A COMPARATIVE STUDY OF INVESTMENT POLICY OF JOINT VENTURE BANKS OF NEPAL

(With Special Reference to Standard Chartered Bank Nepal Ltd. and Nabil Bank Ltd.)

Submitted By:

Sanjiv Kumar Jayasaval
Thakur Ram Multiple Campus, Birgunj
Roll No. 96/064

T.U. Regd. No. 7-15-635-98 Exam Roll No.:- 150462/066 Exam Roll No. 150092/067

A Thesis 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.)

Birgunj, Nepal February, 2013

RECOMMENDATION

This is to certify that the thesis
Submitted By:
Sanjiv Kumar Jayasaval

Entitled

A COMPARATIVE STUDY OF INVESTMENT POLICY OF JOINT VENTURE BANKS OF NEPAL

(With Special Reference to Standard Chartered Bank Nepal Ltd. and Nabil 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.

K. K. Shah (Reader)	Dr. Dipak Shakya
Thakur Ram Multiple Campus	Thakur Ram Multiple Campus
Thesis Supervisor	Head of Research Committee
<u></u>	
Thakur Ra	m Multiple Campus
C	ampus Chief

VIVA-VOCE SHEET

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

Sanjiv Kumar Jayasaval

Entitled

A COMPARATIVE STUDY OF INVESTMENT POLICY OF JOINT VENTURE BANKS OF NEPAL

(With Special Reference to Standard Chartered Bank Nepal Ltd. and Nabil Bank Ltd.)

And found the thesis to be the original work of the student written according to the prescribed format. We recommend the thesis to be accepted as partial fulfillment of the requirement for Masters Degree in Business Studies (M.B.S).

Viva-Voce Committee

Head of Research Committee	·
Member (Thesis Supervisor)	:
Member (External Expert)	:
Date:	

DECLARATION

I hereby declare that the work reported this thesis entitled "A

COMPARATIVE STUDY OF INVESTMENT POLICY OF JOINT

VENTURE BANKS OF NEPAL (With Special Reference to Standard

Chartered Bank Nepal Ltd. and Nabil Bank Ltd.) ", submitted to Office of the

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

the form of partial fulfillment of the requirement for the Master's Degree in

Business Studies (M.B.S.) under the supervision of Mr. K. K. Shah, Thakur Ram

Multiple Campus.

Sanjiv Kumar Jayasaval

Researcher

Thakur Ram Multiple Campus

Date:

February, 2013

iv

ACKNOWLEDGEMENTS

Firstly I would like to extend my sincere gratitude to my thesis supervisor Mr. K.

K. Shah(Reader), Thakur Ram Multiple Campus, for his kind and cooperative

support, valuable time and guidance as well as suggestions.

I am very much thankful to Mr. Indushekhar Misra, Mr. Dr. Dipak Shakya,

Sanjay Shretha and Sambhu Saran Shah(staff of Thakur Ram Multiple Campus)

for their help and support while preparing this thesis. I also want to extend my

indebtness to Staff of Central Library for their kind help. I offer special thanks to

friends who helped me a lot while preparing this thesis. I am also thankful to

staffs of Standard Chartered Bank Nepal Limited and Nabil Bank Limited for

their kind co-operation during data collection.

I would like to thank my family member especially Father Shree Ramprasad Shah

who encouraged me during the entire period of the study and all the persons and

friends who directly or indirectly helped me to prepare the thesis, without whom

the thesis would not have been completed.

Sanjiv Kumar Jayasaval

Campus Roll No.:- 96(064)

T.U. Regd. No.:- 7-15-635-98

Thakur Ram Multiple Campus

 \mathbf{V}

TABLE OF CONTENTS

Recommendation	
Viva-Voce Sheet Table of Contents	
List of Tables	
List of Figures	
Abbreviations	
Addieviations	
CHAPTER I: INTRODUCTION	<u>-</u>
1.1 Background of the Study	-
1.2 Focus of the Study	•
1.3 Statement of the Problem	8
1.4 Objectives of the Study	(
1.5 Significance of the Study	Ģ
1.6 Limitation of the Study	10
1.7 Organization of the Study	10
CHAPTER II: REVIEW OF LITERATURE	12
2.1 Conceptual Framework	12
2.2 Review of Books	19
2.3 Review of Previous Studies	22
2.3.1 Review of Articles	22
2.3.2 Review of Thesis	24
2.4 Research Gap	30
CHAPTER III: RESEARCH METHODOLOGY	3:
3.1 Research Design	3.
3.2 Population and Sample	31
3.3 Nature and Sources of Data	32
3.4 Analysis of Data	32
CHAPTER IV: DATA PRESENTATION AND ANALYS	SIS 38
4.1 Measurement of Liquidity Position	38
4.1.1 Current Ratio4.1.2 Liquidity Fund to Current Liability Ratio	38 39

