A STUDY ON INVESTENT POLICY OF JOINT VENTURE COMMERCIAL BANKS OF NEPAL

(With reference to NABIL and SCBNL)

A THESIS

Submitted by:

Rita Dangol Hari Khetan Multiple Campus MBS Symbol No. 2380037 Campus Roll No. 29/064 T.U. Regd No. 7-2-400-3-2003

Submitted to:
Office of the Dean
Faculty of Management
Tribhuvan University

In partial fulfillment of the requirements for the Degree of Master of Business Studies (M.B.S.)

Reshamkothi, Birgunj August, 2013

RECOMONDATION

This is to certify that the thesis:

Submitted by

Rita Dangol

Entitled

" A STUDY ON INVESTMENT POLICY OF JOINT VENTURE COMMERCIAL BANKS OF NEPAL"

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

| (Mr. Abhay Chandra Mallik) | (Mr . Shambhu Chaurasiya) |
|----------------------------|------------------------------------|
| Thesis Supervisor | Chairperson Of Research Department |
| | |
| | |
| (Dr. Bhag | gwan Pd. yadav) |
| Camı | ous chief |
| | |
| Date | |

VIVA – VOICE SHEET

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

Rita Dangol

Entitled

"A STUDY ON INVESTMENT POLICY OF JOINT VENTURE COMMERCIAL BANKS OF NEPAL"

and founded the thesis to be original work of the student written according to the prescribed format. We recommended the thesis to be accepted as partial fulfillment of the requirements for Master's Degree in Business Studies (M.B.S.)

<u>Viva – Voice Committee</u>

| Chairperson, Research Committee | |
|---------------------------------|--|
| Member (Thesis Supervisor) | |
| Member (External Expert) | |
| Date | |

DECLARATION

I hereby declare that the work reported in this thesis entitled "A STUDY ON INVESTMENT POLICY OF JOINT VENTURE COMMERCIAL BANKS OF NEPAL" Submitted to Hari Khetan Multiple Campus, Faculty of Management, Tribhuvan University, is my original work done in the form of partial fulfillment of the requirements for the Master of Business Studies under the supervision of Lecturer Abhay Chandra Mallik, Hari khetan Multiple Campus.

| Date : | |
|--------|-----------------------------|
| | |
| | Rita Dangol |
| | Researcher |
| | Hari Khetan Multiple Campus |

ACKNOWLEDGEMENTS

Thesis is really an appreciable curriculum of T.U. Because it helps the students to express their theoretical concept gained the study period into the practical field. So, being concerned to thesis, I have also got a chance to express my theoretical concept gained from class and library study into this practical field. The present study "A STUDY ON INVESTMENT POLICY ON JOINT VENTURE COMMERCIAL BANKS OF NEPAL" has been prepared for the partial fulfillment of the requirement for Master Degree in Business Studies.

At First, I would like to pay thanks to my father in-law and mother in-law as well as I am very grateful to my husband Mr. Prakash Kumar Verma lecturer in National Academy Campus & Hospital Administrator of R.M. Kedia Eye Hospital whose support and supervision with his inspirational guidance headed me towards the light of education and path of truth. Due to their supporting effort for guidance, today I come in this position. So I would like to share the credit of my success with them. I am really indebted by them.

After this, I would like to express my cordial gratitude to my all teachers. For this dissertation, I would like to pay my sincere thanks to my thesis advisor Shambhu Prasad Chaurasiya. Chairperson of the research department HKMC. His incessant suggestion and guidance form the beginning to the end is really an appreciable effort.

I would also like express my gratitude to all other members of Hari Khetan Multiple Campus, especially, my respective friend Mr. Dipendra kumar Chaudhary and my thesis supervisor Mr. Abhay Chandara Mallik lecturer In H.K.M.C. & Staffs from MBS Department. Libraries staffs as well as known and unknown people who supported as well as inspired me to complete this thesis.

Last but not least I am very greatly in debited by my all friends, family member and staff of NABIL & SCBNL. In this regard, I'm grateful to my friend Mr. Prameshwar Prasad (Sah) employee of Nepal Investment Bank Limited for their motivational effort and support even through they have very busy hour.

