

**CREDIT MANAGEMENT OF NEPAL CREDIT AND  
COMMERCE BANK LTD.**

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

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## **RECOMMENDATION**

This is to certify that the thesis:

Entitled

**Credit Management of Nepal Credit and Commerce Bank Ltd.**

Submitted by:

**Pramesh Dahal**

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

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**Credit Management of Nepal Credit and Commerce Bank Ltd.**

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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 requirement for Master's Degree of Business Studies (MBS)

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## **DECLARATION**

I hereby declare that the work reported in this thesis entitled " Credit Management of Nepal Credit and Commerce 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 Degree in Business Study (M.B.S.) under the supervision of Dr. Shilu Bajracharya (Manandhar), Reader of Shanker Dev Campus.

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## **ACKNOWLEDGEMENT**

Banking sector is the strength of character for economic development of the country. It is the source for economic development. Banking sectors maintains economic assurance of various slices and extend credit to people. Banking industry is one of the fastest growing businesses in Nepal. After the liberalization policy adopted by government, this sector has been growing dramatically. With the afloat of commercial banks and due to economic condition of the country, variation in government policies and due to default borrowers, the problem in lending is rising.

Lending is the principal business activity for most commercial banks. Credit Management is typically the largest asset and the predominate source of revenue. As such, it is one of the greatest sources of risk to a bank's safety and soundness. Whether due to lax credit standards, poor portfolio risk management, or weakness in the economy, credit management problems have historically been the major cause of bank losses and failures.

Effective management of the credit management and the credit function is fundamental to a bank's safety and soundness. Credit management is the process by which risks that are inherent in the credit process are managed and controlled. Because review of the credit system is so important that it is a primary supervisory activity. Credit management involves evaluating the steps bank management takes to identify and control risk throughout the credit process. The assessment focuses on what management does to identify issues before they become problems. This booklet, written for the benefit of both examiners and bankers, discusses the elements of an effective credit management process. It emphasizes that the identification and management of risk among groups of loans may be at least as important as the risk inherent in individual loans.

The studied has been divided into five chapters namely Introductory, Review of Literature, Research Methodology, Presentation and Analytical Part and Conclusive and Recommendation Parts. Books relating to finance and commercial banks, journals, policy documents, related thesis have been reviewed and taken as basis to determine research gaps and various sequential steps have been followed while conducting this thesis and to fulfill the objectives and to provide the solution for the problems stated in the study.

It has been a matter of grand pleasure for me to complete this critique under the guidance of valued and honorable Dr. Shilu Bajracharya (Manandhar) She has been helpful and has been feel free for always providing to sorts of guidelines, whenever I had seek them. I must be indebted to Mr. Ramesh Raj Aryal and Mrs. Nirmala (Sharma Aryal) for their favorable and logical support. I am also grateful to Mr. Suresh Dhakal for his analytical and decisive support for completion of this study.

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## LIST OF ABBREVIATIONS

&	=	And
ABBS	=	Any Branch Banking Service
AD	=	Anno Domini
ADB	=	Agriculture Development Bank
APEC	=	Asia Pacific Economic Co-operation
ATM	=	Automatic Teller Machine
BFI	=	Banking & Finance Institution
BOD	=	Board of Director
BS	=	Bikram Samwat
CEO	=	Chief Executive Officer
CIB	=	Credit Information Beuro
e.g.	=	For Example
F/Y	=	Fiscal Year
GFC	=	Goodwill Finance Company
HBL	=	Himalaya Bank Ltd.
JVB	=	Joint Venture Bank
L/C	=	Letter of Credit
LPM	=	Loan Portfolio Management
MIS	=	Management Information System
NBOC	=	Nepal Bank of Ceylon
NCC Bank	=	Nepal Credit & Commerce Bank
NIBL	=	Nepal Investment Bank Ltd
NPA	=	Non Performing Assets
NRB	=	Nepal Rastra Bank
RBB	=	Rastriya Banijya Bank
SCBL	=	Standard Chartered Bank Ltd
SCT	=	Smart Choice Technology
SOL	=	Single Obligor Limit
SWIFT	=	Society for Worldwide International Fund Transfer