	4.1.3 Liquid Fund to Total Fund Ratio	40
4.2	Measurement of the Lending Strength	41
4.2.1	Total Assets to Total Liabilities Ratio	41
4.2.2	Loan and Advances to Total Deposit Ratio	42
4.2.3	Loans and Advances and investment to Total deposit Ratio	43
4.2.4	Loans and Advances to shareholder equity	44
4.3	Analysis of Lending Efficiency and Contribution in total Profitability45	
	 4.3.1 Interest Income to total Income Ratio 4.3.2 Interest Expenses to Total Deposit Ratio 4.3.3 Interest Income to Interest Expenses Ratio 	47 48 49
4.4	Analysis of Growth Rate	50
	4.4.1 Growth Ratio of Total Deposit	50
	4.4.2 Growth Ratio of Loans and Advance	51
4.4.3	Growth Ratio of Investment	52
4.4.4	Growth Ratio of Net Profit	53
4.5	Relationship between Deposit and Loans of NABIL and SCBNL	54
4.6	Relationship between Total Investment and Loans and Advance	55
4.7	Relationship between Total Income and Loans and Advances	56
4.8	Relationship between Interest Income and Net profit	57
4.9	Trend Analysis of Deposit Utilization	57
	4.9.1 Trend Analysis of Loans and Advance and Total Deposit R	atio57
	4.9.2 Trend Analysis of Investment and Total Deposit Ratio	59
4.10	Major Findings of the study	60
CHA	PTER V: SUMMARY, CONCLUSION AND RECOMMENDA	TIONS
5.1 S	ummary	63
5.2 C	Conclusion	66
5.3 R	Recommendation	70
	IOGRAPHY NNEXES	72

LIST OF TABLES

Tab	le Title Pa	age No:
4.1:	Status of Current Ratio	38
4.2:	Liquid Fund to Current Liability Ratio	39
4.3:	Liquid Fund to Total Deposit Ratio	40
4.4:	Total Assets to Total Liability Ratio	41
4.5:	Loans and Advances to Total Deposit Ratio	42
4.6:	Loans and Advances and Investment to Total Deposit Ratio	43
4.7:	Loans and Advances to Shareholder Equity	44
4.8:	Sector wise Loan Classification of NABIL	45
4.9:	Sector wise Loan Classification of SCBNL	46
4.10): Interest Income to Total Income Ratio (%)	48
4.11	: Interest Expenses to Total Income Ratio	48
4.12	2: Interest Income to Interest Expenses Ratio	49
4.13	3: Growth Ratio of Total Deposit of NABIL and SCBNL	50
4.14	: Growth Ratio of Loan and Advances of NABIL and SCBNL	51
4.15	: Growth Ratio of Total Investment of NABIL and SCBNL	52
4.16	6: Growth Ratio of Net profit of NABIL and SCBNL	53
4.17	7: Relationship between Deposit and Loan	54
4.18	3: Relationship between Total Investment and Loan and Advance	56
4.19	2: Relationship between Total Income and Loan and Advance	56
4.20	: Relationship between Interest Income and Net Profit	57
4.21	: Trend Analysis of Loans and Advances Ratio of NABIL and SCBN	L 58
4.22: Trend Analysis of Total Deposit Ratio of Nabil Bank Ltd and Standard		
	Chartered Bank Ltd	59

LIST OF FIGURES

Figure No. Title	
4.1: Sector wise Loan Classification of NABIL	46
4.2 Sector wise Loan Classification of SCBNL	47
4.3: Growth Trend of Deposit	51
4.4: Growth ratio of Loan and Advances of NABIL and SCBNL	52
4.5: Growth Trend of Total Investment of NABIL and SCBNL	53
4.6 Growth Trend of Net Profit of NABIL and SCBNL	54
4.7: Trend Analysis of Loans & Advances and Total Deposit of	
Nabil Bank	58
4.8 Trend Analysis of Loan and Advances and Total Deposit of	
Standard Chartered Bank Ltd	59

ABBREVIATIONS

BOK : Bank of Katmandu

CBs : Commercial Banks

FY : Fiscal Year

GDP : Gross Domestic Product

HBL : Himalayan Bank limited

i.e. : That is

LBL : Lumbini Bank Limited

Ltd. : Limited

NABIL : Nepal Arab Bank Limited

NBBL : Nepal Bangladesh Bank Limited

NBL : Nepal Bank Limited

NCCBL : Nepal Credit and Commerce Bank Limited

NEPSE :Nepal Stock Exchange Limited

NIBL : Nepal Investment Bank Limited

NICBL : Nepal Industrial & Commercial Bank Limited

NRB : Nepal Rastra Bank

NSBI : Nepal SBI

NSBIBL :Nepal State Bank of India Bank Limited

RBB : Rastriya Banijya Bank Limited

Rs. : Rupees

SCBNL : Standard Chartered Bank Nepal Limited