Advices, Recommendations and suggestions are whole- heartedly welcome. Thanks,

Rita dangol Researcher

TABLE OF CONTENTS

| RECON | 1 | |
|------------------|--|--------------|
| VIVA VOICE SHEET | | |
| DECLARATION | | iii |
| ACKNOWLEDGEMENTS | | iv |
| TABLE | OF CONTENTS | V |
| LIST OF | FTABLES | vi |
| LIST OF | FFIGURES | vii |
| ABBREVATION | | viii |
| | | |
| CHAPT | ER – 1 | |
| | DUCTION | (1-9) |
| 1.1 | Background of the study | 1 |
| 1.2 | Statement of the Problem | 3 |
| 1.3 | Objective of the study | 4 |
| 1.4 | Significance of the Study | 5 |
| 1.5 | Limitations of the Study | 5 |
| 1.6 | Definition of Key Terminology | 6 |
| 1.7 | Plan of the Study | 9 |
| | | |
| CHAPT | | (40.00) |
| | N OF LITERATURE | (10-39) |
| 2 | Introduction The particular area patitives | 10 |
| 2.1 | Theoretical perspectives Review of Related Studies | 10 |
| 2.3 | Review of Related Studies | 19 |
| СНАРТ | ED _ III | |
| | RCH, METHODOLOGY | (40-55) |
| 3 | Introduction | 40-33) 40 |
| 3.1 | Research Design | 40 |
| 3.2 | Population and Samples | 40 |
| 3.3 | Source of Data | 42 |
| 5.5 | Source of Data | 42 |
| СНАРТ | FR- IV | |
| | PRESENTATION AND ANALYSIS | (56- 93) |
| 4.1 | Data presentation and analysis | 56 |
| 4.2 | Financial Tools | 56 |
| 4.3 | Statistical Tools | 77 |
| 4.4 | Major Findings of the Study | 88 |
| | ., | |
| CHAPT | ER – V | |
| | IERY, CONCLUSION AND RECOMMONDATIONS | (94-98) |
| 5.1 | Summery | 94 |
| 5.2 | Conclusion | 94 |
| 5.3 | Recommendations | 96 |
| BIBLIOGRAPHY | | ix-xi |
| APPENDIX | | xii-xxvi |
| | | |

LIST OF TABLES

| Table No. Title of Table | | Page No. |
|--------------------------|---|----------|
| 4.0 | Current Ratio | 57 |
| 4.1 | Cash and Bank Balance Deposit Ratio | 58 |
| 4.2 | Cash and Bank Balance to Current Assets Ratio | 59 |
| 4.3 | Investment in Government Securities to Current Assets Ratio | 60 |
| 4.4 | Loan and Advances to Current Deposit Ratio | 62 |
| 4.5 | Loan and Advances to Total Deposit Ratio | 63 |
| 4.6 | Total Investment to Total Deposit Ratio | 64 |
| 4.7 | Loan and Advances to Total Working Fund Ratio | 65 |
| 4.8 | Investment on Government Securities to Total Working Fund Ratio | 66 |
| 4.9 | Investment on Share and debenture to Total Working Fund Ratio | 67 |
| 4.10 | Return on Loan and Advances Ratio | 68 |
| 4.11 | Return on Total Working Fund Ratio | 69 |
| 4.12 | Total Interest earned to Assets | 70 |
| 4.13 | Interest Earned to Total Operating Income Ratio (%) | 71 |
| 4.14 | Total Interest Paid to Total Assets Ratio | 72 |
| 4.15 | Liquidity Risk Ratio | 73 |
| 4.16 | Credit Risk ratio | 74 |
| 4.17 | Growth Rate of Total Deposit | 75 |
| 4.18 | Growth Rate of Total Loan and Advances | 75 |
| 4.19 | Growth Rate of Total Investment | 76 |
| 4.20 | Growth Rate of Net Profit | 76 |
| 4.21 | Correlation Between deposit and Loan And Advances | 77 |
| 4.22 | Correlation between Total Investment Deposits | 78 |
| 4.23 | Trend Values of Total Deposit of NABL & SCBNL | 80 |
| 4.24 | Trend Values of Loan and Advances of NABIL & SCBNL | 81 |
| 4.25 | Trend values of Investment of NABIL & SCBNL | 82 |
| 4.26 | Trend Values of Net Profit of NABIL & SCBNL | 83 |

LIST OF FIGURE

| Figur | e No. Title o | Title of The Figure | |
|-------|------------------------------|--------------------------|----|
| 4.1 | Trend Values of Total Depos | sit of NABL & SCBNL | 80 |
| 4.2 | Trend Values of Loan and Ad | dvances of NABIL & SCBNL | 81 |
| 4.3 | Trend values of Investment | of NABIL & SCBNL | 82 |
| 4.4 | Trend Values of Net Profit o | of NABIL & SCBNL | 83 |

LIST OF ABBREVIATION

B.S. Bikram Samwat

BOKL Bakn Of Kathmandu Limited
C.V. Coefficient of Variation
EBL Everest bank Limited
EPS Earning Per Share

F/Y Fiscal Year

HBL Himalayan Bank Limited

JVB Joint Venture Bank

NABIL Nabil Bank Ltd.

NBBL Nepal Bangladesh Bank Ltd.

NBL Nepal Bank Ltd.

NIBL Nepal Investment Bank Ltd.

NIDC Nepal Industrial Development Corporation

NRB Nepal SBI Bank Ltd.
PE Probable Error

r Coefficient of Correlation RBB Rastriya Banijya Bank

Rs. Rupees

S.D. Standered Deviation

SCBNL Standard Chartered Bank Nepal Ltd.
MIS Management Information System