INVESTMENT POLICY OF MACHAPUCHHARE BANK AND EVEREST BANK LTD.

SUBMITTED BY:

Saraswati Kafle

T.U. Regd. No.: 7-2-502-15-2003

Roll No.: 85

Birendra Multiple Campus, Bharatpur, Chitwan

Submitted To:

Faculty of Management

Birendra Multiple Campus, Bharatpur, Chitwan

In Partial Fulfillment of the Requirement for the Degree of

Master of Business Studies (MBS), Bharatpur, Chitwan

Bharatpur, Chitwan

Fax: 056-520253

Use Only for Thesis

DEPARTMENT OF MANAGEMENT RECOMMENDATION

(Ref.) :

Date:

This is to certify that the thesis

Submitted by

Saraswati Kafle

Entitled:

INVESTMENT POLICY OF MACHHAPUCHHRE BANK AND EVEREST BANK LTD.

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

Kiran Neupane	Baikuntha Pd. Bhushal	Dr. Ganesh Pd. Kharal
Thesis Supervisor	Head of Research Department	Campus Chief

Date:

DEPARTMENT OF MANAGEMENT

Fax: 056-520253

Use Only for Thesis

(Ref.) :

Date:

VIVA-VOCE SHEET

We have conducted VIVA-VOCE Examination of the thesis presented

by

Saraswati Kafle

Entitled

INVESTMENT POLICY OF MACHHAPUCHHRE BANK AND EVEREST BANK LTD.

and found the thesis to be the original work of the student and written according to the prescribed format. We recommend the thesis to be accepted as partial fulfillment of the requirement for master Degree of Business Studies (MBS)

VIVA-VOCE COMMITTEE

Head, Research Department:	
Thesis Supervisor:	
External Supervisor:	
Date:	

Tribhuvan University Faculty of Management Birendra Multiple Campus

Declaration

I hereby declare that the work reported in this thesis entitled "Investment Policy if EBL and MBL" submitted to office of Dean, Faculty of Management, T.U. is my original work done in the form of partial fulfillment of the requirement of masters of Business studies (M.B.S.) under the guidance and supervision of Mr. Kiran Neupane of Birendra Multiple Campus, T.U.

Date	•																										
Duic	•	•	•	•	•	•	٠	•	٠	•	٠	٠	٠	٠	•	٠	•	٠	•	•	•	•	•	•	٠	• •	

Saraswati Kafle

Campus Roll No:85

T.U. Registration No: 7-2-502-15-2003

ACKNOWLEDGEMENT

I would like to express my sincere thanks and gratitude to my thesis supervisor

Mr. Kiran Neupane and head of department Mr. Baikuntha Bhusal of Birendra

Multiple Campus of T.U. for their tremendous help valuable guidance, support

and encouraging advice.

I would also like to express my hearty thanks to my close friends and library

staff of Birendra Multiple Campus for their kind cooperation thanks also goes

to Mr. Umesh Dawadi who help me for computer typing and designing finally I

would like to express my gratitude to all the members of my family who

inspired me in many ways to cope during the entire period of the study.

Saraswati Kafle

Roll No: 85

Birendra Multiple Campus

TABLE OF CONTANT

Content	Page No
Declaration	
Acknowledgement	
Table of Contain	
List of Table	
List of Figure	
Chapter-I	1-12
Introduction	1
1.1. Background of the Study	1
1.1.1. Origin of Banking in Nepal	3
1.1.2. Commercial Bank	5
1.1.3. List of Commercial Banks of Nepal	6
1.1.4. Introduction of Sample Bank	7
1.2. Statement to Problem	9
1.3. Objectives of the Study	10
1.4. Significance of the Study	10
1.5. Focus of the Study	11
1.6. Limitations of the Study	11
1.7. Organization of the Study	11
Chapter-II	13-33
Literature review	13
2. Conceptual Review	13
2.1. Financial Analysis	13
2.1.1. Concept of Financial Statement Analysis	14
2.2. Investment Policy	16
2.2.1. Concept of Investment Policy	16
2.2.2. Features/Characteristics of sound investment policy.	18
2.3. Relate Literature Review	20

2.4. Research Gap	32
Chapter-III	34-50
Research Methodology	34
3.1. Methodology	34
3.1.1. Research Design	34
3.1.2. Sources of Data	35
3.1.3 Population and Sample	35
3.1.4. Processing and Analysis of Data	36
3.2. Financial Tools	37
3.3. Statistical Tools	48
3.4. Time series Analysis	50
Chapter-IV	51-99
Presentation And Analysis Of Data	51
4.1. Financial Analysis	51
4.1.1. Ratio Analysis	51
4.2. Statistical Analysis	77
4.2.1. Co-efficient of Correlation Analysis	77
4.2.2. Trend Analysis	84
4.3. Major Findings	93
4.3.1 Financial Analysis	93
4.3.2 Coefficient of Correlation	97
4.3.3. Time Series Analysis (Trend Analysis)	99
Chapter-V	100-107
Summary, Conclusions and Recommendations	100
5.1. Summary	100
5.2. Conclusion	102
5.3. Recommendations	105
References	100

