| 0.0001 \times 0.0006 \times (r \Psi 6PE) \right|$$

Appendix-2

Calculation of Correlation between Budgeted & Actual LDO

(Rs. In Million)

F/Y	X (Budgeted LDO)	Y (Actual LDO)	x X X Z X	y X Y Z Y	x ²	y ²
2005/2006	845	763	-577.2	-473.2	333159.84	223918.24
2006/2007	1058	946	-364.2	-290.2	132641.64	84216.04
2007/2008	1491	1211	68.8	-25.2	4733.44	635.04
2008/2009	1752	1513	329.8	276.8	108768.04	76618.24
2009/2010	1965	1748	542.8	511.8	294631.84	261939.24
	X X 7111	Y X 6181	x X 0	y X 0	x ² X 873934.8	y ² X 647326.8

	xy
	273131.04
	105690.84
	-1733.76
	91288.64
	277805.04
	xy X 746181.8

$$\bar{X} = \frac{\sum X}{N} = \frac{7111}{5} = 1422.20$$

$$\bar{Y} = \frac{\sum Y}{N} = \frac{6181}{5} = 1236.20$$

$$\sigma_x = \sqrt{\frac{\sum x^2}{n} - \frac{(\sum x)^2}{n^2}} = \sqrt{\frac{873934.8}{5} - \frac{7111^2}{25}} = 418.07$$

$$\sigma_y = \sqrt{\frac{\sum y^2}{n} - \frac{(\sum y)^2}{n^2}} = \sqrt{\frac{647326.8}{5} - \frac{6181^2}{25}} = 359.81$$

$$r_{xy} = \frac{\sum xy}{\sqrt{\sum x^2} \sqrt{\sum y^2}} = \frac{746181.8}{\sqrt{873934.8} \sqrt{647326.8}} = 0.9921$$

$$CV_x \times \frac{\dagger_x}{z} \left| 100 \times \frac{418.07}{1422.20} \right| 100 \times 29.40\%$$

$$CV_y \times \frac{\dagger_y}{z} \left| 100 \times \frac{359.81}{1236.20} \right| 100 \times 29.11\%$$

$$PE \times 0.6745 \left| \frac{1Zr^2}{\sqrt{n}} \times 0.6745 \right| \frac{1Z0.9921^2}{\sqrt{5}} \times 0.0047$$

$$6PE \times 6 \left| 0.0047 \times 0.0282 \times (r \Psi 6PE) \right.$$

Appendix-3

Summary of Actual Deposit and Actual LDO

(Rs. In Million)

F/Y	X (Actual Deposit)	Y (Actual LDO)	x X X Z X	y X Y Z Y	x ²	y ²
2005/2006	1100	763	-880	-473.2	774400	223918.24
2006/2007	1144	946	-836	-290.2	698896	84216.04
2007/2008	1371	1211	-609	-25.2	370881	635.04
2008/2009	2796	1513	816	276.8	665856	76618.24
2009/2010	3489	1748	1509	511.8	2277081	261939.24
	X X 9900	Y X 6181	x X 0	y X 0	x ² X 4787114	y ² X 647326.8

xy
416416
242607.20
15346.80
225868.80
772306.20
xy XI 672545

$$\bar{X} = \frac{\sum X}{N} = \frac{9900}{5} = 1980$$

$$\bar{Y} = \frac{\sum Y}{N} = \frac{6181}{5} = 1236.20$$

$$t_x = \frac{\sum (x - \bar{X})^2}{n} = \frac{4787114}{5} = 978.48$$

$$t_y = \frac{\sum (y - \bar{Y})^2}{n} = \frac{647326.8}{5} = 359.81$$

$$r_{xy} = \frac{\sum xy}{\sqrt{\sum x^2} \sqrt{\sum y^2}} = \frac{1672545}{\sqrt{4787114} \sqrt{647326.8}} = 0.9501$$

$$CV_x \times \frac{\dagger_x}{z} \mid 100 \times \frac{978.48}{1980} \mid 100 \times 49.42\%$$

$$CV_y \times \frac{\dagger_y}{z} \mid 100 \times \frac{359.81}{1236.20} \mid 100 \times 29.11\%$$

$$PE \times 0.6745 \mid \frac{1Zr^2}{\sqrt{n}} \times 0.6745 \mid \frac{1Z0.9501^2}{\sqrt{5}} \times 0.0293$$

$$6PE \times 6 \mid 0.0293 \times 0.1758 \times (r \Psi 6PE)$$

Appendix-4

Summary of Actual Deposit and Interest Expenses

(Rs. In Million)

