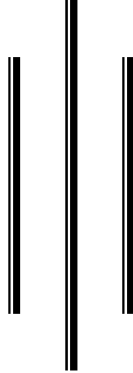


**PORTFOLIO MANAGEMENT IN NEPAL:  
A COMPARATIVE STUDY  
OF  
LISTED COMMERCIAL BANKS OF NEPAL**



**Submitted by**

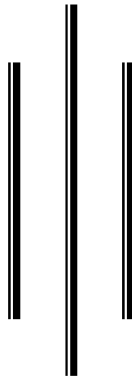
**Sweta Joshi**

Hari Khetan Multiple campus

T.U Reg. No.: 7-2-400-61-2001

Campus Roll No.:31/061

Sector: Financial Management



**A Thesis**

**Submitted to :**

Office of the Dean

Faculty of Management

Tribhuvan University

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

Birgunj, Nepal

January, 2009

## **RECOMMENDATION**

This is to certify that the thesis

**Submitted by**

**SWETA JOSHI**

**Campus Roll No. : 31/061**

**T.U. Regd. No. : 7-2-400-61-2001**

*Entitled*

**Portfolio Management in Nepal:**

**A Comparative Study of Listed Commercial Banks of Nepal**

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

.....  
Mr. Deepak Kumar Singh  
(Supervisor)

.....  
Mr. Shambhu Prasad Chaurasiya  
(Head of Research Committee)

Date :

.....  
Mr. Bhagwan Prasad  
(Campus Chief )  
Hari Khetan Multiple Campus,  
Birgunj, Parsa

## VIVA-VOCE SHEET

We have conducted the viva-voce examination of the thesis

**Submitted by:**

**Sweta Joshi**

Hari Khetan Multiple Campus  
T.U. Regd. No.7-2-400-61-2001  
Sector: Financial Management

**Entitled:**

**Portfolio Management in Nepal:  
A Comparative Study Of Listed Commercial Banks Of Nepal**

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 the requirements for the degree of  
**Master of Business Studies (M.B.S.)**

### Viva voce committee

#### Viva-Voce Committee

Head, Research Department: .....

Member (Thesis Supervisor): .....

Member (External Expert): .....

Date.....

## **DECLARATION**

I hereby declare that the work reported in this thesis entitled “*Portfolio Management in Nepal: A Comparative Study of Listed Commercial Banks Of Nepal*” submitted to the Hari Khetan Multiple Campus, Birgunj is my original work done in the form of partial fulfillment of the requirements for the Master Degree in Business Studies under the supervision and guidance of Mr. Deepak Kumar Singh of Hari Khetan Multiple Campus, Birgunj.

Date : January, 2009

**SWETA JOSHI**

( Researcher)

Hari Khetan Multiple Campus

Birgunj, Parsa

T.U Reg. No.: 7-2-400-61-2001

## ACKNOWLEDEMENT

Today in this world of globalization, no business can survive without good & proper investment. Similarly, banks cannot survive without diversification of investment in proper sectors. So, the study of portfolio management has become quite necessary. Through this research study, I have made an attempt to analyze the portfolio investment of selected banks. This study is basically done for the partial fulfillment of the requirement for the degree of Masters in Business Studies. The main objective of this thesis is to identify the trend and problem while performing portfolio investment, how do banks perform portfolio investment and what are the contributions done by banks through portfolio investment for the development of the bank as well as country.

During the research work, various personalities have supported me a lot without whose effort the accomplishment of this study would be quite difficult. I would like to express my profound gratitude to Prof. Dr. Bhagwan Yadav, Principal of HKMC and Mr. Shambhu Prasad Chaurasiya for their advice and support in preparation of this thesis report.

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It will be my pleasure and shall consider my success, if this research work proves to be helpful to anybody concerned.