LIST OF TABLE

	Contain	Page No
	Table No 4.1. Current assets to current liability (in times)	52
	Table No 4.2. Cash and Bank Balance to Total Deposit Ratio	53
	Table No 4.3. Cash and Bank Balance to Current Assets Ratio	55
	Table No 4.4. Investment on Government Securities to Current Assets Ratio	56
	Table No 4.5: Loan and Advance to Total Deposit Ratio	58
	Table No 4.6. Total Investment to Total Deposit Ratio	59
	Table No 4.7. Loan and advances to Total Assets Ratio	60
	Table No 4.8. Investment of Government Securities to Total Assets Ratio	62
	Table No 4.9. Return on Loan and Advances	63
	Table No 4.10. Return on total Assets ratio	65
	Table No 4.11. Return of Equity Ratio	66
	Table No 4.12. Total Interest Earned to Total Assets Ratio	67
	Table No 4.13. Total Interest Earned to Total outside Assets Ratio	69
	Table No 4.14. Total Interest Earned to Total Operating Income Ratio	70
	Table No 4.15. Total Interest Paid to total Assets Ratio	71
	Table No 4.16. Earning Per Share	73
	Table No 4.17. Dividend per Share	74
	Table No 4.18. Market Price per Share	75
	Table No 4.19 Price Earning Ratio	76
	Table No. 4.20 Correlation between Deposit and Loan and Advance	78
	Table No. 4.21 Correlation between total Deposit and Total Investment	79
	Table No. 4.22 Correlation between loan and advance and Net profit	80
	Table No. 4.23 Correlation between Table Investment and Net profit	81
	Table No. 4.24 Coefficient of Correlation of Total Deposit between EBL	
	and MBL	82
	Table No. 4.25 Coefficient of Correlation of Total Investment between	
	EBL and MBL.	83
I	Γable No. 4.26 Coefficient of Correlation of Loan and Advances between	
	EBL and MBL	83

Table No. 4.27. Coefficient of Correlation of Net Profit between EBL and	84
Table No 4.28. Trend Analysis to Total Deposit	86
Table No 4.29. Trend Analysis of Loan and Advances	88
Table No 4.30. Trend Analysis of Total Investment	90
Table No 4.31. Trend Analysis of Net Profit	92

LIST OF FIGURE

Contain	Page N
Figure No 4.1. Current assets to current liability (in times)	52
Figure No 4.2. Cash and Bank Balance to Total Deposit Ratio	54
Figure No 4.3. Cash and Bank Balance to Current Assets Ratio	55
Figure No 4.4. Investment on Government Securities to Current Assets Ratio	57
Figure No 4.5: Loan and Advance to Total Deposit Ratio	58
Figure No 4.6. Total Investment to Total Deposit Ratio	59
Figure No 4.7. Loan and advances to Total Assets Ratio	61
Figure No 4.8. Investment of Government Securities to Total Assets Ratio	62
Figure No 4.9. Return on Loan and Advances	64
Figure No 4.10. Return on total Assets ratio	65
Figure No 4.11. Return of Equity Ratio	66
Figure No 4.12. Total Interest Earned to Total Assets Ratio	68
Figure No 4.13. Total Interest Earned to Total outside Assets Ratio	69
Figure No 4.14. Total Interest Earned to Total Operating Income Ratio	70
Figure No 4.15. Total Interest Paid to total Assets Ratio	72
Figure No 4.16. Earning Per Share	73
Figure No 4.17. Dividend per Share	74
Figure No 4.18. Market Price per Share	75
Figure No 4.19. Price Earning Ratio	76
Figure No 4.20. Trend Analysis to Total Deposit	86
Figure No 4.21. Trend Analysis of Loan and Advances	88
Figure No 4.22. Trend Analysis of Total Investment	90
Figure No 4.23. Trend Analysis of Net Profit	92

ABBREVIATION

S.D. = Standard Deviation

C.V. = Coefficient Variation

i.e. = That is

P.E. = Probable Error

Govt. = Government

GDP = Gross Domestic Product

Secu. = Security

P.E. Ratio = Price Earning Ratio

EBL = Everest Bank Limited

MBL = Machhapuchre Bank Limited

EPS = Earning Per Share

DPS = Dividend Per Share

NPL = Non. Performing Loan

MPS = Market Price Per Share

NRB = Nepal Rastra Bank

RBB = Rastrya Banijya Bank

Ltd = Limited

JVBs = Joint Venture Banks

NGBL = Nepal Grindlays Bank Limited

SBI = State Bank of India

NABIL = Nepal Arab

HBL = Himalayan Bank Limited

FY = Fiscal Year

NIB = Nepal Investment Bank Limited

Fig. = Figure

NCI = Nepal Industrial & Commercial

NCC = Nepal Credit and Commercial

HMG/N = His Majesty Government of Nepal