

CHAPTER – I

INTRODUCTION

1.1 Background of the Study

Finance of every business organization depends on their marketing performance. All the employees of a bank, therefore, are involved in marketing, whether they are conscious of it or not. Marketing takes place every time a customer contacts the bank. Even employees who never have direct contact with a customer can affect service to a customer through the quality of their service to their colleagues. Therefore, the trick to making the most of these marketing opportunities is for everyone in the bank to prepare for them in advance. To plan and prepare for marketing opportunities, the bank should implement a marketing management process.(Mary Ann Pezzullo,1999)

Strategic management is a management process that involves the development of marketing plans, their careful implementations, evaluation of their results, and then the adjustment and fine- tuning of the entire package. It makes marketing beyond completing a product promotion campaign and creates a long term business positions and philosophy. The process begins with the critically important task of marketing planning, a discipline that consists of four key steps. These steps answer the following questions: where are we now? Where do we want to go? How are we going to get there? And how will we know when we have arrived. (Mary Ann Pezzullo,1999)

Marketing strategy encompasses the seven “ps” of the marketing mix in specially service oriented business firms i.e. product, pricing, place, promotion, people, physical evidence, and process/procedure- and seeks to attract the target audience. The process of selecting a target market identifies potentially profitable market segments, each of which has relatively homogeneous needs that can be satisfied by using the same marketing mix. The design of the particular marketing mix that will be used is based on the distinctive needs of the targeted market segment. Although each element of the marketing mix is important in itself, blending and coordinating the elements ultimately determines whether a marketing strategy is successful.

Most industries and individual firms discover the truth of marketing concept and adopt it gradually. The evolution of the marketing concept in banking has been stimulated considerably by the loss of market share to non bank financial institutions, slow growth brought on by changes in consumer buying patterns that banks were unable to respond to due to regulations and increased competition from other banks and nonbanks sources.

Regardless of why or how a company or an industry discovers the need for the marketing concept, the process takes time and involves several stages. These stages can be seen by looking back at the history of bank marketing. In the early 1950s, marketing had not yet dawned on the traditionally conservative banking community. This was the pre-marketing era. Customers needed the basic financial services that banks provided, so bank had no need to develop marketing savvy to sell their services. Banks staffs were order-takers not salesperson. In the late 1950s, competitions for saving accounts increased, and some banks started using advertising and sales promotions techniques to attract customers. The growing battle for customers taught banks that getting people to come to them was one thing, but keeping them was another. So, banks marketing took on a new dimension- that of trying to make banking more pleasant for the customers. Tellers began to smile, and bars came off their windows. Banks were remodeled to create a warm and friendly atmosphere. (Mary Ann Pezzullo, 1999)

In the late 1960s, many banks responded by recognizing that their customers' changing financial needs called for new and improved services. At that time, bank credit cards, overdraft credit lines, and other innovative product were developed.

In the 1970s, there was a need for a competitive advantage. Banks began to think less in terms of being all things to all people and more in terms of appealing to specific segments of the market. Some banks established their pricing and designed their services and advertising to appeal heavily to the very well –to-do segment of the populations. Others aimed at the 25-45 year-old age group. Still others made a special effort to attract senior citizens. Many worked at developing distinct personalities or images for their banks through the use of slogans or mascots.

In the 1980s, as strategic business planning became more widely accepted as a management tool, many bankers recognized the importance of applying that tool to the marketing of the bank services, bank marketers began developing annual marketing plans, identifying target markets, researching the markets needs, offering products and services to meet those needs, establishing goals, and developing systems for measuring and controlling the plans progress. They prepared business plans for proposed new products and services.

At the start of 1990s, member of the banking industry joined the movement to provide better- quality, customer oriented services. This movement represented an important stage in the evolution of the marketing concept and gave new meaning to the term customer-orientation. Banks now focused on “marketing to the individual” and “one to one marketing”. If banks are to be successful in the rapidly changing and increasingly competitive era that lies ahead, both individual banks and the banking industry as a whole must adapt quickly to changing environments and adopt the marketing concept as it is defined today. (Mary Ann Pezzullo, 1999)

History of banking in Nepal is long which formally start after establishment of Nepal Bank Ltd. on 1937 AD. However, the banking in Nepal was traditional and covered to very limited people till the establishment of Joint Venture banks like NABIL Bank (Nepal Arab Bank Ltd than) established on 1984 AD, Nepal Investment Bank Ltd. (the than Indosoize Bank Ltd) established on 1986, Standard Chartered Bank Nepal Lid. (the than Nepal Grindlays Bank) established on 1987 etc. After establishment of Nabil bank Ltd, the banking service has been redefined in Nepal. Nabil Bank adopted marketing policy and approached the customer for selling or delivering the banking services, which has been followed by other banks also.

With the increasing number of banks and financial institutions, marketing becomes essential to attract and retain the customers. Today customers are more aware and demanding, so, marketing becomes essential for every bank. In today's competitive market, soliciting deposit and loan customer is challenging tasks for every bank

employees. There are 31 commercial banks in Nepal, having their own marketing policies for attracting customers. Basically banks are established for earning profit. Hence, to achieve the primary objective of bank, every bank has their own marketing strategies for business development. Timely evaluation and reform of marketing strategy is utmost important for strengthening the position of banks.

1.1.1 Nepal Investment Bank Limited.

Nepal Investment Bank Limited (NIBL), previously known as Nepal Indosuez Bank Ltd, was established in 1986 as a joint venture between Nepalese and French partners. The French partner (holding 50% of the capital of NIBL) was Credit Agricole Indosuez, a subsidiary of one the largest banking group in the world. With the decision of Credit Agricole Indosuez to divest, a group of companies comprising of bankers, professionals, industrialists and businessmen on April 2002 acquired the 50% shareholding of Credit Agricole Indosuez in Nepal Indosuez Bank Ltd. The name of the bank thus was changed to Nepal Investment Bank Ltd. upon approval of bank’s Annual General Meeting, Nepal Rastra Bank and Company Register’s office with the following shareholding structure.

Table 1.1
Share Holding Pattern of NIBL

PARTICULARS	PERCENTAGE
<i>1. Domestic Ownership</i>	<i>100%</i>
1.1 Government of Nepal	
1.2 Commercial Bank (Rastriya Banijya Bank)	15%
1.3 Finance Companies (Rastriya Beema Sansthan)	15%
1.4 Nepalese Business Groups	50%
1.5 General Public	20%
1.6 Others	
<i>2. Foreign Ownership</i>	
Total	100%

Source: Annual Report of NIBL

NIBL’ policy is to extend quality and personalized service to its customers as promptly as possible. To facilitate the clients and for the convenience of the customers the bank has installed its own “Financial Switch Service” due to which various “Service Delivery Channel” like ATMs and POS has been put up for online Banking system. Internet Banking, E-Commerce and mobile banking can be done via this media of technology. Inclined to provide various services to its clients and customers, NIBL makes available the services in a more personalized and in an efficient manner.

1.1.1.1 Branch Network

NIBL altogether has forty branches including the head office. The current network of branches can be represented as:

Figure 1.1
Branch Network

KATHMANDU HEAD OFFICE	
Durbar Marg, P.O. Box 3412	
SEEPADOLE BRANCH Suryabinayak, Bhaktapur	BIRGUNJ BRANCH Adarshanagar, P.O. Box 101
PULCHOWK BRANCH Pulchowk, Lalitpur	BANEPA BRANCH Banepa, Kavre
JEETPUR BRANCH Jeetpur, Bara	NEWROAD BRANCH Newroad, Kathmandu
BIRATNAGAR BRANCH Golcha Chowk, Biratnagar	BUTWAL BRANCH Traffic Chowk, Butwal
BHAIRAHAWA BRANCH Maitri Road, Bhairahawa	POKHARA BRANCH Chiple Dunga, Pokhara
PUTALISADAK BRANCH Putalisadak, Kathmandu	NARAYANGARH BRANCH Pulchowk, Narayangarh
JANAKPUR BRANCH Mills Area, Janakpur	NEPALGUNJ BRANCH Dhamboji, Nepalgunj
THAMEL BRANCH	KALIMATI BRANCH

Chaksibari, Thamel	Kalimati Chowk, Kalimati
BIRTAMOD BRANCH Traffic Chowk, Birtamod	BATTISPUTALI BRANCH Battisputali, Kathmandu
DHANGADI BRANCH Main Road, Dhangadi	GONGABU BRANCH Gongabu Chowk, Kathmandu
SURKHET BRANCH Neta Chowk, Surkhet	JUMLA BRANCH Khalang Bazaar, Jumla
BOUDHA BRANCH Boudha, Kathmandu	HETAUDA BRANCH Bank Road, Hetauda
PALPA BRANCH Tansen, Palpa	LUKLA BRANCH Chaurikharka, Lukla
DHUMBARAHI BRANCH Pipalbot Chowk, Kathmandu	NAYA BANESHWOR BRANCH Naya Baneshwor, Kathmandu
BHOTAHITI BRANCH Bhotahiti, Kathmandu	TULSIPUR BRANCH Tulsipur, Dang
TRIPURESHWOR BRANCH Tripureshwor, Kathmandu	DAMAULI BRANCH Safasadak, Damouli
KRISHNANAGAR BRANCH Krishnanagar, Kapilvastu	GAIGHAT BRANCH Gaighat, Udayapur
LAZIMPAT BRANCH Lazimpat, Kathmandu	PARSA BRANCH Parsa, Chitwan
MAHARAJGUNJ BRANCH Maharajgunj, Kathmandu	

Source: www.nibl.com.np

1.1.1.2 Management

NIBL was awarded the “Bank of the year 2003”, “Bank of the year 2005”, “Bank of the year 2008 and again in 2010 year respectively” by London based “Financial Times group

– The Banker". Experienced people from the field of banking and business compose the team of NIBL. The NIBL management team has efficiently managed the bank's investments, assets, profits, management and the available technologies. NIBL has to accomplish a number of objectives consistent with other national objectives and satisfying their customers. In a business organization changes in structure and management is essential and need as well. NIBL has also been involved for such changes as per its need. Time to time update of the organizational structure of the bank has helped to maintain its management strength and good service delivery. NIBL's major policy is to open and maintain accounts and transact with individuals and organizations of good reputation that engage in business transactions of integrity. We believe that every financial institution should be aware of the possibility that their institution may be misused. For this each organization should have an excellent management team and working staff. Banks are the service industries and human resource is the backbone of service industries.

Thus NIBL has also understood this theory and has given considerable focus to update and develop its organizational structure. NIBL maintains a strict adherence to all NRB banking regulations as they apply to its activities throughout the Kingdom of Nepal. All officers including at the branch level are responsible for assuring that the receptive area under their supervision adheres to all regulatory guidelines. NIBL is responsible for ensuring that all units and branches adhere to federal regulations, and all regulatory requirements are disseminated throughout the bank in a timely manner.

1.2 Statement of the Problem

With the increasing number of banks and financial institutions the banking market is very competitive. Besides the banking institutions, there are many non banking institutions also which are offering almost similar services and products of banks. Therefore, strong and healthy marketing strategies are essential to run the banks.

A sound banking system with wide spread branches throughout the country, availing varieties of banking services to fulfill commerce, trade industry and agriculture need of the country, is of crucial importance for Nepal.

Present Nepalese banking setup is the result of liberalization of economy, economic requirement, and globalization. In 1990s, the development of banking in both quality and quantity was satisfactory. However, subsequent development of commercial banks in quality has not been satisfactory. The central bank has now withdrawn permission to register the new bank due to high number of banks. The private sector banks have concentrated their activities in the urban area only. They are not interested in granting loans to the priority and deprived sector of the economy. Banking is not being the easy accessibility of the public in remote and village area.

The main reasons behind the private banks are not interested to establish their branch in remote area is due to lack of confidence of security level. In fact, government is responsible to maintain peace and prosperity in the country, but unfortunately the government is not able to perform its job. So, blaming only to the banks for not feeling their responsibility for the remote area will not be the fair judgment. Moreover, establishment of branches in the remote area even after taking risk do not generate profit to the banks because government also has not given emphasis to the remote area for its economic development.

Before the restoration of democracy in the country, there were few commercial banks and the majority of economy was dominant by unorganized financial sector. The banking sector had access in major cities and municipalities only. The scene has remained unchanged except there is a dramatic increase in number of commercial banks only.

NIBL has the policy of expanding its branches at the semi urban, remote areas of the country to serve the poor people. It has been providing commercial services to the remote sectors by joint venturing with other institutions in the form of deprived sector lending. In the light of the very facts, as commercial bank is the backbone of the economy, it is highly useful to make the present study on NIBL. Moreover, this study is felt needed as

to know the marketing strategy of bank and other banking services provided to the people. One advantage behind this study also lies in the fact that it helps in bringing into notice the lacks and deficiencies that has to be accomplished by the bank. In addition to these, following are some grossly noted problematic aspects of the study.

- 1) What has been the pattern Loan Distribution of NIBL?
- 2) What is C/D ratio (Credit/Deposit Ratio) of Bank through out the review period?
- 3) Whether the marketing strategies sounds to reflect a good status of the bank's performance/ or not?
- 4) Lending in industrial sector has been risky project. In this perspective, how to make best marketing strategies to deploy the fund to ensure intact liquidity and high profitability and low risk?
- 5) Examine the reason for lack of sustainable lending environment.
- 6) What is overall market situation of NIBL?

Modern banking services are the recent phenomenon in Nepal. And, people don't have confidence in the banking system. Due to the recent scarcity of Note in the banking system, bankrupt of Nepal Bikas Bank, involvement of higher management level of Bank in fraud case, the banking system becomes unreliable for the general public. Moreover the absence of strong protection by law of recovery of lending or investment has made it difficult for the banks to indulge in lending activities. Banks have to hugely depend on mortgage of properties, however, incase of default the bank is incapable to get back its funds promptly and effectively due to the lack of proper legal procedures.

1.3 Objective of the Study

The main objective of this study is to observe the marketing strategies for lending policy of Nepal Investment Bank. The general objective of this dissertation includes visualization of the key marketing strategies and its limitations. The specific purposes of the study are:

-) To observe the marketing strategies for delivering services of NIBL.
-) To examine the existing loan portfolio, growth and trend of providing loans.

-) To observe whether the loans disbursement pattern is in compliance with the NRB regulations, Bank's lending policy.
-) To offer suitable suggestions based on findings of this study

1.5 Significance of the Study

Banks are offering their services in today's modern marketing era. Customers are more demanding and aware about the different products and services of different banks. NIBL is among one of the leading bank in Nepal. Primary objective of this study is to know the marketing strategies for lending policy of NIBL and is expected to find out the positive and negative aspects in the contest of banking industry.

So, researcher has chosen title “Implementation of Marketing strategies for lending policy of NIBL”. This study may be helpful to bankers, other researchers, marketing author and other individuals who are related with banking industry. It may be helpful for them to plan effective marketing strategies.

This study reveals the marketing strategies of NIBL and the role of NIBL in the fund mobilization in productive sector for the economic development of the country. However, there has been little research done on commercial banking and especially on the marketing strategy for lending policy. Since most of the population of our country depends on agriculture, it has become essential that these studies are conducted, in order to provide insights to the people as to what measures are being taken by the banks to facilitate people to carry out expensive ventures and at the same time provide the citizens with economic support. Moreover, the loan disbursement outline of NIBL will be in accordance to people's economic enlistment along with identification of the weaknesses of the loan disbursed in various sectors of the country. The study is conducted with a purpose of determining the trend and the pattern of deposit collected and loan distributed for the last five years, and an analysis about those marketing strategies for lending policy which the bank adopted, while try to create a vision of what marketing strategies for lending policy would be the near future.

1.6 Limitations of the Study

This study has been conducted appropriately. However there were several complications; which arose indigenously. As this research tries to justify the events in accordance with the well known or already established tools and techniques, emphasis is not given to fundamental and decision oriented study.

There are certain drawbacks on the present study of strategy for lending policies of NIBL, which emerged as limitations of the study. Following limitations were encountered during the course of study:

1. Banking is financial institution which has been established to earn profit; and, there are so many components which contribute earning profit. However, our study focuses on implementation of marketing strategies for lending policy. Deposit and Risk Assets are the major components of banking activities. In most of the banks, Net Interest Income (NII) is more than 60% of their major revenue. Therefore, due to time constraint, we have included RA mobilization only.
2. Some of the data used in this study have been obtained through questionnaire survey and interview and most of the study is based on secondary data, which has already been collected and processed by the bank employees.
3. There are 31 commercial banks in Nepal. However, this study is based on NIBL as a commercial bank, not talking into account other many commercial banks.
4. Due to the confidential nature of the banking sector, bankers do not give correct or relevant information on some topics in order to maintain the privacy and secrecy of the bank.
5. Unavailability of the plentiful literature on the subject has affected the study to some extent.
6. The data only focuses on the time period of the last 5 years i.e. from 2006 to 2010.
7. Time constraint or limited time has had an impact on shaping up the study conducted.
8. The analysis in this study has been conducted on the data available as on end of the fiscal year i.e. mid July of respective years. A change in this date may affect the conclusion of the study.

The above listed points have, in some way or other, affected the proper conduct of study. The impact of these may be positive or negative based on their nature. However, effort has been put to minimize the error that may have emerged due to these limitations and discrepancies have been reduced to the minimum.

