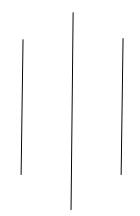
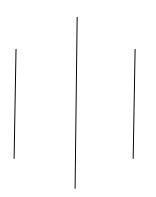
# "Investment Policy of Nepal Investment Bank Ltd. And Nabil Bank Ltd."



Submitted By:
Yamuna Shakya
Shankar Dev Campus
Roll No. 1568/059
T.U. Registered no.7-1-274-0180-96



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

In partial fulfillment of the requirement for the degree of Master of Business Studies (MBS)

Kathmandu, Nepal

# **RECOMMENDATION**

This is to certify that the Thesis: Submitted By

Yamuna Shakya

Entitled

"Investment Policy of Nepal Investment Bank Ltd. And Nabil Bank Ltd." Has been prepared as approved by this Department in the prescribed format of Faculty of Management. This thesis is forwarded for examination.

| Dushila Danday      |                       |
|---------------------|-----------------------|
| Ruchila Pandey      |                       |
| (Thesis supervisor) |                       |
|                     |                       |
|                     | D. V 1 D Dl. 1 .1     |
|                     | Dr. Kamal Deep Dhakal |
|                     | (Campus chief)        |
|                     |                       |
| •••••               |                       |
| Pitri Raj Adhikari  |                       |
| (Thesis supervisor) |                       |

### **VIVA-VOCE SHEET**

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

# Yamuna Shakya

#### Entitled

"Investment Policy of Nepal Investment Bank Ltd. And Nabil Bank Ltd." And found the thesis to be the original work of the student written according to the prescribe format. We recommended the thesis to be accepted as partial fulfillment of the requirement for the degree of Master of Business Studies (M.B.S.).

#### Viva-Voce Committee

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

### **DECLARATION**

I hereby declare that the worked reported in this thesis entitled "Investment Policy of Nepal Investment Bank 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 Mrs. Ruchila Pandey and Mr.Pitri Raj Adhikari of Tribhuvan University, Shanker Dev Campus.

.....

Yamuna Shakya Shanker Dev Campus Roll No. 1568/059

#### **ACKNOWLEDGEMENT**

It has been a matter of great pleasure for me to complete this thesis entitled "Investment Policy of Nepal Investment Bank and Nabil Bank" for Master Degree of Business Study (M.B.S) of Tribhuvan University, Nepal. It also aims to acquaint future reader of to analyze investment policies of commercial banks in order to accomplish their individual goals relating in this topic. During my research period, I got a complete support, guidance and supervisions from my professors, friends and other special individuals.

I express my profound gratitude to my supervisor Mrs. Ruchila Pandey and Mr.Pitri Raj Adhikari for their valuable guidance and continuous support for the completion of this report. Without their support, it is impossible to complete my work.

I am very grateful to all the persons who have supported me in a way for completion of this report.

| V C11              |
|--------------------|
| Yamuna Shakya      |
| Shankar Dev Campus |
| Roll.No.1568/059   |
|                    |
| Kathmandu, Nepal.  |
|                    |
|                    |
| Date:              |

# **Table of Contents**

| Chapter I : Introduction                                  | Page no. |
|---|----------|
| 1. Introduction   | 1        |
| 1.1 Commercial Bank and Investment Policy                 | 2        |
| 1.2 Features of Sound Investment Policy                   | 8        |
| 1.3 Objectives of the study                               | 12       |
| 1.4 Need of the study                                     | 12       |
| 1.5 Limitations of the study                              | 12       |
| 1.6 Statement of Problem                                  | 13       |
| 1.7 Focus and Significance of the study                   | 16       |
| 1.8 Organization of the Study                             | 17       |
| Chapter II : Review of Literature                         |          |
| 2. Review of Literature                                   | 18       |
| 2.1 Conceptual Framework Review                           | 18       |
| 2.1.1 Rules of mobilizing funds as per NRB Directives     | 22       |
| 2.1.2 Some Important Terms                                | 24       |
| 2.2 Review of Books (Conceptual Review)                   | 26       |
| 2.2.1 Review of Research Papers and Articles              | 28       |
| 2.2.2 Review of Thesis Work                               | 34       |
| Chapter III: Research Methodology                         |          |
| 3. Research Methodology                                   | 38       |
| 3.1 Introduction  | 38       |
| 3.2 Research Methodology                                  | 38       |
| 3.2.1 Research Design                                     | 38       |
| 3.2.2 Population and Sample                               | 39       |
| 3.2.3 Nature and Source of data                           | 40       |
| 3.2.4 Method of Data Presentation and Analysis            | 40       |
| 3.3 Financial Tools                                       | 40       |
| 3.3.1 Liquidity Ratio                                     | 41       |
| 3.3.2 Asset Management Ratio                              | 42       |
| 3.3.3 Profitability Ratio                                 | 44       |
| 3.3.4 Risk Ratio  | 45       |
| 3.3.5 Growth Ratio  | 46       |
| 3.4 Statistical Tools                                     | 46       |
| Chapter IV: Presentation and Analysis of Data             |          |
| 4. Presentation and Analysis of Data                      | 48       |
| 4.1 Presentation and Analysis of Primary Data             | 48       |
| 4.2 Financial Analysis                                    | 48       |
| 4.2.1 Liquidity Ratio                                     | 48       |
| 4.2.2 Analysis of the Asset Management Position of the ba | nks 53   |
| 4.2.3 Analysis of the profitability position of the banks | 57       |
| 4.2.4 Risk Ratios   | 61       |
| 4.2.5 Growth Ratios                                       | 63       |
| 4.3 Statistical Analysis                                  | 65       |
| 4.3.1 Co-efficient of correlation analysis                | 65       |
| 4.3.2 Trend Analysis and Projection for next five years   | 68       |
| 4.3.3 Test of Hypothesis                                  | 74       |
| 4.4 Major Findings of the Study                           | 76       |
| 4.4.1 Findings from the liquidity Ratio Analysis          | 77       |
| 4.4.2 Findings from the Assets Management Ratio           | 77       |

| 4.4.3 Finding from the Profitability Ratios                 | 78 |
|---|----|
| 4.4.4 Finding from the Risk Ratios                          | 78 |
| 4.4.5 Finding from the Growth Ratios                        | 78 |
| 4.4.6 Finding from the Co-efficient of correlation analysis | 79 |
| 4.4.7 Finding from the Trend Analysis                       | 79 |
| 4.4.8 Finding from the Test of Hypothesis                   | 79 |
| Chapter V: Summary, Conclusion and Recommendation           |    |
| 5. Summary, Conclusion and Recommendation                   | 80 |
| 5.1 Summary   | 80 |
| 5.2 Conclusion  | 82 |
| 5.3 Recommendation  | 83 |

Appendix Bibilography