# WORKING CAPITAL MANAGEMENT OF STANDARD CHARTERED BANK AND HIMALAYAN BANK LTD.

#### **Submitted to**

Office of the Dean
Faculty of Management
Tribhuvan University

# **Submitted by**

Susila Gnawali

Lumbini Banijya Campus

T.U. Regd. No.: 7-2-38-2257-2002

Exam Roll No.: 1295

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

**Butwal** 

**July, 2010** 

#### RECOMMENDATION

This is to certify that the thesis

Submitted by

#### Susila Gnawali

#### Entitled

"Working Capital Management of Standard Chartered Bank and Himalayan Bank Ltd."

has been prepared as approved by the Department in the prescribed format of

	1	1	11	J	1	1
faculty of	f m	anagement	; this thesis	s is forwa	rd for examinati	on.

Mr. Rajendra Lamsal
(Thesis Supervisor)

Dr. Ishwor Gautam
(Head of Research Department/
Campus Chief)

Date: .....

#### **Viva-Voce Sheet**

### We have conducted the Viva-Voce examination of the thesis

### Presented by

## Susila Gnawali

#### **Entitled**

"Working Capital Management of Standard

Chartered Bank and Himalayan Bank Ltd."

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

**Viva-Voce Committee** 

# Head of Research Committee Dr. Ishwor Gautam Member (Thesis supervisor) Lecture Rajendra Lamsal Member (External Expert) Date:

**DECLARATION** 

I hereby declare that the work reported in this thesis entitled "WORKING

CAPITAL MANAGEMENT OF STANDARD CHARTERED BANK AND

HIMALAYAN BANK LTD." submitted to Lumbini Banijya Campus, Faculty of

Management, Tribhuvan University, is my original work done in the form of

partial fulfillment of the requirement for the Master of Business Studies under the

supervision of Mr. Rajendra Lamsal of Lumbini Banijya Campus.

Susila Gnawali

T.U. Regd. No.: 7-2-38-2257-2002

iii

ACKNOWLEDGEMENT

As the partial fulfillment of the MBS degree, I have prepared this report. During the course, I

worked with sincerity, honesty and diligently, as far as possible. But beside my continual efforts,

I also got unforgettable support from different people and parties. I am extremely grateful and

overwhelmed by their support while completing my work.

My supervisor Mr. Rajendra Lamsal, Lecture of LBC had assisted me throughout the completion

of this thesis and therefore I am very much indebted with his contributions. His assistance for

this research work has been preferred to be very prudent and I would like to thank from the core

of my heart. There have been considerable helping hands from many others personalities of the

campus. In this regard, I would like thank campus Chief Dr. Ishwor Gautam for having assisted

to provide necessary suggestions during my research work.

I am thankful to Lecture Mr. Rajendra Lamsal and other staff member of LBC for helping me to

make final work more productive. The Liberians of the LBC will always be remembered for their

assistance to provide me necessary documents relevant to my thesis. I wish to express my sincere

thanks to all the staff members of SCBNL and HBL, Nepal stock exchange and security board of

Nepal that provided me necessary data and ideas required for this study. Similarly, I would like

to express debt of gratitude to my family members especially to my mom and husband for her

continuous inspiration and support during the entire period of the study. I would like to extend

my thanks to my friend Miss. Susma Gyawali for his inspiration and co-operation during the

entire period of thesis preparation.

I am thankful to Miss. Kalpana Gyawali, Bhagwati Kandel, Keshav Khanal for his kind support

and Mr. Padam Ghimire for providing me Computer and necessary equipments to make this look

productive and comprehensive. Finally, I am indebted to all associates who had contributed to

make this thesis complete.

Susila Gnawali

T.U. Regd. No.: 7-2-38-2257-2002

Lumbini Banijya Campus

Butwal, Rupandehi

iv

### TABLE OF CONTENTS

Viva Voce Sheet Recommendation Declaration Acknowledgements Table of Contents List of Tables List of figures Abbreviations	i ii iii iv v ix x
CHAPTER I	PAGE NO:
INTRODUCTION	
1.1 General Background	1
1.2 Introduction of Standard Chartered Bank limited	3
1.3 Introduction of Himalayan Bank Limited	4
1.4 Statement of the Problems	4
1.5 Research Question	6
1.6 Objectives of the Study	6
1.7 Significance of the Study	6
1.8 Limitation of the Study	7
1.9 Organization of the Study	8
CHAPTER II	
REVIEW OF LITERATURE	
2.1 Introduction	9
2.2 Concept of Working Capital Management	9
2.3 Types of Working Capital	10
2.4 Working Capital policy	12
2.5 Determinants of Working Capital	15
2.6 Financing of working capital	18
2.7 Review of books	20
2.8 Review of Articles	23
<ul><li>2.9 Review of previous Thesis</li><li>2.10 Research Gap</li></ul>	25 30
CHAPTER III	30