1.7. Organization of the Study

The present study is organized in such way that the stated objectives can easily be fulfilled. The structure of the study will try to analyze the study in a systematic way. The overall study conducted has been organized in following manner.

Chapter-I: Introduction

Chapter one presents the light overview of introduction of marketing strategies, origin of marketing concept in Bank, introduction of Nepal Investment Bank subject institution in general, objective of the study, significance of the study and limitation of the study.

Chapter-II: Review of literature

In this chapter devoted for the brief review of literature, report and journal available with the support of accepted theories and practices. Conceptual framework about marketing strategies or deposit and lending position of the subject bank is briefly reviewed. Review from books, journals (articles), thesis etc are included in this chapter.

Chapter-III: Research Methodology

Chapter Three presents the sample taken out from population and methodology used to present and analyze the collected data relevant for the study.

Chapter-IV: Presentation and Analysis of Data

In Chapter Four the data collected from various relevant sources is presented and analyzed. Tables, Bar Graph, Pie Chart, and Line Graph etc are used for presentation of data. Various financial tools like Ratio Analysis, Assets/Liability Management Ratio, Activity Ratio, Profitability Ratio etc have been used for analysis of data.

Chapter-V: Summary, Conclusion and Recommendation

Chapter Five is for summary, conclusions of the study and to express recommendations to improve any time of lacking, if found in the subject during the study. It's the last chapter of the study.

Finally, Bibliography, Appendixes and questionnaire of the study are presented end of the research.

CHAPTER - II

REVIEW OF LITERATURE

Literature review is basically a acknowledged of available literature in one's field of research. The literature survey provides the student with the knowledge of the status of their field of research. In social science there is no dearth of literature. The library is rich storage base for all kinds of published materials including thesis, dissertations, business reports, government publications etc.

The purpose of literature review is thus to find out what research studies have been conducted in ones chosen field of study and what remains to be done. It provides the foundation for developing a comprehensive theoretical frame work from which hypothesis can be developed for testing. The review of literature also minimizes the risk of pursuing the dead ends in research.

This chapter reviews the concepts concerning the subject matter that are written on textbook on one hand. On the other hand, this chapter reviews the previous studies which are related to the subject matter of this study. Literature review begins with a search for a suitable topic and continuous throughout the duration of the research work. Review of literature helps to know the outcome of those investigations in areas where similar concepts and methodologies had been used successfully.

The purpose of literature review is to find out what research studies have been conducted in ones chosen field of study, and what remains to be done. It provides the foundation for developing a comprehensive theoretical framework from which hypothesis can be developed for testing. The literature survey also minimized the risk of pursuing the dead ends in research. (Wolf and Pant 1999)

Review of literature is based on available literature in the field of research. Every possible effort has been made to grasp knowledge and information that is available from libraries; document collection center helps to take adequate feedback to broaden the

information to study. The first part of the chapter includes the conceptual framework and the second part includes the review of various related studies.

I) Conceptual review

II) Review of related studies

2.1 Conceptual Reviews

2.1.1 Definition of Marketing

Marketing is the management function, which organizes and directs all those business activities involved in an assessing and converting customer purchasing power into effective demand for a specific customer. Marketing is demand management. It stimulates demand for products. It helps organizations to understand what their customers need and want. It also helps to decide what product should be offered to satisfy their needs and wants. Different individual and association have tried to define marketing in their own terms. For instance, prof. Philip Kotler has defined marketing as " social and want through creating offering and exchanging products of value with others"

American Marketing Management Association (AMMA) has defined marketing as "the process of planning and executing the conception, pricing, promotion and distribution of ideas good and services to created exchange that satisfy individual and organizational goals. Thus in brief, marketing encompasses all the activates aimed at satisfying the needs of the customers through the exchange relationship to achieve organization objective with social responsibility in a dynamic environment of the target market"

Increasing competition, changing customer want, declining sales, slow growth in the sales and increasing market expenditure are some reasons, which force organization to adopt and embrace the marketing concept. As information is the lifeblood of marketing to analyze marketing opportunities and threat and finding strength and weakness of the organization, marketing research has great role in marketing.

According to Philip Kotler " marketing research is the systematic design, collection, analysis and reporting of data and findings relevant to specific marketing situation facing the company"

According to Mc Carthy (1996),"marketing is the performance of activities that seek to accomplish an organization's objectives by anticipating customer or client needs and directing a flow of need satisfying goods and services from producer to customer or client."

According to Stanton, Etzel and walker (1994),"marketing is a total system of business activities designed to plan, price, promote and distribute want-satisfying products to target markets to achieve organizational objectives"

A review of various definitions of marketing helps us to conclude that, marketing is the social process performed by individuals and groups and it is also concerned with creating ,offering and exchanging products and services that satisfying individual and organizational objectives.

Marketing has been developing with development in human civilization. If we trace three –four hundred years back to the history of human civilization, we find marketing of that time, by modern standard was relatively uncultured. They did not need mechanism or tools or techniques of marketing gas used today. But now all the situation have changed, the needs and wants have changed. Human aspiration for excellent and better status have given birth to thousands of discoveries, inventions and innovation and established thousands of units of different types of industry to fulfill that aspiration. these changes in turn only indented different sophisticated tools and techniques and effective strategies for successful marketing but also made the marketing a must competitive field.

According to American Marketing Association " Marketing research is the function which links the consumer, customer and public to the marketer through information used to identify and define marketing opportunities and problem, generate, refine and evaluate

marketing actions, monitoring marketing performance and improving marketing as a process.

In recent years some have questioned whether the marketing concept is an appropriate philosophy in a world faced with a major demographics and environmental challenges. The societal marketing concept holds that the organizations task is to determine the needs, wants and interest of target markets and deliver the desired satisfaction more effectively and effectively than competition in a way that preserves or enhances the consumer's and society's well beings. The concept calls upon marketers to balance three considerations. Namely company profits, consumer satisfaction and public interest.

In the current millennium, marketing has entered a new dimension. This is the age of marketing. Every manufacturing organization needs to produce and market product to achieve its foal. Whit increased consumer awareness due to globalization, liberalization and IT development many new challenges have arisen in the market place. Because of rapid improvement many new challenges have arisen in the market place. Because of rapid improvement in technology the marketing environments is beings more competitive day by day. The entire way of communication and marketing logistics have totally changed the marketing practice both at the domestic and international fonts.

Hence survive in such dynamic environment an organization must be able to implement the modern marketing concept, organize the marketing department, monitor scan marketing environment and establish the information networks. It should also be able to plan, implement evaluate and control marketing activates balancing the interest of organization, customers and society. Thus strategic planning and integrate implementation have not only become a demand of time but also an indispensable aspect of the modern marketing.

Thus marketing research is a direct of adoption of the marketing concept by business organization. Marketing concept gives more accurate understanding of consumers need, preference and delivery of most want satisfying product and service to a present and potential consumer. Competitive environment of the market has forced most organization

to give up "Hit and trial" method for business and encouraged them to adopt marketing research for better understanding of consumer, competitors and micro and macro market forces. Thus modern marketing concept emphasizes on achieving organizational objective by marketing activates integrated toward determining and satisfying customer need and target market. This new philosophy of marketing need top management support, market intelligence system, organizational restructuring, human resources development and appropriate marketing mix.

2.1.2. Marketing Management: Meaning and Concept

Marketing management as the art and science of choosing target markets and getting, keeping and growing customers through creating, delivering and communicating superior customer value (Philip Kotler, 2003)

Marketing management takes place when at least one party to a potential exchange thinks about the means of achieving desired responses from other parties. We see marketing management as the art and science of choosing target markets and getting, keeping and growing customers through creating, delivering and communicating superior customer value.

According to agrawal (2005),"marketing consist of creating, promoting and delivering products to satisfy customer needs. It creates value for customers. It delivers satisfaction to customers."

2.1.3 Evolution of Marketing

The evolution of marketing has been analyzed in similar way by various authors in their independent works. Some of the authors are William j Stanton, Philip kotler, Gary Armstrong. The different stages in the process of evaluation of marketing as follows:

a. Production oriented stage

The production concept lies in the philosophy that consumers will favor products that are available and highly affordable and that management should therefore focus on improving production and distribution efficiency (Kotler, 1997).

Kotler and Armstrong think that it is still a useful philosophy in two types of situation.

When the demand of a product exceeds the supply management should look for ways to increase production. When cost of production is high and is require decreasing to expand maket (Kotler and Armstrong: 1997)

b. The product oriented stage

The idea that the consumer will favor products that offer the must quality, performance and features and that the organization should therefore, devotes its energy to making continuous product improvements. (Kotler, 1997)

c. the sales oriented stage

This stage emerge with the philosophy that consumers would not buy enough of the organizations product unless the organizations undertake a large – scale selling and promotion effort.

d. marketing oriented stage

The basic target of this state is that the achievements of organizations goals depends on determining the needs and wants of target markets and delivering the desired satisfaction more effectively an d efficiently than the competitors.

e. societal- marketing oriented stage

This is the latest development in the field of marketing. The stage is based upon the fact that the organization should determine the needs/wants and interest of the target markets and deliver the desired satisfaction more effectively and efficiently than do competitors in way that maintains and improves the consumer's and society's being.

2.1.4 Market: Concept

The market is the place where buyer and seller meet and function, goods and services offered, for sale and transfer for ownership. Generally market stood for "the place where buyers and sellers gathered to exchange their goods and services, such as a village square. According to Stanton (1978), "a market will be defined as people with needs to satisfy, the money to spend and the willingness to spend it. Thus, in the market demand for any given product or service, three factors to consider – market= people with need or wants +money to spend+ willingness to spend it.

2.1.5 Marketing Mix and Strategies

Marketing mix is defined as the set of marketing tools that organization use to pursue their marketing objective in the target market. These tools or marketing mix are known as 4ps product, price place and promotion. The total marketing effort consists of the design implementation and evaluation of the marketing mix. Organization should strike right balance between these 4ps.

1. Product: mix to satisfy consumer need, quality variety, branding, design (shape, size, and color), packaging.
2. Price: reasonable, discount in bulk buying too stockiest, allowance, terms of sale.
3. Place: distribution channels its either direct selling approach, through which services can be offered to the customer at a lower cost. Beside this agents and brokers, franchisers and electronic channels which are sue for distribution channel.
4. Promotion: Advertising, sales promotion, public relation personal selling direct marketing.

Beside these 4 ps other 3ps are also added in the case of service marketing, they are

5. Physical Evidence: Most services cannot be offered without the support of tangibles. Through customers cannot see the services, they can definitely see the tangibles associated, examine them and try to form an opinion on the service comfortable and timely journey from one place to another will be examined by the planes condition, seating facilities and other physical facilities, the office furniture and equipment being

used and also the way in which the employee are responding to customers. These entire physical objectives are used as evidence by the customer to assess and expect performance from the service provider. Hence, physical evidence plays a critical role in shaping consumer perceptions and also expectations.

6. People: service organization is people-oriented and people-based organizations. Employees of services firm constitute the major competency in is a marketing person, who undertakes either full-time or part-time marketing activity. Whether an employee is involved in direct contact with the customer or not if he was placed on the line of visibility his behavior, attitude and performance will have a direct influence on consumers service employees are to be trained and motivated for better performance in marketing activities.

7. Process: Process is a functional activity that assures service availability and quality. The way the physical setting is designed technically and how the function are scheduled and routed to provide promised services to the customers speaks of the efficiency of the process. In simple terms, the management of process is to manage service encounters effectively. Gronroos has described process as interactive marketing where in moments of truth occur. The challenges of process management are to improve the moment of truth

2.1.5.1. Product Strategies

For the target market, the product is the means to the end. More than just a physical object or a service, it is a provider of benefits –a way of directly satisfying existing or latent needs. The success of a product is contingent on how well it compares with the competitors' products in satisfying the target market's needs or wants. Firms that excel in products strategy develop and offer products designed specifically to solve the problems of their target markets. NIBL provides two types of product (services) and Loan.

(Mary Ann Pezzullo, 1999)

2.1.5.2 Pricing strategies

Selling a product at a price the target market sees as commensurate with the product's perceived benefits is the key to market success. Initially banks were limited in their use of pricing strategies by regulations governing interest rates on deposits and loans. Only

since the onset of deregulation, for example, has banks had the opportunity to select a deposit pricing strategy. Some banks choose to pay consistently high, top –of-market rates. Some sates their rates just under the markets leader, and still others set their rates at the lower end of the market, perhaps believing that their target market is less responsible to such factors as superior service. In addition to interest rates on loans and deposits, bank pricing consists of fees and charges levied for the performance of various services. In recent years, as non-interest expenses have increased, bank have paid increasing attention to fee income. They are more likely than in the past to raise service fees or institute fees on service previously provided at no charge, such as ATM transactions. Some banks even charge certain customers for every deposit and withdrawal, whether made through an ATM or in the bank. For some time, banks have been marketing fee-based services, such as offering annuities and mutual funds, through a third party. (Mary Ann Pezzullo, 1999)

2.1.5.3. Promotion strategies

Promotion strategies focus on communicating the availability of products or services to the target market. Advertising campaign, point of purchase materials, sales promotion activities, direct marketing and product publicity are the main elements of promotion. Personal selling generally is considered to be a part of promotion strategy, but due to its importance in providing and delivering bank services, this function is regarded in this text as part of distribution strategy.

The development and implementation of attention-getting, informative and persuasive communication techniques is vital to creating market awareness of a bank’s product. A product’s positive attributes, its price, and its means of distribution are meaningless unless the product’s benefits are clearly and forcefully communicated to prospective customers.

Banks typically communicate with customers through print advertising in newspapers and magazines, broadcast advertising on radio and television, direct marketing through direct mail and statement inserts, and point of purchase advertisement through brochures

and posters in the bank, now due to the increasing use of personal computers, and banks are also communicating with customers via pc banking programs and the internet. In addition, banks and other marketers still use a limited amount of sales promotion techniques such as special offers, giveaways, contests, and packaging incentives. (Mary Ann Pezzullo, 1999)

2.1.5.4. Place (Distribution) strategies

Distribution strategy is mainly concerned with making the product available at the desired time and place. A bank might have superior service and products, but if it is located where potential customers must pass by several others financial institutional to get to it, its ability to attract those customers will be greatly lessened. Accordingly, two important elements of distribution strategy for banks are site location and ease of access. Furthermore, the current social environment places a heavy emphasis on time as well as convenience. As a result, many banks have joined nationwide automated- teller networks To maximize the number of locations where customers can access their accounts. Many banks also provide telephone banking services and pc banking services that enable customers to perform transaction and make account inquires 24 hours a day, 7 days a week.

Since banking products and services are largely intangible, they are often difficult to separate from the people who distribute them. This is especially true at the time the customer initiates the relationship with a bank, but it also applies to the day-to-day servicing of accounts. Although the use of technology has reduced contact with tellers, there will always be a need for personal customer service, whether it is in person or by phone. The growing implementation for customer-relations and sales training programs in banks reflects management's recognition of the importance of the human element in the bank's distribution strategy. (Mary Ann Pezzullo, 1999)

2.1.6 Marketing in Nepal

The marketing philosophy has not been well adopted by most organization in Nepal. The industrial sector is in a developing stage. Although the role of services and production

has been flowing in the recent years, marketing has remained fragmented due to the topographical diversity, poor transport and communication facilities. Although public sector remains dominant in Nepalese economy, the transfer of basic marketing skills, capital and technology. It is high time for Nepalese enterprises to adopt modern marketing than to concentrate on traditional production and selling concept. This new concept is gradually emerging as a part of the management philosophy for meeting the marketing challenge of 21st century

2.2 Commercial Bank: Meaning and Concept

Although banks can be categorized into different types on the basis of their functions and objectives, the word “BANK” is synonymous with the commercial banks. Commercial banks perform some functions similar to those of saving institutions and credit unions; that is they accept deposits (Liabilities) and make loan (Assets). However they differ in the composition of assets and liabilities, which are much more varied. Commercial bank’s liabilities include several types of non-deposit source of funds, while their loans are broader in range, including consumer, commercial and real estate loans. Commercial banking activity is also regulated separately from the activities of savings institutions and credit unions. Within the banking industry the structure and composition of assets and liabilities also vary significantly across banks of different assets size.

A Commercial Bank is the bank which exchanges money, accepts deposit, grants loans and performs banking function (Commercial Banking Act 2031 B.S).

Principally, Commercial Bank accepts deposits and provides loans, primarily to business firms thereby facilitating the transfer of funds in the economy (Rose, 1989: 9).

A bank is a business organization that receives and holds deposits and funds from others, makes loans and extends credits and transfers fund by written order of depositors (Grolier Incorporated, 1984: Vol 3). The primary sources of fund for commercial bank are capital (fund form shareholders), reserve (retained earnings) and various types of deposits. Basic uses of fund are loans, advances and investments.

2.2.1 Origin of Bank in Nepal:

The words BANK was initiated from Latin words Bancus, French words Banque and Italian words Banca, which means refer that a Bench where sitting over there invest, exchange and keep record of money and cash. History tells us that initiation of bank in eastern side of world was mentioned in economics of Kautilya and Manusmirti. Likely in west banking system was started from 'Bank of Venice, 1157 Bank of Barcelona. Actually banking system was inaugurated after established of Bank of England.