F/Y	X (Actual Deposit)	Y (Interest Expenses)	x X X Z X	y X Y Z Y	x ²	y ²
2005/2006	1100	33	-880	-36	774400	1296
2006/2007	1144	41	-836	-28	698896	784
2007/2008	1371	45	-609	-24	370881	576
2008/2009	2796	82	816	13	665856	169
2009/2010	3489	144	1509	75	2277081	5625
	X X 9900	Y X 345	x X 0	y X 0	x ² X 4787114	y ² X 8450

xy
31680
23408
14616
10608
113175
xy X 193487

$$\bar{X} = \frac{\sum X}{N} = \frac{9900}{5} = 1980$$

$$\bar{Y} = \frac{\sum Y}{N} = \frac{345}{5} = 69$$

$$s_x = \sqrt{\frac{\sum x^2}{n} - \frac{(\sum x)^2}{n^2}} = \sqrt{\frac{4787114}{5} - \frac{0^2}{25}} = 978.48$$

$$s_y = \sqrt{\frac{\sum y^2}{n} - \frac{(\sum y)^2}{n^2}} = \sqrt{\frac{8450}{5} - \frac{0^2}{25}} = 41.11$$

$$r_{xy} = \frac{\sum xy}{\sqrt{\sum x^2} \sqrt{\sum y^2}} = \frac{193487}{\sqrt{4787114} \sqrt{8450}} = 0.962$$

$$CV_x X \frac{x}{z} \Big| 100 X \frac{978.48}{1980} \Big| 100 X 49.42\%$$

$$CV_y X \frac{y}{z} \Big| 100 X \frac{41.11}{69} \Big| 100 X 59.58\%$$

$$PE X 0.6745 \Big| \frac{1 Z r^2}{\sqrt{n}} X 0.6745 \Big| \frac{1 Z 0.962^2}{\sqrt{5}} X 0.0225$$

$$6PE X 6 \Big| 0.0225 X 0.135 X (r \Psi 6PE)$$

Appendix-5

Summary of Actual LDO and Interest Income

(Rs. In Million)

F/Y	X (Actual LDO)	Y (Interest Income)	x X X Z X	y X Y Z Y	x ²	y ²
2005/2006	763	71	-473.2	-53.80	223918.24	2894.44
2006/2007	946	83	-290.2	-41.80	84216.04	1747.24
2007/2008	1211	97	-25.20	-27.80	635.04	772.84
2008/2009	1513	146	276.80	21.20	76618.24	449.44
2009/2010	1748	227	511.8	102.2	261939.24	10444.84
	X X 6181	Y X 624	x X 0	y X 0	x ² X 647326.8	y ² X 16308.80

xy
25458.16
12130.36
700.56
5868.16
52305.96
xy X 96463.20

$$\frac{\sum XY}{N} = \frac{6181 \times 624}{5} = 1236.20$$

$$\frac{\sum Y^2}{N} = \frac{624}{5} = 124.80$$

$$\sigma_x = \sqrt{\frac{\sum x^2}{n} - \left(\frac{\sum x}{n}\right)^2} = \sqrt{\frac{647326.8}{5} - (1236.20)^2} = 359.81$$

$$\sigma_y = \sqrt{\frac{\sum y^2}{n} - \left(\frac{\sum y}{n}\right)^2} = \sqrt{\frac{16308.80}{5} - (124.80)^2} = 57.11$$

$$r_{xy} = \frac{\sum xy}{\sqrt{\sum x^2} \sqrt{\sum y^2}} = \frac{96463.20}{\sqrt{647326.8} \sqrt{16308.80}} = 0.9388$$

$$CV_x \times \frac{\dagger_x}{z} \mid 100 \times \frac{359.81}{1236.20} \mid 100 \times 29.10\%$$

$$CV_y \times \frac{\dagger_y}{z} \mid 100 \times \frac{57.11}{124.80} \mid 100 \times 45.76\%$$

$$PE \times 0.6745 \mid \frac{1Zr^2}{\sqrt{n}} \times 0.6745 \mid \frac{1Z0.9388^2}{\sqrt{5}} \times 0.0358$$

$$6PE \times 6 \mid 0.0358 \times 0.2148 \times (r \Psi 6PE)$$

Appendix- 6

Calculation of Current Assets and Current Liabilities

(Rs. In Million)

F/Y	Cash and Bank Balance	Other Current Assets	Total Current Assets	Borrowing	Other Current Liabilities	Total Current Liabilities
2005/06	14813.58	2502.57	17316.15	8124.29	1927.57	10051.86
2006/07	14726.9	2113.88	16840.78	10153.65	2284.03	12437.68
2007/08	16469.73	2176.65	18646.38	18274.80	1548.11	19822.91
2008/09	11764.40	3184.89	14949.29	2000	2336.64	4336.64
2009/10	34412.61	4019.92	38432.53	2000	4283.33	6283.33

Appendix- 7

Calculation of Borrowing and Shareholder Equity of NSBI

(Rs. In Million)

F/Y	Borrowing	Paid up Capital	Reserve	P/L	Share holder Equity
2005/06	8124.29	6402.36	3421.38	1170.02	10993.76
2006/07	10153.65	6477.98	5154.92	2549.09	14181.99
2007/08	18274.80	8745.28	5401.17	2477.71	16624.16
2008/09	2000	12243.39	4882.68	3163.73	20289.80
2009/10	2000	18613.24	5892.30	3917.42	28422.96

Appendix- 8

The Trend Value of Total Deposit(Rs. In Million)