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**January, 2009**

**Sweta Joshi**  
Hari Khetan Multiple Campus  
Birgunj

## **Executive Summary**

Financial companies are perhaps the fastest growing institutions in Nepal. The chief reason behind this may be its flexibility and benefit to adjust the demand of borrower and depositors of the growing economy of the country. With the rapid growth in the banking sectors, investment in various sectors like production sector has increased and become more and more competitive in market. The investment in consumer lending, specifically housing loan and auto loan has increased rapidly due to lesser risk and higher profit involvement.

Now-a-days the demand for loan for auto-loan, housing loan is increasing not only due to the increase in the living standard of people , but also due to the easy lending process, lesser EMT{equal monthly installment}, longer tenure and more competitiveness and better service. The open market has made the competition more rigorous in portfolio investment.

Nepal Bank Ltd. is the first commercial bank of Nepal, Nabil bank ltd is the first joint venture bank of Nepal, NIC Bank is the only bank which has not been owned or managed by foreign banks and EBL is the joint venture bank of PNB of India. All the four sample banks have their own way of portfolio management. The study aims to compare the strategies for diversification of assets by four banks: NBL , Nabil Bank Ltd., NIC Bank Ltd. and EBL and their implementation. It also examines various deposit and lending schemes and other schemes of sample banks and surveys the customer's reaction towards the schemes and strategies of these banks. It also tries to explore the overall market scenario of portfolio investment management in Nepal with reference to NBL, Nabil Bank Ltd., NIC Bank Ltd. and EBL.

For this purpose, both primary and secondary data has been used. Here primary data includes data collected from the interview with respective personnel in concerned department of the respective banks. Similarly in order to know the competitiveness in the market interviews from the customers of respective banks has also been taken, for this a sample of customers from each of the banks has been taken. Secondary data are collected from the annual report of the concerned banks, NRB directives, banks publications brochures, previous dissertations journals magazines and newspapers, various statistical tools have been used in order to analyze the research.

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## ACRONYMS

a/c	:	account
ABBS	:	Anywhere Branch Banking System.
AD	:	Anno Domini
ATM	:	Automated Teller Machine.
BBC	:	British Boardcasting Corporation.
BoK	:	Bank of Kathmandu.
BS	:	Bikram Sambat
CAPM	:	Capital Asset Pricing Model.
CML	:	Capital Market Line.
COV	:	Coefficient of Variation.
DoD	:	Department Of Defense.
e-banking	:	internet banking.
EBL	:	Everest Bank Limited.
eg.	:	example
EMI	:	Equated Monthly Installment.
EPS	:	Earning per Share.
F.Y.	:	Fiscal Year
GDP	:	Gross Domestic Product.
govt.	:	government.
HBL	:	Himalayan Bank Ltd.
HDFC	:	Housing Development Financial Corporation.
i.e.	:	that is.
IFC	:	International Finance Corporation.
L/C	:	Letter of Credit.
Ltd.	:	Limited.
MPS	:	Market Price per Share.
NABIL	:	Nepal Arab Bank Limited.
NBL	:	Nepal Bank Limited.
NEPSE	:	Nepal Stock Exchange.
NICBL	:	Nepal Industrial & Commercial Bank Limited.
NICCI	:	Nepal India Chamber of Commerce & Industries
No.	:	Number.
NRB	:	Nepal Rastra Bank.
PfM	:	Portfolio Management.
PNB	:	Punjab National Bank.
POS	:	Point Of Sales.
pvt.	:	private.

RBB	:	Rastriya Banijya Bank.
Rs.	:	Rupees.
SBI	:	State Bank Of India.
SCBNL	:	Standard Chartered Bank Nepal Limited.
SCT	:	Smart Choice Technologies.
SME	:	Small & Medium business Enterprises.
SML	:	Security Market Line.
SMS	:	Short Message Service
std.	:	standard.
SWIFT	:	Society of World Wide Inter-bank Financial Telecommunication
T-bond	:	Treasury bond.
US	:	United States.
viz	:	namely
VSAT	:	Visual Satellite.