The concept of the banking has been developed from the ancient history with the effort of ancient goldsmiths who developed the practice of storing people's gold and valuable treasures under such arrangement the depositors would leave their gold for safekeeping and given a receipt by the goldsmith. Whenever, the receipt was presented the depositors would get back their gold and valuable treasures after paying a small amount as fee for safekeeping and saving.

The Banking system in Nepal was developed gradually from the past. The history states that King Gunakamadev had received loans from the public in the 8th century to renovate "Kathmandu City". The foundation of banking system in Nepal was established by a businessperson named Shankhadhar Shakha in 10th century. He had paid back all the loans taken from the public and since then Nepal Sambat had started in our country. This tells us that the system of lending money and paying back started long time back in our country. Later on in the 14th century, King Jayasthiti Malla divided the people into 64 castes according to their occupation, amongst them 'TANKADHARI' one is that dealt with the lending of money to the public. Main objective of the 'TANKADHARI' was to earn profit by providing money as a loan to people and taking certain interest rate. Prime Minister Ranadeep Singh established 'TEJARATH ADDA' in the 1933th B.S In order to protect people from higher interest rate, The 'TEJARATH ADDA' was responsible for providing loans to the people working in the government offices based on the security and the public based on the collateral they deposited in the 'TEJARATH ADDA' was not to earn profit, it charged its creditors with a low interest rate of 5% per annum. It was only subjected to lend but did not accept deposits, hence it could not be counted as a

bank. However, it can be said that 'TEJARATH ADDA' was the main financial institution that led to the development of modern banking system into the country.

The actual banking system of Nepal starts from the establishment of Nepal Bank Limited (NBL) as the first modern bank in our country Nepal in B.S. 1994 Kartik 30th according to the Nepal Bank Act 1993. NBL was the first bank to be established in Nepal and prior to this, there was no such organized banking system in the country. Therefore year B.S. 1994 is said to be the Golden year for modern banking system in Nepal.

After two decade Nepal Rastra Bank established in 14th Baisakh, 2013 BS as a being central bank of Nepal under “Nepal Rastra Bank Act 2012” to perform the function of the central banking in Nepal. It established to promote, control, direct, supervision and manages banking activities and to in the country under the provision of Brussels International monetary conference (IMC). Main objective of Nepal Rastra Bank was to make economic assistance, issue and exchange of Nepalese note and currency, good govern of banking system etc. and use of own Nepalese note in whole country Nepal.

Nepal Industrial Development Corporation (NIDC) was established In 2016 BS under NIDC act 2016.it established for promote industrialization in Nepal. Main objective of NIDC was to provide technical and financial assistant for industry and commerce. Subsequently another fully state owned commercial bank “Rastriya Banijya Bank” was established on 10th Magh, 2022 BS under Rastriya Banijya Bank act 2021 which was the second commercial bank of Nepal. With the establishment of RBB, a noticeable progress could be seen in banking industry of Nepal. It brought a revolution in the banking industry. People could easily make business transactions with other countries. Both the banks have majority of shares owned by the government of Nepal. Rastriya Banijya Bank is fully owned by the government. In 2024 magh 7th BS Agriculture Development Bank (ADB) was established under Agricultural Development Bank act 2024. ADB was established combined merge of cooperative bank and bhumisudhar Bachat Corporation. Nepal adopted the free economic policy privatization, liberalization and globalization. Liberal free economic policy allowed establishing Joint venture bank under collaboration

with foreign bank as well as on private sector. In 2041 Ashad 29 Nepal Arab Bank limited was first joint venture bank established in Nepal which is known as NABIL Bank in today. After that investment bank (Nepal Indoswis bank), standard charter bank (Greenland bank), Himalayan bank, SBI bank etc instigate accordingly. As the time passed, a need for the more commercial banks arose. At the present time various commercial bank established and some are in process for operation. Today there are altogether 31 commercial banks, 79 Development Banks, 78 Finance Companies, 11 Micro Credit Development Banks and various cooperative firm are functioning in the our country in Nepal. Still many other commercial banks are in the process of opening in the market. Today Nepal can take legitimate pride in remarkable growth and progress in the banking industry. In this way we know origin and development of commercial bank in Nepal.

2.2.3. Nepal Investment Bank Limited (NIB)

Nepal Investment Bank Ltd. (NIB), previously known as Nepal Indosuez Bank Ltd.) Was established in 1986 as a joint venture between Nepalese and French partners. The French partner (holding 50% of the capital of NIB) was credit Agricole Indosuez, a subsidiary of one largest banking group in the world.

With the decision of credit Agricole Indosuez to divest, a group of companies comprising of bankers, professionals, industrialists and businessmen has acquired on April 2002 the 50% shareholding of credit Agricole Indosuez in Nepal Indosuez Bank Ltd. The name of the bank has been changed to Nepal Investment Bank Ltd. upon approval of bank's Annual General Meeting, Nepal Rastra Bank and Company Registrar's office with the following shareholding structure. Rastriya Banijya Bank holds 15%, Rastriya Beema Sansthan holds 15%, General Public holds 20%, and the Nepalese promoters hold 50%.

NIB, which is managed by a team of experienced bankers and professionals having proven track record, can offer you what you're looking for. Besides commercial banking services, the bank also offers industrial and merchant banking services. The bank has six branches in Kathmandu Valley at the following locations: Putalisadak, New Road,

Pulchowk (Lalitpur), Thamel, Kalimati, and Seepadol (Bhaktapur). In addition, the bank also has eleven other branches outside Kathmandu Valley in Banepa, Narayangarh, Birgunj, Janakpur, Jeetpur, Bhairawa, Biratnagar, Pokhara, Nepaljung, Butwal and Birtamod. Bank will be aggressively opening new branches at different parts of the Kingdom to serve its customers better. Recently bank has opened its new branch outside the valley in the Birtamod. Investment Bank Limited has always been committed to providing a quality service to its valued customers, being truly a Nepali Bank. All customers are treated with utmost courtesy as valued clients. The bank, wherever possible, offers tailor made facilities to its clients, based on the unique needs and requirements of different clients. To further extend the reliable and efficient services to its valued customers, Investment Bank Limited has adopted the latest banking technology. This has not only helped the bank to constantly improve its service level but has also prepared the bank for future adaptation to new technology. The Bank already offers unique services such as the pre-paid mobile recharging system through its ATM, SMS Banking and Internet Banking to customers and will be introducing more services like these in the near future. Recently it has brought a new scheme that everyone can open its own saving Account in Re. 1.00. (www.nibl.com)

2.2.4 Resources and fund of NIBL

Commercial banks have mainly three sources for their advancing. They are as follows:

i. Capital: - As far as the capital fund is concerned, it is only a nominal source. Therefore, it can be used for investment purposes. This capital fund consists of two elements; paid up capital and general reserve. Here also included retain earning and profit as well.

ii. Deposits: - Deposits are the main resource of the banks for advancing loans. It is received from different forms and accounts. There are mainly three types of deposits viz. saving, current, and fixed. In a developing country like Nepal where the majority of people are still poor, saving deposits has played a significant role in the development of a country. Therefore, the main source of raising capital is deposits. “The deposit function

of the bank is important because it has to aggregate small sums of money lying scattered here and there like twenties, fifties, and hundreds. Singling these sums has no economic efficiency what so ever but they can accomplish herculean tasks when they are aggregated and employed by the banker.

iii. Internal and External Borrowing: - Internal and external borrowing are very important for a developing country like Nepal. Commercial banks alone cannot fulfill the necessity of the society. Therefore, they are allowed to borrow from two sources, external and internal. Generally, external borrowing means the borrowing from foreign bank, foreign government, IBRD, IMF, etc. Internally, the banks can borrow from only one source, i.e. from NRB.

2.2.4 Strategic Objective of NIBL

To develop a customer oriented service culture with special emphasis on customer care and convenience.

-) To increase our market share by following a disciplined growth strategy.
-) To leverage our technology platform and open scalable systems to achieve cost-effective operations, efficient MIS, improved delivery capability and high service standards.
-) To develop innovative products and services that attract our targeted customers and market segments.
-) To continue to develop products and services that reduces our cost of funds.
-) To maintain a high quality asset portfolio to achieve strong and sustainable returns and to continuously build shareholders' value.
-) To explore new avenues for growth and profitability.

Core Values and Ethical Principles of NIBL

Our Core Values tell us, our customers and the communities we serve, who we really are; what we are about; AND the principles by which we pledge to conduct business. In essence, we believe that success can only be achieved by living our core values and principles:

- J Customer Focus: At NIBL, our prime focus is to perfect our customer service. Customers are our first priority and driving force. We wish to gain customer confidence and be their trusted partner.
- J Quality: We believe a quality service experience is paramount to our customers and we are strongly committed in fulfilling this ideal.
- J Honesty and Integrity: We ensure the highest level of integrity to our customer, creating an ongoing relationship of trust and confidence. We treat our customers with honesty, fairness and respect.
- J Belief in our people: We recognize that employees are our most valuable asset and our competitive strength. We respect the worth and dignity of individual employees who devote their careers for the progress of the Bank.
- J Teamwork: We are a firm believer in teamwork and feel that loyal and motivated teams can produce extraordinary results. We are driven by a performance culture where recognition and rewards are based on individual merit and demonstrated track record.
- J Good Corporate Governance: Effective Corporate Governance procedures are essential to achieve and maintain public trust and confidence in any company, more so in a banking company. At NIBL, we are committed in following best practices resulting in good corporate governance.
- J Corporate Social Responsibility: As a responsible corporate citizen, we consider it important to act in a responsible manner towards the environment and society. Our commitment has always been to behave ethically and contribute towards the improvement of quality of life of our people, the community and greatly the society, of which we are an integral part.

New Products & Services launch by NIBL

1. On the occasion of the 20th Anniversary of the Bank, the Bank launched a new depository product called the “Social Deposit Account”. This new product is targeted towards the INGOs / NGOs who have been working for the upliftment of the disadvantaged segments of society. As a responsible corporate citizen, NIBL is committed to support and promote in their endeavor. The Bank will contribute

- 50% of the earnings generated from the INGOs / NGOs accounts maintained with the Bank. The INGO / NGO shall utilize the earnings in the social cause it represents. This is NIBL's way of saying 'Thank You!!!' to the society for twenty years of their trust in the Bank.
2. The Bank launched a new recurring saving deposit account called "Parivar Bachat Khata". This new product is an opportunity for people with low disposable income to save small amounts on a monthly basis, which finally cumulates to a lump sum at the time of maturity. The Bank also awarded first eight minor customers of Parivar Bachat Khata across each branch with NPR 1,000 as a token of incentive.
 3. The Bank launched "NIBL E-ZEE VISA Prepaid Card" across all the branches. The salient feature of this product is that there is no requirement for opening an account. The card can be availed instantly and reloaded instantly through any of the NIBL branches. This prepaid card is acceptable across all VISA ATMs and point of sale (POS) terminals.
 4. In our endeavor to provide value added services to our clientele, we have introduced a "NIBL Discount Catalogue" for our Debit Card holders. This discount catalogue provides our customers with information of wide range of discounts at various merchant outlets including shopping malls, hotels, restaurants, educational institutes, entertainment centers etc.
 5. In addition to Kumari Bank, Nepal SBI Bank and Nepal Development Bank (NDB) have also joined our Cards Consortium. NDB has gone live and so will NSBI in the near future. Rastriya Banijya Bank and Nepal Bank Ltd. have also agreed to join the NIBL cards consortium. There are altogether twenty ATMs in our network now with fourteen lined up in the near future

Future Plans

1. The Bank has been successful in getting the Associate Membership of MasterCard International for acquiring and issuance of MasterCard products in Nepal. After sorting out the technical aspect of the project, we will soon be launching MasterCard products to our customers.

2. The Bank has initiated steps to implement an international standard banking software.
3. With a view to expand and provide wider network to our customers, the Bank is in the final stages of Opening new branches at Janakpur and Nepalgunj. Suitable space at Thamel (Kathmandu) is also being looked at for branch expansion and relocation of our Card Center.
4. To meet increasing demand, the Bank is planning to install six more ATMs one each at New Road, Boudha, Putalisadak and Tripureshowr within the valley and one each in Birgunj and Narayangarh branches.
5. The Bank is planning to launch loans against Gold & Silver from Birgunj and New Road branches. At present this service is available only from Head office.
6. The Bank plans to strengthen its position in workers' remittance by joining hands with established Exchange Houses in Malaysia, Israel, Korea and Russia.
7. The Bank has issued over 45,000 VISA debit cards, making it the leader in the Cards industry.
 - The Bank has tied-up with Oman Exchange Company
 - Kuwait, Alukkas Exchange - UAE and Bank Albilad
8. Saudi Arabia to increase its market share in the remittance business. The Bank has, during the review Year, appointed 23 additional remittance disbursement agents all over Nepal for speedy distribution of Remittances. The total number of such agents (excluding our 13 branches) now stands at 63.

2.3 Concept of Lending

Lending is the amount of money lent by the creditor (bank) to the borrower (customers) either on the basis of security or without security. Sum of the money lent by a bank, is known as credit or loan (Oxford Advanced Learners Dictionary, 1992). Loan and advances is an important item on the asset side of the balance sheet of a commercial bank. Bank earns interest on loans and advances, which is one of the major sources of income for banks. Bank prepares loan portfolio, otherwise it will not only add bad debts but also affect profitability adversely.

Loan is financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for an obligation of repay on specified on demand. Banks generally grants loan on four ways (Chhabra and Taneja, 1991)

1. Overdraft
2. Cash Loan
3. Direct Loan
4. Discounting of Bills

2.3.1 Types of Lending

Overdrafts:

It denotes the excess amount withdrawn over their deposits.

Cash Loan:

The loan is not given directly in cash but deposit account is being opened on the name of loan taker and the amount credited to that account. In this way, every credit creates deposit.

Term Loan:

It refers to money lent in lump sum to the borrowers. It is principle form of medium term debt financing having maturities of 1 to 8 years.

Barely and Myers urge that bank loans with maturities exceeding 1 years are called term loans. The firm agrees to pay interest based on the bank's prime rate and to repay principle in the regular installments. Special patterns of principle payments over time can be negotiated to meet the firm's special needs.

Working Capital Loan:

Working capital denotes the difference between current liabilities. It is granted to the customers to meet their working capital gap for supporting production process. A natural process develops in funds moving through the cycle are generated to repay a working capital loan.

Priority or Deprived sector Loan:

Commercial banks are required to extend advances to the priority and deprived sector 12% of the total Loan must be toward priority sector including deprived sector. Rs.2 million for agriculture cum service sector and Rs.2.5 million for single borrowers are limit sanctioned to priority sector. Institutional support to 'Agriculture Development bank' and 'Rural Development Bank' are also considered under this category. Deprived sector lending includes:

-) Advances to poor/downtrodden/weak/deprived people up to Rs 30,000 for generating income or employment.
-) Institutional Loan to Rural Development Bank.
-) Loans to NGOs those are permitted to carryout banking transactions for lending up to Rs. 30,000.

Hire Purchase Financing (Installment Loan):

Hire-Purchase loans are characterized by periodic repayment of principle and interest over the maturity of the loan. Hirer agrees to take the goods on hire at a stated rental including their repayment of principle as well as interest with an option to purchase.

A recent survey of commercial banks indicates those banks are planning to offer installment loans on a variable rate basis. It can be secured and unsecured as well as direct and indirect installment loans on a variable rate basis. It can be secured and unsecured as well as direct and indirect installment loan.

Housing Loan (Real Estate Loan):

Financial institutions also extend loan to their customers. It is different types, such as: residential building, commercial complex, construction of warehouse etc. It is given to those who have regular income or can earn revenue from housing project itself.

Project Loan:

Project loan is granted to the customers as per project viability. The borrowers have to invest certain proportion to the project from their equity and the rest will be financed as

project loan. Construction credit is short-term loans made to developers for the purpose of completing proposed projects. Maturities on developers for the purpose of completing proposed projects. Maturities on construction loans range from 12 months to as long as 4 to 5 years, depending on the construction loans range from 12 months to as long as 4 to 5 years, depending on the size of the specific project (Johnson, 1940). The basic guideline principle involved in disbursement policy is to advance funds corresponding to the completion policy is to advance funds corresponding to the completion stage of the project. Term of loan needed for project fall under it.

Consortium Loan:

No single financial institution grant loan to the project due to single borrower limit or other reason and two or more such institutions may consent to grant loan facility to the project of which is baptized as consortium loan. It reduces the risk of project among them. Financials bank equal (or likely) charge on the project's assets.

Credit Cards and Revolving Lines of Credit:

Banks are increasingly utilizing cards and revolving lines of credit to make unsecured consumer loan. Revolving credit line lowers the cost of making credit since operating and processing cost are reduced. Due to standardization, centralized department processes revolving credits resulting reduction on administration cost. Continued borrowing arrangement enhances cost advantages. Once the credit line is established, the customer can borrow and repay according to his needs and the bank can provide the fund to the customer at lower cost.