Year (t)	Total Deposit (Y)	X=[t- 2007/08]	X ²	X*Y	YC=a+bx
2005/06	1100	-2	4	(2200)	694
2006/07	1144	-1	1	(1144)	1337
2007/08	1371	0	0	0	1980
2008/09	2796	1	1	2796	2623
2009/010	3489	2	4	6978	3266
	$\Sigma y = 9900$	$\Sigma x = 0$	$\Sigma x^2 = 10$	$\Sigma xy = 6430$	

$$a = \frac{\Sigma y}{n} = \frac{9900}{5} = 1980$$

$$b = \frac{\Sigma xy}{\Sigma x^2} = \frac{6430}{10} = 643$$

Now ,

Straight line trend of total deposit

$$YC = a + bx = 1980 + 643x$$

Year (t)	X=[t-2007/08]	YC=a+bx
2010/011	3	3909
2011/012	4	4552
2012/013	5	5195
2013/014	6	5838
2014/015	7	6481

Appendix-9

The Trend Value of Net profit

(Rs. In Million)

Year (t)	Net Profit (Y)	X=[t- 2007/08]	X ²	X*Y	YC=a+bx
2005/06	1,170.02	-2	4	(2340)	1434
2006/07	2,549.42	-1	1	(2549)	2045
2007/08	2,477.71	0	0	0	2625
2008/09	3,163.73	1	1	3164	3267
2009/010	3,917.42	2	4	7835	3876
	y X13278	x X0	x ² X10	xy X6110	

$$a = \frac{\sum y}{n} = \frac{13278}{5} = 2656$$

$$b = \frac{\sum xy}{\sum x^2} = \frac{6110}{10} = 611$$

Now ,

Straight line trend of total deposit

$$YC = a + bx = 2656 + 611x$$

Year (t)	$X=[t-2007/08]$	$YC=a+bx$
2010/011	3	4489
2011/012	4	5100
2012/013	5	5711
2013/014	6	6322
2014/015	7	6933

Appendix-10

Profit and loss account of NSBI

Year end Ashad

(Amount In Rs.)

S.No	Particular	2065/066(2008/09)	2066/2067(2009/010)
1	Interest Income	1,460,445,686	2,269,704,291
2	Interest Expenses	824,700,275	1,443,693,573
	Net Interest Income	635,745,411	826,010,718
3	Commission and Discount	78,836,624	131,692,149
4	Other Operating Incomes	52,790,137	78,796,149
5	Exchange Fluctuation Income	61,294,299	70,328,247
	Total Operating Income	828,666,471	1,106,827,776
6	Staff expenses	121,989,160	130,336,536
7	Other Operating Expenses	223,965,592	343,850,266
8	Exchange Fluctuation loss	-	-
	Operating Profit before provision for Possible loss	482,711,719	632,640,974
9	Provision for Possible Losses	40,345,336	62,350,544
	Operating Profit	442,366,383	570,290,430
10	Non Operating Income/ (loss)	2,516,407	2,552,892
11	Provision for Possible Loss Written Back	198,672,788	56,621,276
	Profit from Regular Operation	643,555,578	629,464,598
12	Profit/(Loss) from extra-ordinary activities	(156,220,828)	(37,266,000)
	Net profit after considering all activities	487,334,750	592,198,598

13	Provision for Staff Bonus	44,303,159	53,836,236
14	Provision for Income Tax	126,658,096	1,46,620,243
	Current Year's	133,123,502	183,015,350
	Previous Year's	2,582,900	(28,395,565)
	Deferred Tax	(9,048,306)	(7,999,542)
	Net Profit/(Loss)	316,373,495	391,742,119

Appendix-11

Balance Sheet of NSBI

Year end Ashad

(Amount In Rs.)

S.No.	Capital & Liabilities	2065/066(2008/09)	2066/2067(2009/010)
1	Share Capital	1,224,338,976	1,861,324,239
2	Reserves and Funds	488,268,219	589,229,831
3	Debentures & Bonds	200,000,000	200,000,000
4	Borrowings	-	-
5	Deposits	27,957,220,794	34,896,424,201
6	Bills payable	62,947,325	72,368,229
7	Proposed Dividend	18,411,112	83,080,145
8	Income Tax Liabilities	-	-
9	Other Liabilities	215,253,123	345,252,820
	Total Capital and Liabilities	30,166,439,549	38,047,679,465
	Assets	2065/066(2008/09)	2066/2067(2009/010)
1	Cash Balance	652,027,266	815,679,624
2	Balance with Nepal Rastra Bank	444,138,596	1,842,802,239
3	Balance with Banks/Financial Institution	80,273,976	782,779,614
4	Money at Call and Short Notice	-	-
5	Investment	13,286,181,660	16,305,632,815

6	Loans, Advances and Bills Purchase	15,131,747,944	17,480,548,194
7	Fixed Assets	253,580,695	418,244,760
8	Non Banking Assets	-	-
9	Other assets	318,489,412	401,992,219
	Total Assets	30,166,439,549	38,047,679,465