RESEARCH METHODOLOGY	
3.1 Introduction	32
3.2 Research Design	32
3.3 Population and Sample	33
3.4 Period recovered	33
3.5 Nature and Sources of Data	33
3.6 Data Gathering Procedure	33
3.7 Methods of analysis	34
CHAPTER IV	
PRESENTATION AND ANALYSIS OF DATA	
4.1 Introduction	43
4.2 Composition of Working Capital and its Trend analysis	43
4.3 Net working Capital	55
4.4 Ratio Analysis	56
4.5 Correlation Analysis	77
4.6 Test of Hypothesis	81
4.7 Major Findings	85
CHAPTER V	
SUMMARY, CONCLUSION AND RECOMMENDATIONS	
5.1 Summary	87
5.2 Conclusion	88
5.3 Recommendations	90
BIBLIOGRAPHY	

**APPENDIX** 

# LIST OF TABLES

Table No:	Title 1	Page no
Table 4.1	Current Assets Components of SCBNL	44
Table 4.2	Current Assets Components of HBL	44
Table 4.3	Percentage Components of Current Assets of SCBNL	45
Table 4.4	Percentage Components of Current Assets of HBL	46
Table 4.5	Composition of Current Liabilities of SCBNL	53
Table 4.6	Composition of Current Liabilities of HBL	54
Table 4.7	Net working Capital of SCBNL	55
Table 4.8	Net working Capital of HBL	56
Table 4.9	Current Ratio	58
Table 4.10	Quick Ratio	60
Table 4.11	Cash and Bank Balance to Deposit Ratio	
	(Excluding Fixed Deposit)	62
Table 4.12	Fixed Deposit to Total Deposit Ratio	63
Table 4.13	Saving deposit to total Deposit Ratio	65
Table 4.14	Loan and Advance to Total Deposit Ratio	67
Table 4.15	Loan and Advance to Fixed Deposit Ratio	68
Table 4.16	Loan and Advance to Saving Deposit of SCBNL and HBL	70
Table 4.17	Interest Earned to total Assets Ratio	72
Table 4.18	Net Profit to total Assets Ratio	73
Table 4.19	Net Profit to total Deposit Ratio	75
Table 4.20	Cost of services to total Assets Ratio	76
Table 4.21	Correlation Analysis between Loan and Advances	
	and Total Deposits	77
Table 4.22	Correlation Analysis between Government Securities	78
	and Total Deposits	
Table 4.23	Correlation Analysis between Cash and Bank Balance	79
	and Current Liabilities	
Table 4.24	Correlation Analysis between Loan and Advances and Net P	rofit 80

Table 4.25	Mean t-value of composition of working capital	82
Table 4.26	Mean t-value of liquidity position	83
Table 4.27	Mean t-value of profitability Position	84

# LIST OF FIGURES

Figure No:	Title	Page no
Figure No 4.1	Bar Diagram of percentage composition of	
	SCBNL's Current Assets	45
Figure No 4.2	Bar Diagram of percentage composition of	
	HBL's Current Assets	46
Figure No 4.3	Actual and Trend Lines of Cash and	
	Bank Balance Percentage	48
Figure No 4.4	Actual and Trend Lines of Loan and	
	Advances Percentage	50 Figure No
4.5 Act	ual and Trend Lines of Government	
	Securities Percentage	51
Figure No. 4.6	Pie Chart of Current Liabilities of SCBNL	53
Figure No. 4.7	Pie Chart of Current Liabilities of HBL	54
Figure No 4.8	Current Ratio	59
Figure No 4.9	Quick Ratio	61

#### LIST OF ABBREVIATION AND SYMBOLS

CBS = Central Bureau Statistics

CDM = Central Department of Management

CO = Company

CDE = Central Department of Economics

e.g. = For Example

ed = Edition

ES = Enterprises

et al. = and other

FOM = Faculty of Management

FY = Fiscal Year

HBL = Himalayan Bank Limited

HMG/N = His Majesty government of Nepal

i.e. = That is

IMF = Internal Monetary Fund

Ltd = Limited

NEPSE Ltd. = Nepal Stock Exchange Limited

No. = Number

NRB = Nepal Rastra Bank

RIS = Research and Information System

Rs. = Rupees

SCBNL = Standard Chartered Bank Nepal Limited

S.N. = Serial Number

SEBON = Security Board Nepal

UN = United Nations

Vol. = Volume

Vs = "Versus"; against

# **BIO DATA**

Name : Susila Gnawali

Father's Name : Khageshwor Gnawali

Mother's Name : Sita Gnawali

Date of Birth : 2041/01/20

Permanent Add : Butwal-10, Shukkhanagar

Contract No : 071-549214, 9847121190

Marital Status : Married

Sex : Female

Religion : Hindu

Nationality : Nepali

# **Academics Qualification**

Board	Place	Pass year	Division
S.L.C	Ridi Higher Secondary School	2000 (2056)	2 <sup>nd</sup>
+2	Ridi Higher Secondary School	2002 (2059)	2 <sup>nd</sup>
Bachelor	Bhairahawa Multipal Campus	2006 (2063)	2 <sup>nd</sup>
M.B.S	Lumbini Banijya Campus	2066	1 <sup>st</sup>

Language : Nepali, English and Hindi

Extra knowledge: Basic course in computer Knowledge from

Sigma Computer Institute, Gorkha

Graduation in Tally 9.2 from Datasoft

Computer Institute, Butwal

Basic Accounting tanning From Lumbini

Banijya Campus

**Experience**: Two year Accounting Experience in Safal

Book and Stationary, Butwal