Off - Balance Sheet Transaction:

In fact, bank guarantee and letter of credit refer to off balance sheet transactions of financial institution. It is also known as contingent liability. Contingent liability pinpoints the liability, which may or may not arise during the happening of certain event. Footnotes are kept as references to them instead of recording in the books of accounts.

It is non-funded based remunerative facilities but more risky than the funded until adequate collateral are not taken. Let's its two varieties be described separately.

Bank Guarantee:

It used for the sake of the customers in favor of the other party (beneficiary) up to the approved limit. Generally, a certain percent amount is taken as margin from the customer and the customer's margin account is credited.

Letter of Credit (L/C):

It is issued on behalf of the customer (buyer/importer) in favor of the exporter (seller) for the import of goods and services stating to pay certain sum of money on the submission of certain documents complying the stipulated terms and conditions as per the agreement of L/C. It is also known as importers letter of credit since the bank of importer do not open separate L/C for the trade of same commodities.

2.3.2 Features of Sound Lending Policy

Income and profit of the financial institutions like commercial banks and financial institutions depend upon its lending procedure, lending policy and mobilizing collected fund through investing in different securities. The greater the loan created by the bank the higher will be the profitability. Some required features of sound lending policy and fund mobilization is explained as under

a) Safety and Security

Financial institutions should inlets their deposit in profitable and secured sectors. They should not invest their fund in securities of those companies whose securities are too much depreciated and fluctuated because of risk of loss factors. They should accept those securities, which are marketable, durable, profitable and high market price as well as stable. In this case MAST should be applied for the investment.

Where,

M = Marketability

A = Ascertain ability

S = Stability

T = Transferability

b) Legality

Each and every financial institution follow the rules and regulation of the company, government and various directions supplied by Nepal Rastra Bank, Ministry of Finance and on while issuing securities and mobilizing their fund. Illegal securities will bring out any problems to the investors. Lastly, the reputation and goodwill of the firm may be lost.

c) Liquidity

Liquidity is the position of the firm to meet current or short-term obligations. General public or customers deposit their savings at the banks in different accounts having full confidence of repayment by the banks whenever they require. To show a good current position and maintain the confidence, every firm must keep proper cash balance with them while investing in different securities and granting loan for excess fund.

d) Profitability

To maximize the return on investment and lending position, financial institutions must invest their collected fund in proper sectors. Finally they can maximize their volume of wealth. Their return depends upon the interest rate, volume of loan its time period and nature of investment on different securities and sectors.

e) Tangibility

A commercial bank should prefer tangible security to an intangible one. Though it may be considered that tangible properly doesn't yield an income a part from intangible securities, which have lost their value due to price level inflation.

f) Purpose of Loan

Banks and other financial institutions must examine why loan is required to the customer. If customers do not use their borrowings, they can never repay and the financial institutions will have heavy bad debts. So, they should collect detailed information about the plan and scheme of the borrowing.

g) Diversification

A firm can invest its deposit collection in various securities to minimize the risk. So, all the firms must diversify their fund or make portfolio investment. Diversification helps to earn a good return and minimize the risks and uncertainty. So, the firms are making portfolio investment with different securities of different companies.

2.3.3 Lending Criteria

While screening a loan application, 5-cs to be first considered supported by documents.

1. Character

Character is the analysis of the applicant as to his ability to meet the obligations put forth by the lending institution. For this analysis, generally the following documents are needed.

- Memorandum and Article of Association
- Registration certification
- Tax registration certificate (Renewed)
- Resolution to borrow
- Authorization-person authorizing to deal with the bank.
- Reference of other lenders with whom the applicant has dealt in the past of bank A/C statement of the customer.

2. Capacity

Describes customer's ability to pay, It is measured by applicants past performance records and followed by physical observation. For this, an interview with applicant's customers/suppliers/ will further clarify the situation. Documents relating to this area were:

- Certified balance sheet and profit and loss account for at least past 3 years.
- References or other lenders with whom the applicant has dealt in the past or bank A/C.

3. Capital

This indicates applicant's capacity to inject his own money. By capacity analysis, it can be concluded that whether borrower is truing to play with lender's money only or is also

injecting his own fund to the project. For capital analysis, financial statements, like certified balance sheet, profit and loss account is the only tools.

4. Collateral

Collateral is the security proposed by the borrower. Collateral may be of either nature moveable or immovable. Moveable collateral comprises right from stock, inventories to playing vehicles. In case of immovable it may be land with or without building or fixture, plant machineries attached to it.

5. Conditions

Once the funding company is satisfied with the character, capacity, capital and collateral then a loan agreement (sanction letter) is issued in favor of the borrower stating conditions of the loan to which borrower's acceptance is accepted.

2.4 Review of Related Study

Many researchers have conducted their research on the field of 'Marketing strategies', especially on their marketing position, and marketing mix etc. Besides these, there are several books, articles, dissertations and other relevant study concerned with the marketing and Lending policy of banks. Some of the relevant studies, their objectives, findings and conclusions and other literature regarding the topic have been reviewed below.

2.4.1 Review of Books, Journals and Articles

Marry Ann Pezzulled in his book 'Marketing Financial Services' Strategic management is a management process that involves the development of marketing plans, their careful implementations, evaluation of their results, and then the adjustment and fine-tuning of the entire package. It makes marketing beyond completing a product promotion campaign and creates a long term business positions and philosophy. The process begins with the critically important task of marketing planning, a discipline that consists of four key steps. These steps answer the following questions: where are we now? Where do we want to go? How are we going to get there? And how will we know when we have arrived?

Philip Kotler in his book 'Marketing Management', Marketing management is the conscious effort to achieve desired exchange outcomes with target markets. The marketer's basic skill lies in influencing the level, timing, and composition of demand for a product, service, organization, place, person, or idea.

Hrishikes Bhattacharya in his book 'Banking Strategy, Credit Appraisal and Lending Decisions' have put the recommendation of Tandon Committee from the report submitted to this committee. The committee has prepared this report in 1975, however these recommendations still deserve great significance in the sector of credit appraisal and lending.

The Committee examined the existing system of lending and recommended the following broad changes in the lending system;

- 1 The credit needs of borrowers are assessed on the basis of their business plans.
- 2 Bank credit only be supplementary to the borrowers' resources and not on the replacement of them, i.e. banks do not finance one percent of borrowers' requirements.
- 3 Borrowers be required to hold inventory and receivables according to norms prescribed by the Reserve Bank of India from time to time.
- 4 Credit to be made available in different components only, depending upon the nature of holding of various current assets.
- 5 In order to facilitate a close watch on the operations of borrowers, they are required to submit, at regular intervals, data regarding their business and financial operations, both for the past and future periods.

The committee said that at any time a business is required to hold the following current assets for operations of the business. (Bhattacharya, 1998: 309)

- Raw Material including stores and other items used in the manufacturing process.
- Stocks-in process.
- Finished Goods.
- Receivables.
- Spares.

The investment (credit) policies of banks are conditioned to great extent, by the national policy framework; every banker has to apply his own judgment for arriving at a credit decision, keeping of his banker's credit policy also in mind. (Singh & Singh, 1983: 67)

The traditional 'bread and butter' market is no longer in a position to sustain the banking structure in an era of deregulation and globalization. The dismantling of cartels for interest rate determination or withdrawal of the administered rate regime, which provided an umbrella to the banks for long, is no longer in existence. Interest rate risk has emerged as one of the dominant risk elements with such a force that a number of well-known international banks suffered heavily due to mismanagement of this risk. Due to all these, commercial banking (lending and retail and retail deposit taking), is now moving down to the third position with investment banking and asset management moving up, respectively to number one and number two activities of the banks. The accent is now on off balance sheet business or 'sweeteners' as is the current terminology in the banking market. The irony of this decade was that competition coexisted with control. In order to withstand competition in the face of control, attempts were made to circumvent it by cartelization and subsidiarizing on one hand and dilution of credit standards on the other hand. The latter was possible because in most of the banks, whether they were global giants or country banks, a well-documented loan policy did not exist. The next decade of banking beginning in 1970 had to suffer from the follies of the past (Bhattacharya, 1998:6).

Kunwar in his book "Anthropology in tourism" has made an effort to analyze the ways in which tourism is contributing to changes in value system, individual behavior, family related ships, ethics and moral conduct creative expression, traditions ceremonies and so on. (Kunwar, 2002:6).

In a guide book published by Nepal Tourism Board, it is written that of all the various activities participated in by visitors to Nepal, trekking is by far the most community undertake. Nepal's wealth of scenery, her diverse flora and fauna her complex mix of cultures make a perfect formula for traveling through the country side on foot. There are two separate styles of trekking namely fully organized trekking and tea house trekking/

lodge trekking. These two styles offer quite different experiences with the former, the trekkers are fully independent of local accommodation and food since they sleep in tents and have their own staff guide them and prepare their meals. (NTB, 2003:11).

2.4.2 Review of Thesis

Bhatt, Shree Chandra (1998), has conducted a research in entitled of the "Sales Promotion and It's Effect on sales: A case study of Beer market of Nepal. The main objectives of this study was to find out if the sales promotion does impact on sales of beer, to find out which mode of sales promotion is more acceptable by the Nepalese consumers and which mode is more wisely used by the manufacturers as sales promotion tools, to find out the most suitable media to advertise about the sales promotion , to evaluate the effectiveness of sales promotional activities in the sales of beers in Nepal and to predict the sales of coming years if every factors remain same. Thus, this study specially deals with the most recent and widely used methods of promotion and its impact on product.

Khadka, Ms Anju (2002) in her thesis regarding 'Investment policy of commercial banks' has highlighted that banks are not emphasizing for investment even if there are opportunities in the market. Banks are mainly focusing for the lending, which means banks are giving priority for the lending. It has been observed that due to this vision of the banks, they are loosing secured and more profitable business. All banks under study shows high ratio between Loans and Investment. Banks should also focus for investment of available fund if it gives comfortable or equal return as of loans.

Though, Ms Khadka emphasized her view towards investment rather lending, we must say banks by their nature are the institution which provide loan to the general public and organized institutions for the economic upliftment. So, banks should focus on lending rather than the investment. So far the return generated by investment and loan is concerned; banks should give priority to lending after analyzing its risk factor and putting themselves to the safe side.

Khanal, Keshav Raj (2002), was conduct a research in entitled of the "The study of market situation of toothpaste" A case study of Pepsodent market. In this study pepsodent has stressed that most of the consumers in the toothpaste market seen to be royal on the specific brand. This royalty is found to be created by the quality rather than the price. Similarly, the promotion strategy also plays important role in the sales. Some significant facts and major finding of the thesis are pointed out as follows:

1. In Nepalese context, the market of toothpaste is increasing.
2. Most consumers are loyal to the specific brand.
3. About 80% consumers are convinced by the shopkeeper's suggestion to purchase a specific brand.
4. More than 50% consumer prefers quality in toothpaste rather than price.
5. An effective promotional activity ensures the increment of sales in the toothpaste marketing.

Rai Ganga (2003) entitled in his thesis "A study on potential religious tourism marketing: a case study of Haleshi Mahadevshthan area, Khotang" The major objectives of the research study carried out were to assess the religious tourism market of Haleshi Mahadevsthan, to identify the present religious tourism situations in Haleshi Mahadevsthan, to identify the major problems associated with religious tourism in Haleshi Mahadevsthan to identify the perceived of religious tourism impact on society and environment by religious tourism market in Haleshi Mahadevsthan and to make recommendations for the marketing strategy for the promotion of religious tourism marketing activities in the study area. The major outputs of the study were identification of the potential religious tourism destination, critically analyze and find out the opportunity and constraints for the religious tourism development in the study area and the recommendations are made for the marketing strategy and the promotion of religious tourism in the study area. The study recommended that preservation of temple cave, monastery, natural beauty, flora and fauna, improvement in road transportation facilities, tower construction for viewing sunrise and sunset effective publicity and advertisement, provision of professional guide services, sound marketing and promotional efforts,

enhancement in medical facilities, maintenance and cleanliness, security of guests, cable car facility, establishment of tourism service center, management of water resources and so on.

Subba, Laxy (2006) in his thesis “A study on tourism for the formulation of marketing strategy in Nepal” The main objectives of research study were to analyze the trends of tourist arrivals in Nepal to project future arrivals, to identify promotional activities already underway, to assess whether the Nepali product meets the tourist’s expectations, to assess how much about Nepal the tourists known before deciding to travel. Bring into debate the vulnerability of the industry in terms of environmental degradation, political upheavals and other similar problems and to suggest affordable measures for promoting Nepal effectively. The researcher concluded in terms of typology and arrival trends, seasonality, promotional activity, tourist’s travel information and sources, tourist’s destination information levels, product information, repeat visits, publicity and promotional positioning, and marketing objectives etc. He also suggested in terms of the selective e-marketing, creative destruction, promotional focus, promotional themes, promotional mix and positioning, India focus and so on. He also focuses on more marketing like advertising and makes promotion about Nepal and its beauty for development of tourism industry.

Sedai, Pradip (2007) in his dissertation “An Analysis on Lending Policy and Strength of Nepal Investment Bank Ltd” highlighted that aggregate performance of NIBL is satisfactory and pushing upward. Lending strength of NIBL in term of exposure of loan and advances is good and appreciable. The contribution made by bank in industrial as well as agriculture sector of the economy is highly appreciable and its bust up towards national prosperity. The ratio of loan and advances to total asset, loan and advance to shareholder’s equity indicate a good performance of NIBL in its lending activities.

The main objective and target of this study is to observe the loan disbursement of Nepal Investment Bank Ltd. they are to evaluate various financial rations of the NIB, determine the impact of deposit in liquidity and its effect on lending practices. To analyze trend

of deposit utilization towards loan and advances and net profit and offer suitable suggestions based on findings of this study

The main findings and recommendations are forwarded according to finding and conclusion. It is recommended that extend their credit and branch in rural area, continue to maintain or further increase the performance, decrease the NPL and make proper loss loan provision, required proper market analysis, diversify the investment sector etc. finally however, performance of NIBL seems to be good till the date. There are still many opportunities for further growth of the bank. NIBL is suggested to further improve current position of lending portfolio. The bank should concentrate on financial strength, personal integrity and credibility of the borrower of loan disbursement. It should maintain high level of monitoring and control system over the disbursed loan and advances. To create opportunity of business news and attractive lending scheme would be launched to the customer.

Looking at the asset management ratio the performance of NIBL seems good in the area of lending, productivity and impact on national economy. The activity ratio also reflects to the soaring performance of NIBL. The decreasing loss loan provision ratio incate that bank is good enough to judgment in their value customer. The better activity ratio of this bank been a major contributor in managing the lending portfolio according to the demand of the profit oriented business. The high volume of lending activity of NIBL has put this bank in the top position in absolute term. Thus looking at the various summaries and findings, we can conclude that the bank has accelerated in its performance.

Shrestha, Prabal (2008) in his study "Marketing Analysis of Airline Service with Reference To Nepal Airline Corporation NEPAL" The objectives of the research work are as follows

-) To assess the existing market size, growth and distribution policy etc.
-) To assess the product / service of airlines, fares rates (pricing).
-) To access the distribution and policy.

They are explained as follows significant and findings

- J NAC is only the airline of Nepal which establish as a state undertaking with domestic and international flight destination.
- J NAC is only the national flag carrier has been proud to show throughout the world.
- J NAC is the backbone to develop the tourism industry by carrying tourist from different international destination of the world. it is only the airline of the country which has earned fame and glory in national as well as international area.
- J To uplift and develop economic condition and tourism in the country through expending domestic and international air transport services.
- J To promote tourism activities and opening up remote isolate areas for the benefit of the Nepalese.

NAC had four basic objectives of safety, expansion, profitability and social services. The airline was formed to manage air transport services inside and outside the Nepal in a safe, efficient, economical and proper manner. The corporation was empowered to exercise its power developing air transport services in order to ensure maximum profitability while at the same time it was expected to provide services at economic fares as far as possible.

The basis objectives of the study are to have true insight into the credit management aspects of Nepal investment Bank. This aims to examine its efficient in effectiveness, systematization and sincerity in disbursing and recovery loan as well within the directives of NRB, Financial institution act and its own policy.

Shrestha, Monika (2009) in her dissertation “Credit Management of Nepal Investment Bank Limited” highlighted that aggregate performance and condition of NIBL bank. The main objective of study is to evaluate the credit management, examine the impact of deposit in liquidity, to examine and evaluate the various stages occurred in loan management procedure, to analyze the lending efficiency and the assets management efficiency and portfolio ratios of Nepal Investment Bank Limited.

Nepal Investment bank has adequate liquidity position. It shows that bank's investment is appropriate. NIB bank shows the fluctuating trend during the study period. Now in Nepal, many banks and other financial institution are functioning to collect deposits and invest money somewhere in the investigable sectors. Remittance has also help to increase the amount of deposit in bank. On the other hand, due to political crisis economic sectors have been damaged. Most of the projects have been withdrawn due to security problem. So, banks are utilizing their fund in home loan, auto loan and share loan etc in consumer banking. The ratio indicates the high contribution made by lending and investing activities. Thus, credit management is in a good position. The Debt to equity ratio of NIB is in increasing trend during the study period. The analysis indicates that the bank is highly leveraged because the claim of the outsiders exceeds than those of the owners over the bank assets. The trend of Total Deposit, Total Asset, Loan and Advance and Total Profit of NIB is in increasing trend. As whole the bank is in good and competitive position.

Sharma, Bikas (2010) explored in his research "Marketing analysis of airline service with reference to Nepal airline corporation (NAC) Nepal" has found out that the age of science and technology there are various modern and advance airlines are launching day by day. Every airline companies are facing tough competition. So marketing become most important and crucial factor. The main objectives of the study are as follows

-) To assess the existing market size, growth of service of airlines
-) To assess the fares, rates (pricing).
-) To access the promotion and distribution policy
-) To recommend measure for empowerment.

So, Marketing airlines services is very complex and not that much old concept in this region even though it is not completely new. To get success in the organization an airlines has to be very specific and careful to determine its marketing strategies.

NAC is the first airline company to make travel in different places of Nepal where at that time there were no means of road transportation. It plays very important role in the landlocked country like Nepal. It plays a significant contribution in terms if foreign

exchange and plays vital role in meeting the needs of trade currents by allowing quicker channels for the movement of cargo and commercial goods. In comparison to other airlines it offers a very less price for the citizens in domestic route as well as in international flights. It offers seasonal fare and promotional offers.

It is the only airlines which gives prompt and regular services in the rural part of Nepal where no other private airlines goes. At time of natural calamities in the rural part, NAC plays a very important role. As a whole it is one of the important government corporations which should be given excess care and support.

At last, however NAC is in difficult or critical condition its option is only progress, development and reform. For this Nepal government, staffs of NAC, INGO, Private sector, Bank and Financial Company as well as all the consumers and people of Nepal should help NAC. If it happens it's not hard to make NAC fit and Fine.

CHAPTER – III

RESEARCH METHODOLOGY

Research in common parlance refers to a search for knowledge. The Webster international Dictionary gives a very inclusive definition of research. Research is a careful critical inquiry or examination in seeking facts and principles diligent investigation in order to ascertain something. Research methodology is a systematic way to solve the research problem. Research methodology refers to the various sequential steps to be adopted by researcher in studying a problem, with a certain object in view.

This chapter deals with the research methodology employed in the entire aspect of the study. Research methodology is the process of arriving at solution of the problem through planned and systematic dealing with the collection, analysis and interpretation of facts and figures. Marketing Research involves specific inquiries into specific marketing problems. It is basically problem oriented and based on systematic and careful planning and implementation. The research has been done on topic “Implementation of Marketing Strategies for Lending Policy of Nepal Investment Bank Ltd.” In order to reach and accomplish the objectives of the study, different activities were carried out. In other words, research methodology refers to the various methods of practices applied by the researcher in the entire aspect of the study. This chapter includes the research design, population and sample, nature and sources of data and analysis of data.

3.1 Research Design

A research Design is the agreement of condition for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedures. Thus it is not possible for the researcher to conduct a research project without research design.

The research is designed in such a way that it would be more convenient for the researcher to collect the actual data and information during the course of research study. Since the research study is basically descriptive and analytical in nature

The very common meaning of research is "a search for knowledge". Research refers to search of knowledge through objectives. Research methodology depends on the various aspects of the research project. The size of the project, the objective of the project, importance of the project, time frame of the project, impact of the project in various aspects of human life etc. are the variables that determine the research methodology of that particular project.

A Research Design is the arrangement of condition for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure (Kothari, 1992:25).

The research covers one of the major commercial bank in Nepal, particularly in its practice of marketing strategies for lending. The research has its basic objective to figure out problem therein and provide them with some recommendation. The literature has been reviewed especially from the past thesis conducted on same aspects of commercial banks. The data for the research are of primary type and as well as secondary type.

3.2 Population and Sample

The method of selecting for study a small portion of the population to draw conclusion about characteristics of the population is known as sampling. Sampling may be defined as the selection of part of the population on the basis of which a judgment or inference about the universe is made. There are a lot of commercial banks, which are regarded as a population of the study. But it is not possible to cover the entire banks under the study. There are altogether 31 commercial banks are operating in Nepal. Here in this research work Nepal Investment Bank limited has been taken as sample.

The population also refers to the entire field and industries of the same nature, which represent and have the similar type of services and products in general. A sudden mushrooming of commercial banks has seen a total of 31 commercial banks in the country and another one new commercial banks (Century Bank) under launching process. Thus, the total commercial banks, which are operating in the country, shall constitute the

population of the data and the bank under study constitutes the sample of the study. The bank for the purpose of the study is selected from a sample population of:

Table No. 3.1

The Sampling Population (Commercial Banks in Nepal)

1. Nepal Bank Ltd.	2. Rastriya Banijya Bank
3. Nabil Bank Ltd.	4. Nepal Investment Bank Ltd
5. Standard Chartered Bank Nepal Ltd	6. Himalayan Bank Ltd.
7. Nepal SBI Bank Ltd.	8. Nepal Bangladesh Bank Ltd.
9. Everest Bank Ltd.	10. Bank of Katmandu Ltd.
11. Nepal Credit and Commerce	12. Lumbini Bank Ltd.
13. Bank NIC Bank Ltd	14. Machhapuchchhre Bank Ltd.
15. Kumari Bank Ltd.	16. Laxmi Bank Ltd.
17. Siddhartha Bank Ltd.	18. Global Bank Ltd.
19. Citizen Bank International Ltd.	20. Prime Bank Ltd
21. Bank Of Asia Nepal Ltd.	22. Sunrise Bank Ltd.
23. NMB Bank Ltd.	24. DCBL Bank Ltd
25. Kist Bank Ltd.	26. Agriculture Development Bank.
27. Janata Bank Ltd.	28. Mega Banki
29. Commers and Trust Bank.	30. Civil Bank Ltd
31. Century Commercial Bank Ltd	

The sample Bank

Nepal Investment Bank Ltd

3.3 Sources of Data

There are two sources of data collection. The main objective of the study is to find the marketing strategies for lending policy of Nepal Investment Bank Ltd on the basis of the survey approach and past and present performance of the bank. The research is based on primary as well as secondary source of data. The in primary sources included questionnaire asked to respondents representing different profession, age groups, areas

and educational backgrounds from different places in Katmandu valley. The major sources of secondary data are as follows

- Annual Report of concern Bank
- Website of concern bank.
- Internet and E-mails.
- NRB directives.
- Economy survey of Government of Nepal and Ministry of finance.
- Newspaper, journals, articles and various magazines.
- Dissertation of Central Library of T. U. and Library of Shanker Dev Campus.

3.4 Data Collecting Procedures

In aspect of primary data, the suitable questionnaire has been developed for different aspects. Respondents are requested to fill the questionnaire. While distributing the set of questionnaire, the researcher personally visited to the respondents one by one and obtained the same process in gathering information. After collecting the completed questionnaire, they have been classified and tabulated for analysis and conclusion. In the procedure of collection of secondary data, annual reports of the concerned banks were obtained from their head office and download from their official websites. Similarly, NRB publication, Banking and Financial Statistics Economic Reports, various report journal, books and article are collect. Besides, details review materials are collected from the library of Shanker Dev Campus and central library of T.U.

3.5 Tools and Techniques used

"The analysis of data consists of organizing, tabulating, and performing statistical analysis" (Wolf and Pant: 127)

In this study, various financial and statistical tools have been used to achieve the objective of the study. According to the pattern of data available, the analysis of data will be done. The various tools applied in this study have been briefly presented as under:

- Financial tools
- Statistical tools
- Questionnaire

3.6 Financial Tools

Financial performance is analyzed through the use of two important tools. The financial tool is one of the most important tool, which includes ratio analysis and the other one financial statement analysis have been used in this study. Financial tools are used to examine the financial strength and weakness of bank. Although there are many financial ratios, only selected ratios are used in this study.

A. Ratio Analysis

A ratio is simply one number expressed in terms of another and as such it expresses the quantitative relationship between any two numbers.

B. Liquidity Ratio

Liquidity ratio measures the ability of the firm to meet its current obligations. A commercial bank must maintain its satisfactory liquidity position to meet the credit need of the community. Liquidity provides honor strength health and prosperity to an organization. It is extremely essential for an organization to meet its obligations as they become due. A firm should ensure that it has not lack of liquidity and also that it is not too much highly liquid.

C. Growth Ratio: -

The growth ratio represents how well the commercial banks are maintaining their economics and financial position. Higher the ratio batter performance of the bank and vice-versa. Under this topic four types of growth ratio are studied, that are directly related to the fund mobilization of commercial banks. The following ratios are calculated by using the formula of growth rate:

- i) Growth ratio of loan and advance
- ii) Growth ratio of loss loan provision
- iii) Growth ratio of net profit

3.7 Statistical Tools

Under this heading some statistical tool such as coefficient of correlation analysis between different variables, trend analysis of deposit, loan and advances, net profit and EPS are used to achieve the objective of the study.

A. Average/Mean

An average is a single value related from a group of values to represent them in some way, a value, which is supposed to stand for whole group of which it is a part, as typical of all the values in the group. There are various types of averages. Arithmetic mean (AM, Simple & Weighted), median, mode, geometric mean, harmonic mean are the major types of averages. The most popular and widely used measure representing the entire data by one value is the AM. The value of the AM is obtained by adding together all the items and by dividing this total by the number of items.

Mathematically:

Arithmetic Mean (AM) is given by,

$$\bar{X} = \frac{\sum X}{n}$$

Where, \bar{X} = Arithmetic mean

x = Sum of all the values of the variable X

n = Number of observations

B. Coefficient of Variation

The coefficient of variation reflects the relation between standard deviation and mean. The relative measure of dispersion based on the standard deviations known as coefficient of variation. The coefficient of dispersion based on standard deviation multiplied by 100 is known as the CV. It is used for comparing variability of two distributions; the CV is defined as,

$$CV = \frac{\sigma}{\bar{X}} \times 100$$

Greater the CV, the more variable or conversely less consistent, less uniform, less stable and homogenous than the consistent more uniform, more stable and

homogenous. This nature of CV uses that actual size of working capital.

C. Coefficient of correlation (r)

Correlation analysis is the statistical tools that we can use to describe the degree to which one variable is liner related to another. Coefficient of correlation is the measurement of the degree of relationship between two casually related sets of figure whether positive or negative. Its values lie somewhere ranging between - 1 to +1. If the both variables are constantly changing in the similar direction, the value of coefficient will be –1, two variables take place in opposite defection. The correlation is said to be perfect negative. In this study, simple correlation is use to examine the relationship of different factors with working capital and other variable.

$$\text{Coefficient of correlation (r)} = \frac{\text{CoVariance of X \& Y}}{\sqrt{\sigma_x \sigma_y}}$$

D. Questionnaire

The in primary sources included questionnaire asked to respondents representing different profession, age groups, areas and educational backgrounds from different places in Katmandu valley. the suitable questionnaire has been developed for different aspects. The primary data analysis has been done by distributing questionnaire containing 15 questions to person. Respondents are requested to fill the questionnaire. While distributing the set of questionnaire, the researcher personally visited to the respondents one by one and obtained the same process in gathering information.

E. Testing of Hypothesis

Hypothesis N0.1

Ho: There is no relationship between interest rates and loan products.

H1: There is relation between interest rates and loan products.

Hypothesis N0.2

Ho: There is no relationship between business development and promotion techniques of NIBL

H1: There is relationship between business development and promotion techniques of NIBL

Hypothesis N0. 3

Ho: There is no relationship between place (distribution) of services and promotion tools of services.

H1: There is relation between place (distribution) of services and promotion tools of services.

Hypothesis N0. 4

Ho: There is no relationship between process/procedure and people of NIBL .

H1: There is relation between process/procedure and people of NIBL .

CHAPTER - IV
PRESENTATION AND ANALYSIS OF DATA

In this research, the researcher tries to find out the impact of implementation of marketing strategy for lending of NIBL. For this purpose primary and secondary data are analyzed. To collect primary data, researcher prepared a set questionnaire and distributed to customers of bank. Whilst collecting primary data, questionnaires were randomly distributed to the respondents of different people with different educational status, social status and differ in religious aspects and different kinds of customer of the NIBL. The chapter has main three sections. The first section deals with analysis of primary data, in the second section of secondary data analysis and. The third section includes the major finding of the study.

4.1 Primary Data Analysis

The primary data analysis has been done by distributing questionnaire containing 15 questions to alltogether 300 respondent consisting Business person, Working in Govt., public and private company and laymen

4.1.1 Respondent's profiles:

Among the distributed 300 questionnaire only 90% were returned back from the customers, so, respondents were 270.

Table No. 4.1
Respondents age group:

Age	Respondents	Percentage
Below 30	60	22.22
30 to 40	100	37.04
40 to 50	70	25.93
Above 50	40	14.81
Total	270	100

Source: Field survey, 2011

The questionnaire distributed to various age group and professionals. The highest 37.04 percent of responded were aged between 30 to 40 and least responded 14.81 percent were above 50 years. The questionnaires are asked to different professional lime worker of private and public company, businessman and layman. The highest responded were group from businessman and lest were unemployment.

Table No. 4.2
Respondent's Profession

Particular	Respondents	Percentage
Business person	200	74.07
Working for private company	40	14.81
Working in government/semi government org	20	7.41
Unemployed	10	3.70
Total	270	100

Source: Field survey, 2011

4.2 Customers view about implementation of marketing strategies for Lending policy of NIBL (7Ps analysis).

The Role of marketing in the banking industry continues to change. For many years the primary focus of bank marketing was public relations. Then the focus shifted to advertising and sales promotion. That was followed by focus on the development of a sales culture. Although all the elements of the marketing concept – customer satisfaction, profit integrated framework and social responsibility – will remain important, customer satisfaction must receive the greatest emphasis in the years ahead. Since, loan/credit is major component of balance sheet of every bank, formulation and implementation of marketing strategy for lending policy is essential to achieve the objective of every banks.

4.2.1 Product (Loan products):

The banks are financial supermarket, which meet the entire financial needs of individual and organizations. The major products of banks are different types of loan, deposit, locker, remittance, Letter of credit, Bank guarantee etc. However, the researcher has

focused on loan products only. The bank professional while formulating the product mix need to assign due weight age to the product portfolio. By the concept product portfolio, emphasis is on including the different types of services/ schemes found at the different stages of the product life cycle. The portfolio denotes a combination or an assortment of different types of products generating more or less in proportion to their demand. The quality of product portfolio determines the magnitude of success. It is excellence of bank professionals that help them in having a sound product portfolio.

Table No. 4.3

Among the respondent Loan and deposit customers of NIBL

Particular	No. of Respondents	Percentage
Loan client	180	66.67
Deposit client	90	33.33
Total	270	100.00

Source: Field survey, 2011

Above tables depicts that out of 180 respondents, 66.67% were loan customer and 33.33% were deposit customer of bank.

4.2.1.1 Customers availing different types of loan:

To know about the types of loan customers availing from NIBL, the researcher put the question to the respondent's as **What types of loan have you been availing**. The following series of tables represent the response.

Table No. 4.4

Customers availing different types of loan

Particular	Respondents	Percentage
Corporate Loan	40	22.22
Small and Medium Size Loan (SME Loan)	60	33.33
Retial Loan	65	36.11
Other	15	8.33
Total	180	100.00

Source: Field survey, 2011

Above table shows that among the respondent 36.11% are availing retail loan, 33.33% availing SME loan, and 22.22% are availing corporate loan, and 8.33% are availing other loan like personal mortgage loan, card loan, travel loan etc.

4.5 Customer's view about retail loan product of NIBL.

Table No. 4.5
Customer's view about retail loan product of NIBL

Particular	Respondents	Percentage
Home Loan	25	38.46
Education Loan	12	18.46
Loan against gold and silver	11	16.92
Vehicle loan	17	26.15
Total	65	100.00

Source: Field survey, 2011

In retail loan category, home loan client are around 38.46%, Auto loan/vehicle loan client are 26.15%, Education loan client are 18.46% and Loan against gold and silver loan client are 16.92% in each category.

Hypothesis N0.1

Ho: There is no relationship between interest rates and loan products.

H1: There is relation between interest rates and loan products.

Since the calculated value of χ^2_{cal} (34.46) is greater than the tabulated value of χ^2_{tab} (7.82) at 5 % level of significance for 3 degree of freedom, so null hypothesis is rejected and alternative hypothesis is accepted

Hence, we conclude that there is significance relation between the interest rates and loan products.

4.2.2 Pricing Strategies

Interest rate in loan, commission and other charges are known as price in the bank. To know about the pricing of bank, the researcher has put two questions among the respondent; **what are the interest rate on different types of loan of NIBL? Do you find that the interest rate of NIBL is competitive in comparison to other banks?**

Table No. 4.6

Customer's response in interest rates of NIBL

Particular	Respondents	Percentage
Very high	5	2.78
High	15	8.33
Moderate	60	33.33
Low	10	5.56
Just like other banks	90	50.00
Total	180	100.00

Source: Field survey, 2011

50% of the respondent felt that the pricing of NIBL is just like other bank and more than 33% perceived it as moderate and very few i.e. 2.78% felt it very high. As per the above table, the research can conclude that customers perceive the pricing policy of bank as satisfactory level.

Though staffs of banks are not allowed to disclose the strategy of bank, during the course of field survey, the researcher found that the bank has policy to change the pricing according to the market situation. The bank is committed to deliver the efficient services in competitive pricing.

4.2.3 Promotional strategies

In the formulation of marketing strategy the bank professionals are also involved in the promotion mix in which different components of promotion such as advertising, publicity, sales promotion, word-of-mouth promotion, personal selling and telemarketing

are given due weightage. The different components of promotion help bank professionals in promotion the banking business. To know about the impact of promotional activities for implementing marketing strategy for loan policy of bank the researcher put the question to respondent i.e. **How do you know about NIBL's loan scheme?**

Table No. 4.7
Promotional tools of NIBL

Promotion Variables	No. of respondents	Percentage
Direct marketing (Public relationship)	85	47.22
Advertising	35	19.44
Sales promotion activities	20	11.11
Point-of-purchase materials	12	6.67
Product publicity	18	10.00
Product publicity	10	5.56
Total	180	100.00

Source: Field survey, 2011

Above table depicts that more around 47% respondents have known about the products of bank through direct marketing. Similarly, different media of advertisement are effective to attract the customers toward the banks products. In the survey, around 22 per cent have approached to the bank due to the positive impact of advertisement.

Direct marketing or personal relation is major tools of marketing in the bank. Every banks and FIs are offering almost similar products and services. The main difference for customer for selecting particular bank is personal relation of banker with customer. Whilst selling loan products, direct marketing is used at maximum level.

Hypothesis N0.2

Ho: There is no relationship between business development and promotion techniques of NIBL

H1: There is relationship between business development and promotion techniques of

NIBL

Since the calculated value of χ^2_{cal} (133.92) is greater than the tabulated value of χ^2_{tab} (11.07) at 5 % level of significance for 5 degree of freedom, so null hypothesis is rejected and alternative hypothesis is accepted (Appendix 2)

Hence, we conclude that there is significance relation between the business development and promotion techniques of NIBL

4.2.4 Place (distribution) strategies

NIBL has long term plan to open branches at various locations of country to render efficient services. Currently, they have established branches to many urban and semi urban area which are economically viable and security wise feasible. The researcher has tries to find out the convenience of customer regarding distribution network of bank. To know the customer's feed back regarding place (distribution) strategy, the researcher put the question as **Do you feel that the network of NIBL (Branch network and ATMs) is sufficient to support your business need? Are the services of bank easily available to you?**

Table No. 4.8

Sufficiently of Network of NIBL

Particular	No. of respondents	Percentage
Sufficinet enough	25	13.89
Sufficient	30	16.67
Okay	50	27.78
Not sufficient	75	41.67
Total	180	100.00

Source: Field survey, 2011

Above table depicts that more 41.67 percent respondent felt that the net work of bank is not sufficient to support their business requirement. The bank should set up more branches to different locations to service it's client.

Table No. 4.9
Availability of NIBL's services

Particular	No. of respondents	Percentage
Easily available	120	66.67
Not easiliy available	30	16.67
Other	30	16.67
Total	180	100.00

Source: Field survey, 2011

The 66.67 percent of respondent feel that the service of bank is easily available to them. NIBL has large branch network, ATM services out side branch, on line banking, so their customers feel comfortable in the services of bank.

Hypothesis N0. 3

Ho: There is no relationship between place (distribution) of services and promotion tools of services.

H1: There is relation between place (distribution) of services and promotion tools of services.

Since the calculated value of χ^2 cal (90) is greater than the tabulated value of χ^2 tab(5.99) at 5 % level of significance for 2 degree of freedom, so null hypothesis is rejected and alternative hypothesis is accepted (Appendix 3)

Hence, we conclude that there is significance relation between place (distribution) of services and promotion tools of services.

4.2.5. People strategy of NIBL.

The bank has policy to recruit any one with graduate or master's degree from the reputed university and who is motivated and has passion to make banking as career. The bank has policy to groom, train and retains the deserving staffs for making service delivery efficient. Efficient human resources are need of the moment to implementation marketing strategy of loan policy of bank. To know about peoples efficiency regarding the

implementation of marketing strategy of lending policy of bank, the researcher put the question as **how do you find the staff of bank**

Table No. 4.10
Customers view about staff of NIBL

Particular	No. of respondents	Percentage
Supportive	130	72.22
Non-supportive	30	16.67
So on	20	11.11
Total	180	100.00

Source: Field survey, 2011

Above table shows that 72.22 per cent of respondents feel that peoples of bank are supportive, 16.67 percent feel non supportive and 11.11 percent feel just like other banks. So, the support of bank staff, especially in the loan department, is essential to find out the actual financial requirement of client and management of loan efficiently.

Hypothesis NO. 4

Ho: There is no relationship between process/procedure and people of NIBL.

H1: There is relation between process/procedure and people of NIBL.

Since the calculated value of χ^2 cal (123.34) is greater than the tabulated value of χ^2 tab(5.99) at 5 % level of significance for 2 degree of freedom, so null hypothesis is rejected and alternative hypothesis is accepted (Appendix 3)

Hence, we conclude that there is significance relation between process/procedure and people of NIBL

4.2.6. Process/Procedure strategy of NIBL.

Banking is highly sensitive business. Following of due process and acting in timely manner are the key factors to mitigate the different risks associated with loan management. In today's competitive environment, banks are facing throat cut

competition; so, soliciting and retaining customers are top challenge for banker. To know about the loan processing efficiency of bank, the researcher put the question: **Whilst availing loan, how efficient do you find the loan process.**

Table No. 4.11

Customers view about loan process of NIBL

Particular	No. of respondents	Percentage
Efficient	115	63.89
Non efficient	35	19.44
So so	30	16.67
Total	180	100.00

Source: Field survey, 2011

Above table depicts that around 64 percent respondent loan client find that the service process of bank is efficient. However, around 19 percent feel that the lending process of bank is lengthy, tedious and around 17 per cent fell the process is just like other banks.

4.2.7. Physical evidence.

The bank is committed to provide efficient services by making all effort for its customer. Having comfortable queuing system in the customer services, luxurious shopha sets at customer waiting area, sufficient parking facility, and facility of drinking water at bank premises are few physical evidence to service customer in decent way. The researcher put question to the respondent as **Do you feel comfortable while availing services of NIBL.**

Table No. 4.12

Customers response on physical evidence

Particular	No. of respondents	Percentage
Yes	150	83.33
No	25	13.89
Don't know	5	2.78
Total	180	100.00

Source: Field survey, 2011

Above table shows that 83.33 percent of respondent feel that the physical evidence of bank is good. Due to the physical facility, they are feeling comfortable to avail the service of bank. Now the bank is offering on line service and for the limited services, customers do not need to visit the branches of bank.

4.3 Secondary Data Analysis

Secondary data relating to the study of lending policy of NIB Banks, as they are they are available at concerned Banks. For the purpose of the study, various related books, booklets, magazine, journals, newspaper and thesis made in this field have been referred. Necessary suggestions are taken from various experts both inside and outside the bank whenever required. Below data are gather from annual report of NIB

Measuring the Implementation of Marketing Strategy of Lending policy in relative terms.

The marketing strategy for lending policy of a bank is measured in relative measures on this section. The relationship between various assets and liabilities of the balance sheet has been established to show the implementation of marketing strategy of lending policy. An attempt is made to determine the implementation of marketing strategy of lending policy in absolute figure of the bank, regarding to the volume of deposit, loans and advances, provision, profit and other variable.

4.3.1 Loans and Advances to Total Assets Ratio

Loans and advances of any commercial bank represent the major portion in the volume of total assets. The ratio of loans and advances to total assets measures the volume of loans and advances in the structure of total assets. The high degree of this ratio indicates the good performance of the banks in mobilizing in the funds by way of lending function. However, in its reserve side, the high degree of this ratio is representative of low liquidity. Thus, these assets of banking business are regarded as risk assets. This ratio measures the management attitudes toward risk assets. The low ratio is indicative of low productively and high degree of safety in liquidity and vise versa. The interaction between risk and return determines this ratio.

Table No. 4.13

Loans and Advances to Total Assets Ratio

Rs in million

Year	Loan and advances	Total Asset	Ratio (%)
2005/6	13178.15	21330.14	61.78
2006/7	17769.1	27590.84	64.4
2007/8	27529	38873	70.82
2008/09	36827.16	53010	69.47
2009/10	40318.31	57305	70.35
Mean			67.364
S.D			4.039
C.V.			0.0599

Source: *Annual report of Nepal Investment Bank*

From the above table shows the NIB bank has generally mixed or fluctuating increasing trends of Credit and Advances to Total Assets ratio under the study period. The ratios are 61.78%, 64.40%, 70.82%, 69.47% and 70.35% respectively in their respective year. The highest ratio is 70.82% in the year 2007/08 and the lowest ratio is 61.78% year 2005/06. The average mean ratio is 67.364%. It shows that bank has capability in utilizing total assets in the form of credit and advances. The S.D. and C.V. of NIB is 4.039 and 0.0599 respectively. Consistency in the utilization of assets in the form of credit and advance is satisfactory because the fluctuation of the ratio is minimum indicate by lower C.V. Loan and advances to total assets ratio is represented in figure as follow. Lending is the important way of generating more profit. The ratio indicates lending through asset is satisfactory.

4.3.2. Loans and Advances to Shareholders' Equity Ratio

Shareholders' equity consists of share capital, share premium, reserves and retained earnings. The ratio between loans and advances to shareholders' equity provides the measures regarding how far the shareholders' equity has been able to generate assets to multiply its wealth. The shareholders' equity refers to the net shareholders' intake in the

business. Thus, this ratio measures the size of the business and its success in converting liabilities into assets.

Table No 4. 14
Loans Advances to Shareholders' Equity Ratio

Rs in million

Year	Loan and Advance	Shareholder Equity	Ratio(Times)
2005/6	13178.15	1415.44	9.310
2006/7	17769.1	1878.12	9.461
2007/8	27529	2688.727	10.238
2008/09	36827.16	3907.84	9.424
2009/10	40318.31	4585.39	8.793
Mean			9.445
S.D			0.518
C.V.			0.0548

Source: *Annual report of Nepal Investment Bank*

The above table shows the increasing at first and decreasing trends of loan and advances to shareholder equity ratio of NIB under the study period. The highest ratio is 10.238 in the year 2007/2008. The lowest ratio is 8.793 in the year 2009/10. Which indicate higher utilization of equity in 2007/08 and lower use of equity in 2009/10. The average mean ratio of NIB is 9.445. The proportion of ratio considered as satisfactory. The standard deviation and coefficient of variation is 0.518 and 0.0548 respectively. Lower C.V. and S.D. represent consistency and low risk in the loan and advances to shareholder equity ratio. This has led NIBL to be one of the best performers amongst the whole banking industry. Thus it can be concluded that the bank has been able making profit by utilizing its equity capital as loans and advances.

4.3.3 Net income to Loan and Advances Ratio

This ratio measures the net profit through lending. This ratio measures the earning capacity of commercial banks through its fund mobilization as loan advances and vice-versa.

Table No 4.15
Return on Loan and Advances Ratio

(Amount in million)

Year	Net profit	Loan and Advance	Ratio (%)
2005/6	350.53	13178.15	2.66
2006/7	501.4	17769.1	2.82
2007/8	697	27529	2.53
2008/09	900.62	36827.16	2.44
2009/10	1265.95	40318.31	3.14
Mean			2.718
S.D			0.276
C.V.			0.102

Source: Annual report of Nepal Investment Bank

Table no 14 shows that return on loan and advances ratio of NIB is in fluctuating trend. The highest ratio is 3.14% in the year 2009/10 and lowest ratio 2.44% in the year 2008/09. The average mean ratio is 2.718%. The Ratios are 2.66%, 2.53%, 2.44% and 3.14% in years 2005/6, 2006/07, 2007/8, 2008/09 and 2009/10 respectively. These show the highest earning in 2009/10 and lowest earning capacity in 2008/09 from loan and advances. The S. D. and C.V. is 0.276 and 0.102 respectively. The ratio shows the little high earning capacity of NIB Bank through loan and advances. Thus, loan and advance play vital part in profit generating. Net profit and loan advances are represented in the bar diagram as follows.

i) Total Loan Loss Provision to Total Loan and Advances Ratio

Loan loss provision to total loan and advances describes the quality of assets that a bank holding. The amount of loan loss provision in balance sheet refers to general loan loss provision. The provision for loan loss reflects the increasing probability of non-performing loan. The provision of loan means the profit of the banks will come down by such amount. Increase in loan loss provisions decreases in profit result to decrease in dividends but its positive impact is that strength financial conditions of the banks by

controlling the credit risk and reduced the risks related to deposits. Therefore, it can be said that banks suffer it only for short-term loan while the good financial conditions and safety of loans will make bank's prosperity resulting increasing profit for long term. Loan loss provision is not more than 1.25% of risk bearing assets.

Table No 4.16
Loan Loss Provision to Total Loan and Advances Ratio

(Amount in million)

Year	Total Provision	Loan and Advance	Ratio (%)
2005/6	401.94	13178.15	3.050
2006/7	482.67	17769.1	2.716
2007/8	532.65	27529	1.935
2008/09	585.95	36827.16	1.591
2009/10	630.13	40318.31	1.563
Mean			2.171
S.D			0.677
C.V.			0.312

Source: Annual report of Nepal Investment Bank

Above table shows, that loan loss provision to total loan and advances ratio of NIB is in decreasing trend. The highest ratio is 3.050% in year 2005/06 and lowest ratio 1.563% in year 2009/10. The mean ratio of the study period is 2.171%. The S.D. and C.V. is 0.677 and 0.312 respectively. Lower value of C.V. indicates more consistency in ratio. The decreasing trend of provision indicates decreasing of its non-performing loan of NIB. This shows that good quality of assets in total volume of loan and advances. The ratio is continuously decreasing this indicates that bank increasing performance. Thus, lending policy of NIB is in a good condition. So all of the year, the bank has met the NRB requirement which is NPA is less than 5 percent. Loan loss provision and total loan and advances are represented in the following diagram clearly.

4.3.3. Growth trend of Loans and Advances

Commercial bank's main function is to create credit from its borrowed fund. The bank doing so converts its liability into assets, loans and advances are the assets coming from such activities. The high volume of loans and advances is indicative of good performance in credit sector. Since the survival of banking business is depended on good performance of its lending function. The high volume of well performing loans and advances in economy is a symbol of healthily banking business.

Table No 4.17
Total Loans and Advances and percentage changes

Rs in million

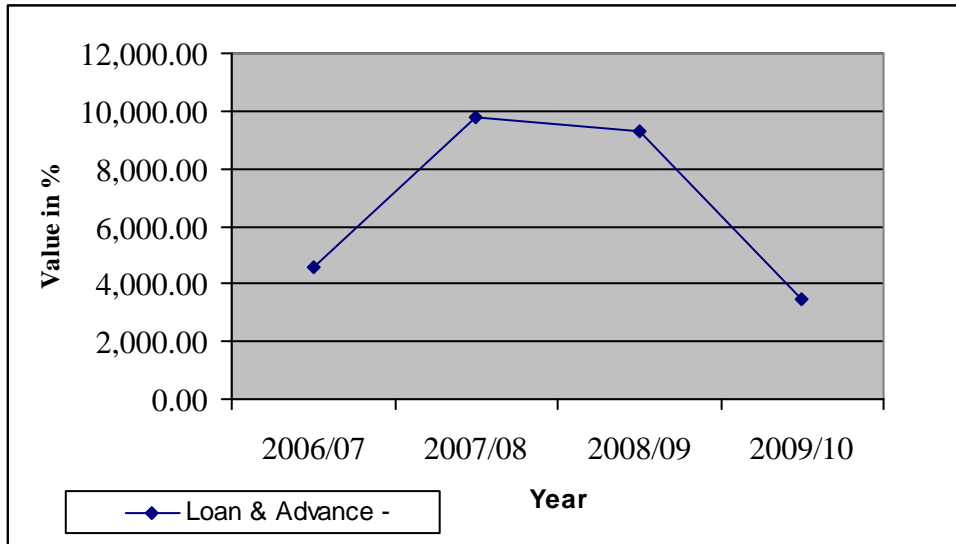
Fiscal Year	2005/06	2006/07	2007/08	2008/09	2009/10
Loan and Advances	13,178.2	17,769.1	27,529.3	36,827.2	40318.3
Increase/(Decrease) in Total Loans & Advances	-	4,590.95	9,760.21	9,298.16	3491.15
Percentage Change	-	34.84	54.93	33.77	9.48
Average (Mean) growth per annum in Percent = 26.60					

Source: www.nibl.com.np

Table 4.17 shows growth of the total loans and advances of NIB during the five years study period. It has been observed that the bank has been able to increase its lending activity every year. The highest increment is 9760.21 million in 2007/08 and least increment 3491.15 million in 2009/10. It is evident that as a commercial bank, NIBL has been performing its lending activity, by increasing the loans and advances since the last five years. A major increase in the amount of the loan was during the years 2007/08, where the percentage increases in the total loans and advances increased by an incredible 54.93%. Lower growth of loans and advances during the year 2009/10 is just 9.48 % in comparison to other years. The average trend of growth is 26.60 percent respectively over study period. The following figure represents the Loans and Advances and Relative Changes.

Figure 4.1

Loans and Advances and Relative Changes



4.3.4 Provision for Loan Loss

As per directions given by Nepal Rastra Bank, all banks and financial institutions are required to make provision of all loan and advances granted to their customers. This regulation is imposed by NRB in order to minimize the liquidation risk of banks and financial institutions. Provision is to be made as per delay in payment of interest and/or principal of the loan after its due date. The amount of provision increases proportionately when the due date increases.

Table No. 4.18

Provision for Loan Loss and Changes for Respective Years

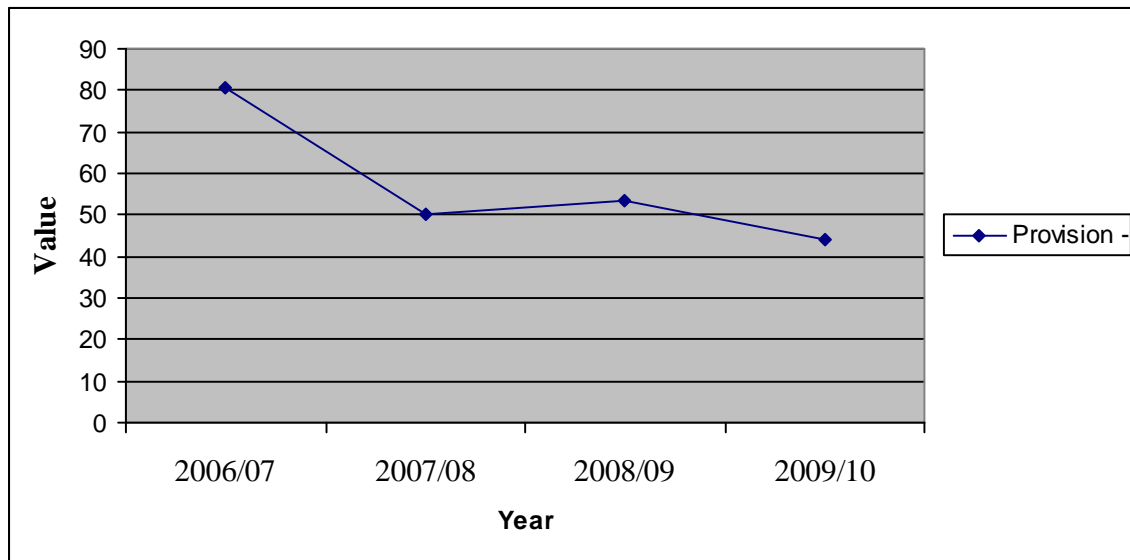
iscal Year	2005/06	2006/07	2007/08	2008/09	2009/10
Provision for Loan & Advances	401.94	482.67	532.65	585.95	630.13
Increase/(Decrease) in Provision	-	80.73	49.98	53.30	44.18
Percentage Change	-	20.08	10.35	10.01	07.54
Average (Mean) growth per annum in Percentage = 9.60					

Source: www.nibl.com.np

Table 4.18 represents the amount that has been allotted for provision for loans loss. As

the table shows, the provision for loan loss is in decreasing growth rate since 2005/2006. The highest increase in the provisions amounted to Rs. 80.73 Million, a percentage increase of 20.08 in 2005/06. On the other hand, the lower increase in provisions amount is 44.18 million which 7.54 percent in fiscal year 2009/10. Increasing in provision in this year was minimal. There was an increase percent are 20.08, 10.35, 10.01% and 7.54% in respective year. i.e. increase by 80.73 million, 49.98 million, 53.3 million and 44.18 million respectively. Anyway percent of growth is decreasing trend. Average growth per annum is 9.60% for study period. Provisioning decreased is favorable to the bank as it decreases the liability of the bank, but on the other hand if the provisioning stays the same, that will be the result no additional business by the bank. Although, least increment of provisioning with an increase in the loans and advances of the bank is very good. Hence, the minimal increase in the provisioning of the loans and advances shows a positive effect on the bank's performance. The following figure represents the relative change of Changes of Loan Loss Provision.

Figure 4.2
Loan Loss Provision Relative Changes



As the figure depicts it can be seen that there has been a decrease in the provisioning by the bank. The total percentage increases from the year 2004/2005 till 2008/2009 was 12.67%. Another perspective of the graph shows is that, during the year 2007/2008 and 2008/2009, the trend line is straight, which also shows that there has been almost no

change in the year's provisioning. Provisioning decreased is favorable to the bank as it decreases the liability of the bank, but on the other hand if the provisioning stays the same, that will be the result no additional business by the bank. Although, least increment of provisioning with an increase in the loans and advances of the bank is very good. Hence, the minimal increase in the provisioning of the loans and advances shows a positive effect on the bank's performance.

4.3.5 Net Profit

Net profit after all types of deductions such as bonus to employees, taxes and provisions have been used in this analysis. The volume of net profit measures the success of a firm in every aspect of its operation and strategy.

Table No. 4.19
Net Profit and Changes for Respective Years

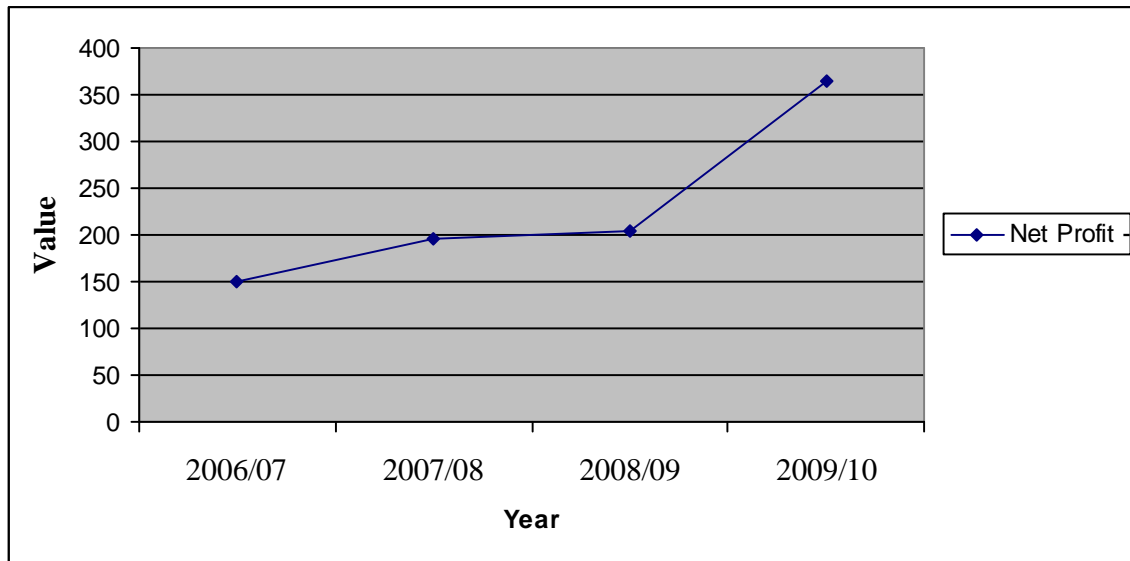
Rs in million

Fiscal Year	2005/06	2006/07	2007/08	2008/09	2009/10
Net Profit	350.54	501.40	696.73	900.62	1265.95
Increase/(Decrease) in Net Profit	-	150.87	195.6	203.62	365.33
Percentage Change	-	43.04	39.01	29.21	40.56
Average Growth Per Annum in percentage = 30.36					

Source: www.nibl.com.np

The above table shows the increasing growth trend of net profit of NIB. The bank has increased all over the years. During the year 2006/07 the profit increases by 150.87 million. Similarly, Rs 195.6 million, 203.62 million and 365.33 million increases in fiscal year 2007/08, 2008/09 and 2009/10 respectively. The lowest growth rate percent was in 2008/09. However, growth of NIBL can be termed as excellent, if we consider other factors constant and observe in term of net profit only. There is a regular increment over all the years. The data shows that the bank has achieved annual average growth of 30.36% in net profit. The following figure represents the relative change of Net profit.

Figure 4.3
Net Profit Relative Changes



4.3.6 Coefficient of Correlation between Loan & advance and Total Asset

The coefficient of correlation between loan and advance and Total asset measures the degree of relationship between these two variables loan & advances are very important to mobilize the available asset. The main objectives of computing 'r' between these two variables is to justify whether asset are significantly used as loan & advances in proper way or not. Coefficient of correlation determination between loan & advances and total asset of NIB

Table 4.20

Coefficient of Correlation between Total Deposits and Total Asset

Correlation Coefficient (r)	Coefficient of determination (r ²)	Probable error (P.Er.)	6 P.Er.
0.999	0.998	0.000603	0.00362

Source: *Through SPSS Data Editor*

The above table shows that the correlation coefficient between loan & advances and total asset is 0.999. There is highly positive correlation between loan and advances and total asset. The coefficient of determination is 0.998, which depicts that 99.8% of loan has

been explained by the total asset. It shows that increase in asset highly lead to increase loan and advances. In accordance to increase in asset NIB's loan and advances is increasing in trend.

Probable error (P.E.) is calculated to be 0.000603 and 6 P.E. is 0.00362. Probable error of the correlation coefficient denoted by P.E. is the measure of testing the reliability of the calculated value of r. Here, 'r' is greater than 6 P.E. then there is evidence of significant correlation between loan and asset. That further reveals there is significant relationship between loan and advances and deposit. This indicate both variable move same direction.

4.3.7 Co-efficient of Correlation between Loan and advance and Net Profit

Co-efficient of correlation between total assets and net profit is used to measure the degree of relationship between two variable i.e. Loan and advance and net profit of NIB during the study period. Where Loan and advance is independent variable (X) and net profit is dependent variable (Y). The main objective of calculating this ratio is to determine the degree of relationship whether there the net profit is significantly correlated or not and the variation of net profit to loan and advance through the coefficient of determination. The following table shows the 'r', R², P.Er. and 6 P. Er. between those variables of Nepal Investment Bank limited for the study period.

Table No. 4.21
Correlation between Loan and advance and Net profit

Correlation Coefficient (r)	Coefficient of determination(r ²)	Probable error (P.Er.)	6 P.Er.
0.961	0.9235	0.0231	0.1384

Source: *Through SPSS Data Editor*

The above table shows that the correlation coefficient between net profit and loan and advances. The correlation coefficient between Total profit and loan and advances. is 0.961. There is positive correlation between loan & advances and net profit. The coefficient of determination is 0.9235, which depicts that 92.35% of profit is explained by the loan and advance. Probable error (P.E.) is calculated to be 0.0231 and 6 P.E. is

0.1348. Probable error of the correlation coefficient denoted by P.E. is the measure of testing the reliability of the calculated value of r. Here, 'r' is greater than 6 P.Err then there is evidence of significant correlation between loan and deposit. That further reveals there is significant relationship between loan and advances and total profit. This indicates both variable moves in same direction. Increase in loan and advance creates increase in profit as well.

4.4 Major Findings of the Study

Findings from 7P Analysis (primary)

For achieve the objectives of the finding, descriptive research method has been used.

1. The questionnaire distributed to various age group and professionals. The highest 37.04 percent of responded were aged between 30 to 40 and least responded 14.81 percent were above 50 years. The questionnaires are asked to different professional lime worker of private and public company, businessman and layman. The highest responded were group from businessman and lest were unemployment.
2. NIBL has been offering wide range of products and services to meet the financial required of individual and institutions The bank has strategy to develop different types of loan products with added features as per the market requirement. Diversification of risks in loan portfolio is the major concern of bank while implementing marketing strategy of loan policy. As per the respondents data, it seems that the bank has well diversified its loan portfolio. More importantly, around 74.74 percent respondent avail SME and retail loan.
3. Banks offer different pricing to the products and services to their client. The pricing in banking products depends on the types of products as well as customer's bargain power. Some time bank may offer different pricing of same products to different customers. Though staffs of banks are not allowed to disclose the strategy of bank, during the course of field survey, the researcher found that the bank has policy to change the pricing according to the market situation. In regards to the pricing policy of bank, the researcher found that 50% of the respondent felt that the pricing of NIBL is just like other bank and more

- than 33% perceived it as moderate and very few i.e. 2.78% felt it very high. From the field survey, the research can conclude that customers perceive the pricing policy of bank as satisfactory level. And, the bank is committed to deliver the efficient services in competitive pricing
4. The banking products and services are almost similar of every banks and FIs. So, promotional activities play pivotal role to sell bank's products. Directing marketing or personal relation is major toll of marketing loan customer. In the field survey, the researcher found that around 47% avail banking services due to personal approach or direct marketing of bank's staffs. Similarly, different media of advertisement are effective to attract the customers toward the banks products. In the survey, around 22 per cent have approached to the bank due to the positive impact of advertisement. NIBL has been successful to solicit the customer by direct marketing, which is effective tool of attracting customer.
 5. Currently, NIBL has 40 branches through out the nation. The bank has strategy to establish branches at urban and semi urban area, which are technically and financially feasible. To cater the scatter business and provide efficient services to maximum of people, the branch network is essential. In the field survey, researcher found that, 41.67% customer of NIBL felt that net work of bank is not sufficient to support their business requirement. The bank should set up more branches to different locations to service it's client.
 6. The bank has policy to recruit qualified and dynamic persons having graduate or master's degree from the reputed university. People in the organization are the major component to achieve the goal of bank and efficient human resources is need of the moment to implementation marketing strategy of loan policy of bank. In the field survey, the researcher found that 72.22 per cent of respondents feel that peoples of bank are supportive, 16.67 percent feel non supportive and 11.11 percent feel just like other banks. Keeping the fact that, specially in the loan department, the supportiveness of staffs is essential to find out the actual financial requirement of client, the bank should groom/train the staffs to response the customer diligently and make them feel supportive.
 7. Processing of loan is essential function of any bank. To mitigate he risk associated

- with loan, due processes following all internal and external policies are required. Further, the efficient services are required to solicit new and viable customer. NIBL has established policies and circular for granting and managing loan portfolio of bank. In the field survey, the researcher found that around 64 percent respondent loan client find that the service process of bank is efficient. However, around 19 percent feel that the lending process of bank is lengthy, tedious and around 17 per cent felt the process is just like other banks.
8. The banking market is tough now and banks are committed to do every effort to deliver the services. Physical evidence of comfortable queuing system, parking facility, waiting room etc also plays vital role to deliver services. NIBL has been offering sufficient physical service to its customer. The researchers found that majority of customers are happy with the existing physical evidence of bank. The field survey shows that 83.33 percent of respondent feel that the physical evidence of bank is good. Due to the physical facility, they are feeling comfortable to avail the service of bank. Now the bank is offering on line service and for the limited services, customers do not need to visit the branches of bank.

Findings from Measurement of lending portfolio (Secondary)

1. In the aspect of Loans and advances to total assets ratio of the NIB bank has generally mixed or fluctuating increasing trends. It shows that the bank has increased its loans and advances more or less during the 5 years study period. The highest ratio is 70.82% in the year 2007/08 and the lowest ratio is 61.78% year 2005/06. The average mean ratio is 67.364%. It shows that bank has capability in utilizing total assets in the form of credit and advances. The S.D. and C.V. of NIB is 4.039 and 0.0599 respectively. The consistency in the utilization of assets in the form of credit and advance is satisfactory because the fluctuation of the ratio is minimum indicate by lower C.V. The ratio in the mean time also depicts that the bank has maintained a right mix of conducting other fee-based activity to move along with its loans and advances.
2. The ratio of loans and advances to shareholders equity shows the increasing at first and decreasing trends. The loan and advances to shareholder equity

- significant importance in measuring the capital fund and corresponding contribution in loans and advances. The highest ratio is 10.238 in the year 2007/2008. The lowest ratio is 8.793 in the year 2009/10. The average mean ratio of NIB is 9.445. The proportion of ratio considered as satisfactory. The standard deviation and coefficient of variation is 0.518 and 0.0548 respectively. Lower C.V. and S.D. represent consistency and low risk in the loan and advances to shareholder equity ratio. This has led NIBL to be one of the best performers amongst the whole banking industry. Thus it can be concluded that the bank has been able making profit by utilizing its equity capital as loans and advances.
3. the return on loan and advances ratio of NIB is in fluctuating trend. The highest ratio is 3.14% in the year 2009/10 and lowest ratio 2.44% in the year 2008/09. The average mean ratio is 2.718%. These show the highest earning in 2009/10 and lowest earning capacity in 2008/09 from loan and advances. The S. D. and C.V. is 0.276 and 0.102 respectively. The ratio shows the little high earning capacity of NIB Bank through loan and advances. Thus, loan and advance play vital part in profit generating.
 4. The loan loss provision to total loan and advances ratio of NIB is in decreasing trend. The highest ratio is 3.050% in year 2005/06 and lowest ratio 1.563% in year 2009/10. The mean ratio of the study period is 2.171%. The S.D. and C.V. is 0.677 and 0.312 respectively. Lower value of C.V. indicates more consistency in ratio. The decreasing trend of provision indicates decreasing of its non-performing loan of NIB. This shows that good quality of assets in total volume of loan and advances. The ratio is continuously decreasing is favorable to the bank as it decreases the liability of the bank which indicates that bank increasing performance. Thus, lending policy of NIB is in a good condition. So all of the year, the bank has met the NRB requirement which is NPA is less than 5 percent.
 5. The growth of the total loans and advances of NIB represents increase its lending activity every year. The highest increment is 9760.21 million in 2007/08 and least increment 3491.15 million in 2009/10. NIBL has been performing its lending activity by increasing the loans and advances since the last five years. The average trend of growth is 26.60 percent respectively over study period.

6. The provision for loan loss is in decreasing growth rate since 2005/2006. The highest increase in the provisions amounted to Rs. 80.73 Million, a percentage increase of 20.08 in 2005/06 and the lower increase in provisions amount is 44.18 million which 7.54 percent in fiscal year 2009/10. Anyway percent of growth is decreasing trend. Average growth per annum is 9.60% for study period. Provisioning decreased is favorable to the bank as it decreases the liability of the bank.
7. In the aspect of growth of net profit the NIB shows the increasing growth trend of net profit. The bank has increased all over the years. The highest growth percent were in F/Y 2006/07 and lowest growth rate percent were in F/Y 2008/09. However, growth of NIBL can be termed as excellent, if we consider other factors constant and observe in term of net profit only. There is a regular increment over all the years. The data shows that the bank has achieved annual average growth of 30.36% in net profit. This indicates better performance of NIB bank.
8. The correlation coefficient between loan & advances and total asset is highly positive by 0.999. The coefficient of determination is 0.998, which depicts that 99.8% of loan has been explained by the total asset. Here, 'r' is greater than 6 P.E. then there is evidence of significant correlation between loan and asset. That further reveals there is significant relationship between loan and advances and deposit. This indicate both variable move same direction.
9. The correlation coefficient between net profit and loan and advances is positive. The correlation coefficient between Total profit and loan and advances. is 0.961. The coefficient of determination is 0.9235, which depicts that 92.35% of profit is explained by the loan and advance. There is evidence of significant correlation between loan and deposit. That further reveals there is significant relationship between loan and advances and total profit due to r is higher than 6 P.Err. This indicates both variable moves in same direction. Increase in loan and advance creates increase in profit as well.

CHAPTER - V

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

The researcher has identified that research problem and set objectives to solve research problems about implementation of marketing strategies of NIBL banks as described in introduction chapter. The main objective of the study is to analyze of Nepal Investment Bank Limited and management. Similarly, problem of statement, specific objectives, significance, limitation and organization of study. The research is based on primary and secondary source of data. To make this study more effective, related literatures have been reviewed. This section includes conceptual review and review of related studies. Research methodology has been described in third chapter, which is a way to solve the research problems with the help of various tools and techniques. This chapter includes the various financial as well as statistical tools to analyze the data in order to come to the decisions. The presentation and analysis of data has been made comparative analytical and their interpretation has done in chapter four by applying the wide varieties of methodology as stated in chapter three. It includes the primary data and secondary data like various financial and statistical tools. In the last chapter, summary conclusion and recommendation are included. All the summary and conclusion are made according to obtained data from analysis

With the increasing number of banks and financial institutions, marketing become essential to attract and retain the customers. In today's competitive market, soliciting deposit and loan customer is challenging tasks for every bank employees. Every banks and FIs have their own marketing policy for business development. The banks and financial institutions basically established for earning profit. Hence, to achieve the primary objective of bank, every bank has their own marketing strategies for business development. Timely evaluation and reform of marketing strategy is utmost important for strengthening the position of banks.

Marketing strategy for Bank's business development encompasses the seven “ps” of the marketing mix i.e. product, pricing, place, promotion, people, physical evidence, and

process/procedure. Selecting a target market segment, promoting products and services and delivering efficient services to retain the existing customer are the major concern of every bank management. All the elements of marketing mix are important, moreover, coordinating and blending the elements with each other determines whether a marketing strategy is successful.

The major objective of this study was to observe the marketing strategies for lending policy of NIBL. The researcher has analyzed the different marketing mix and its impact on service delivery including trend of providing loan, business and profitability growth rate and implementation of NRB regulation, Banks own policy etc.

The primary and secondary data has been utilized by using different financial and statistical tools. Whilst analyzing the 7 Ps, the researcher found the satisfactory result. The ratio analysis of Loan and Advances to Total assets, Loan and advances to Shareholders Equity are quite satisfactory. During the review period, the average growth rate of Loan and Advances is around 30 percent. But, the Loan Loss Provision of the bank during last 5 years grows around 12.67 percent, which shows that the bank has efficiently managed its risk assets portfolio. As per the respondent the bank has been offering diversified products in competitive pricing and delivering efficient services at various locations.

5.2 Conclusions:

Whilst analyzing the marketing strategy for lending policy of NIBL, the researcher can conclude the 7 Ps result satisfactory. The bank has been offering diversified products suitable for lower medium to corporate business organization and the bank has policy to diversify or customize the existing products and services in competitive pricing as per the demand/requirement of customer. Direct marketing or personal relation is major tools of marketing in the bank. Every banks and FIs are offering almost similar products and services. The main difference for customer for selecting particular bank is personal relation of banker with customer. Whilst selling loan products, direct marketing is used at maximum level.

NIBL has currently 40 branches network and many ATM at various location. To render the services to rural and semi urban population, the bank has policy to establish branch throughout the nation. Competent human resources are need of the moment to implementation marketing strategy of loan policy of bank. The bank has policy to recruit any one with graduate or master's degree from the reputed university and who is motivated and has passion to make banking as career. Processing of loan is essential function of any bank. To mitigate he risk associated with loan, due processes following all internal and external policies are required. Further, the efficient services are required to solicit new and viable customer. NIBL has established policies and circular for granting and managing loan portfolio of bank. The banking market is tough now and banks are committed to do every effort to deliver the services. Physical evidence of comfortable queuing system, parking facility, waiting room etc also plays vital role to deliver services. NIBL has been offering sufficient physical service to it's value customer

In the aspect of Loans and advances to total assets ratio of the NIB bank has generally mixed increasing. It shows that the bank has increased its loans and advances more or less during study period. The average mean ratio is 67.364%. It shows that bank has capability in utilizing total assets in the form of credit and advances. The ratio of loans and advances to shareholders equity shows the increasing at first and decreasing trends. The loan and advances to shareholder equity significant importance in measuring the capital fund and corresponding contribution in loans and advances. The average mean ratio of NIB is 9.445. The proportion of ratio considered as satisfactory. The standard deviation and coefficient of variation is 0.518 and 0.0548 respectively. This has led NIBL to be one of the best performers amongst the whole banking industry. The bank has been able making profit by utilizing its equity capital as loans and advances. The return on loan and advances ratio of NIB is in fluctuating trend. The average mean ratio is 2.718%. The ratio shows the little high earning capacity of NIB Bank through loan and advances. Thus, lending of NIB play vital part in profit generating. The loan loss provision to total loan and advances ratio of NIB is in decreasing trend. This shows that good quality of assets in total volume of loan and advances. The ratio is continuously decreasing is favorable to the bank as it decreases the liability of the bank which indicates

that bank increasing performance. Thus, lending policy of NIB is in a good condition. So all of the year, the bank has met the NRB requirement which is NPA is less than 5 percent.

The growth of the total loans and advances of NIB represents increase its lending activity every year. NIBL has been performing its lending activity by increasing the loans and advances since the last five years. The average trend of growth is 26.60 percent respectively over study period. The growth of net profit the NIB shows the increasing. The bank has increased all over the years. Growth of NIBL can be termed as excellent, if we consider other factors constant and observe in term of net profit only. There is a regular increment over all the years. The provision for loan loss is in decreasing growth. The percent of growth is decreasing trend indicate better performance in lending.

In the statistical aspect of NIB, The correlation between loan & advances and total asset is highly positive by 0.999. There is significant relation between loan and asset.. This indicate both variable move same direction. The correlation coefficient between net profit and loan and advances is positive by 0.961. The coefficient of determination is 0.9235, which depicts that 92.35% of profit is explained by the loan and advance. There is significant relationship between loan and advances and total profit due to r is higher than 6 P.Err. This indicates both variable moves in same direction. Increase in loan and advance creates increase in profit as well. So lending strategy of NIB is considered good.

5.3 Recommendations

Based on the findings in chapter four and above conclusions the following recommendations have been forwarded:

1. The economic liberalization policy adopted by Nepal Government has created an environment of cutthroat competition in the banking sectors. In this context NIB bank is suggested to formulate and implement sound and effective marketing financial and non-financial strategies to minimize their operational expenses to meet required level of profitability.
2. Now the banks are considered as financial supermarket where every financial need of

individual and institutions are fulfilled by banks. It seems that NIBL is also offering wide varieties of products in deposit and loan category. However, customer needs changes with the passes of time and changing business environment. So, the bank should be flexible to customize its existing products and services to meet the changing needs of customer.

3. The competition in the banking sector is immense and every banks and FIs are offering almost similar products and services. Hence, along with different promotional activities and direct marketing, the bank should focus on service delivery, so that, satisfied customer help to publicize the bank's products and services. The separate help desk for walking customer, privilege counter for high value customer, separate marketing department/unit in every branches of bank will help to deliver efficient services.
4. Currently, NIBL has 40 branches throughout the nation. The bank has strategy `to establish branches at urban and semi urban area, which are technically and financially feasible. To cater the scatter business and provide efficient services to maximum of people, the branch network is essential. Banks and FIs are very important to help saving habit of people and render loan to the person who has entrepreneurship skill. The banking habit of a people helps to grow the national economy. Hence, the bank should establish branches to the semi-urban and rural area also, so that, the people rural area will also have access to the modern banking.
5. The ratio between loans and advances and shareholders' equity shows that there is good growth rate over last five years. This implies that NIBL is able to increase loans proportionately with the capital. So, Bank should continue to maintain or further increase this performance
6. The loan loss provision to total loan and advances of NIB is in decreasing trend. Its indicate low portion of NPA. This shows that good quality of assets in total volume of loan and advances. It is further recommended to decrease in its NPA. So all of the year, the bank has met the NRB requirement which is NPA is less than 5 percent.
7. The actual status of any bank is explored by net profit of that bank. NIBL's net profit shows a good sign of growth, so there is confidence in public towards NIBL. So, NIBL is recommended to continue the present growth rate over net profit in order to

maintain its status.

8. Finally, however, performance of NIBL seems to be good till date, there is still many opportunities for further growth of the bank. NIBL is suggested to further improve current position of lending portfolio. The bank should concentrate on financial strength, personal integrity and credibility of the borrower for loan disbursement
9. To create opportunities of business new and attractive lending schemes should be launched to the public. NIBL should be more responsive towards national economy and economic development. It should not neglect the deprived sector, as upliftment of this sector plays vital role for national economy. The bank should avoid credit concentration to a limited sector in order to maintain its performance. If there is recession to any specific sector, remaining sectors of economy may function well and there may not be severe impact on the whole lending portfolio of the bank. NRB also should be more concerned and active for proper monitoring and formulating or reviewing its policies and regulations to safeguard the interest of the banks.
10. According to NRB directives, all the commercial bank should increase the capital up to Rs 2000 million by 2070 B.S. NIBL already meets this requirement NRB directive.

Keeping all these in consideration, the NIBL has doing better performance during study period. It's recommended to improve better in the same way in the future ahead. The NIBL should improve its weaknesses by adopting the innovative approach to new marketing strategy.

Appendix - 1

1. Calculation of Hypothesis

Ho: There is no relationship between interest rates and loan products.

H1: There is relation between interest rates and loan products.

Particulars	"O"	"E"	(O-E)	(O-E) ²	(O-E) ² /E
Corporate loan	40	45	(5)	25	0.56
Small and medium size loan(SME) Loan	60	45	15	225	5
Retail Loan	65	45	20	400	8.9
Other	15	45	(30)	900	20
Total	180	-	-	-	34.46

Here,

O= Observed Value

E=Expected Value

Degree of freedom (n-1) = 4-1=3

Level of significance (α) =5%=0.05

2

Test of Statistics = $\chi^2 = \frac{(O-E)^2}{E} = 34.46$

E

The tabulated value of χ^2 at 5 % level of significance for 3 d.f. is 7.82.

Appendix - 2

2. Calculation of Hypothesis

Ho: There is no relationship between business development and promotion techniques of NIBL

H1: There is relationship between business development and promotion techniques of NIBL

Particulars	"O"	"E"	(O-E)	(O-E) ²	(O-E) ² /E
Direct marketing (Public relationship)	85	30	55	3025	100.83
Advertising	35	30	5	25	0.83
Sales promotion activities	20	30	(10)	100	3.33
Point-of-purchase materials	12	30	(18)	324	10.8
Product publicity	18	30	(12)	144	4.8
Others	10	30	(20)	400	13.33
Total	180				133.92

Here,

O= Observed Value

E=Expected Value

Degree of freedom (n-1) = 6-1=5

Level of significance (α) = 5% = 0.05

2

Test of Statistics = $\chi^2 = \frac{(O-E)^2}{E} = 133.92$

The tabulated value of χ^2 at 5 % level of significance for 5 d.f. is 11.07.

Appendix - 3

3. Calculation of Hypothesis

Calculation of Hypothesis

Ho: There is no relationship between place (distribution) of services and promotion tools

H1: There is relation between place (distribution) of services and promotion tools

Particulars	"O"	"E"	(O-E)	(O-E) ²	(O-E) ² /E
Easily available	120	60	60	3600	60

Not easily available	30	60	(30)	900	15
Others	30		(30)	900	15
Total	180	-	-	-	90

Here,

O= Observed Value

E=Expected Value

Degree of freedom (n-1) =2

Level of significance (α) =5%=0.05

2

Test of Statistics = $\chi^2 = \frac{(O-E)^2}{E} = 90$

The tabulated value of χ^2 at 5 % level of significance for 2 d.f. is 5.99.

Appendix – 4

Ho: There is no relationship between process/procedure and people of NIBL.

H1: There is relation between process/procedure and people of NIBL.

Particulars	"O"	"E"	(O-E)	(O-E) ²	(O-E) ² /E
Supportive	130	60	70	4900	81.67
Non-supportive	30	60	(30)	900	15
So	20	60	(40)	1600	26.67
Total	180	-	-	-	123.34

Here,

O= Observed Value

E=Expected Value

Degree of freedom (n-1) = 3-1=2

Level of significance (α) =5%=0.05

2

Test of Statistics = $\chi^2 = \frac{(O-E)^2}{E} = 123.34$

The tabulated value of χ^2 at 5 % level of significance for 2 d.f. is 5.99.

Appendix - 5
QUESTIONNAIRE

Dear Sir/Madam,

This is to bring your kind information that this is an attempt to identify the IMPLEMENTATION OF MARKETING STRATEGIES FOR LENDING POLICY OF NEPAL INVESTMENT BANK LIMITED for the partial fulfillment of Thesis required for MBS degree, TU. You are kindly requested to fill up the following questionnaire with the best answer in your view. I would be grateful to you for the contribution of your valuable time and effort.

Respondents:

Name: Sex: M [] F []
Institution: Position (Optional):
.....

Please tick the best answers.

1. What is your age?

- Below 30[]
- 30 to 40[]
- 40 to 50[]
- Above 50[]

2. What is Your Profession?

- Business person[]
- Working for private company[]
- Working in government/semi government organization. []
- Unemployed[]

3. Please indicate which banking product (service) you are currently using with NIBL?

- Deposit products[]
- Loan products[]

4. If you are a loan client then what types of loan have you been availing?

- Corporate Loan[]
- Small and Medium Size Loan (SME Loan)[]
- Retail Loan[]
- Others

5. If you are a retail loan client then what types of loan have you been availing?

- Home Loan []
- Education Loan []
- Loan against gold and silver []
- Vehicle loan []
- Others []

6. What are the interest rates on different types of loan of NIBL? Do you find that the interest rate of NIBL is competitive in comparison to other banks?

- Very high[]
- High[]
- Moderate[]
- Low[]

) Just like other banks[]

7. How do you know about NIBL's loan scheme?

) Direct marketing (Public relationship) []

) Advertising[]

) Sales promotion activities[]

) Point-of-purchase materials

) Product publicity[]

) Others[]

8. Do you feel that the network of NIBL (Branch network and ATMs) is sufficient to support your business need?

) Sufficient enough[]

) Sufficient[]

) Okay[]

) Not sufficient []

9. Are the services of NIBL easily available to you?

) Easily available[]

) Not easily available[]

) Other[]

10. Which branch of NIBL do you use most often?

) Pulchowk branch[]

) New road branch[]

) Putalisadak branch[]

) Thamel branch[]

) Kalimati branch[]

) Battisputali branch[]

- Gongabu branch[]
- Boudha branch[]
- Bhotahiti branch[]
- Tripureshwor branch[]
- Naya Baneshwor branch[]

11. How do you find the staff of bank?

- Supportive[]
- Non-supportive[]
- So so[]

12. Whilst availing loan, how efficient do you find the loan process.

- Efficient[]
- Non efficient[]
- So so[]

13. Do you feel comfortable while availing services of NIBL?

- Yes[]
- No[]
- Don't know[]

14. Do you consider consumers national Bank to be your primarily or main Banking?

- Yes[]
- No[]

15 Are you

- Single
- Divorced/widowed/separated

) Married

Thank You for your time and your answers.

**Thank You,
Rosha Regmi Bhatta
Shanker Dev Campus**