

**INVESTORS' ATTITUDE AND INVESTMENT DECISION IN
EQUITY MARKET: A CASE OF DANG DISTRICT**

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Degree

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Certification of Authorship

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled **“INVESTORS' ATTITUDE AND INVESTMENT DECISION IN EQUITY MARKET A CASE OF DANG DISTRICT”**. The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor has it been proposed and presented as part of requirements for any other academic purposes.

The assistance and cooperation that I have received during this research work has been Acknowledge. In addition, I declare that all information sources and literature used are cited in the reference section of the dissertation.

Prem Prasad Jaishi

June, 2024

REPORT OF RESEARCH COMMITTEE

Mr. Prem Prasad Jaishi has defended research proposal entitled **"INVESTORS' ATTITUDE AND INVESTMENT DECISION IN EQUITY MARKET A CASE OF DANG-DISTRICT"** successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestion and guidelines of supervisor Rishi Raj Gautam submit the thesis for evaluation and viva-voce examination.

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We, the undersigned, have examined the thesis entitled "**INVESTORS' ATTITUDE AND INVESTMENT DECISION IN EQUITY MARKET A CASE OF DANG-DISTRICT**" presented Prem Prasad Jaishi Candidate for the degree of Master of Business Studies (MBS Semester) and conducted the Viva voce examination of the candidate. We hereby certify that the thesis is worthy of acceptance.

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ABBREVIATIONS

AGM	:	Annual General Meeting
BOD	:	Board of Directors
DPS	:	Dividend per Share
DY	:	Dividend Yield
EPS	:	Earning Per Share
ME	:	Market Equity
MPS	:	Market Price per Share
MV	:	Market Value
NEPS	:	Net Worth per Share
NEPSE	:	Nepal Stock Exchange Limited
NIDC	:	Nepal Industrial Development Corporation
NRB	:	Nepal Rastra Bank
NW	:	Net Worth
PBVR	:	Price to Book Value Ratio
PE	:	Price Earning
PER	:	Price Earnings Ratio
ROE	:	Return on Equity
SEBON	:	Security Board of Nepal
SEC	:	Security Exchange Centre
TA	:	Total Assets

ABSTRACT

The main objectives of the study is to examine the awareness of investor influences behaviors of investor while trading in the stock market in Dang. The study collected primary data by using structured questionnaire techniques from 150 respondents who are investor in equity market. The study is based on descriptive, casual comparative research design. This study used quantitative method for data collection for the purpose of analysis. Mainly structured questionnaire survey was used to generate responses based on which statistical analysis is done to test correlation analysis. The questionnaire was self – administered. The sampling techniques for the study followed non probabilistic sampling technique, i.e. convenience sampling. Investor investment decision is considered as dependent variable whereas reason for investment, source of information, investment sector and returns are considered as independent variable and the correlation was generated from SPSS and analyzed.

Investment in stock market helps to mobilize which in turns helps in development of the economy. Investment in shares will be started from primary market through the purchase of Initial Public offering and further will be traded in secondary market. The investors can buy and sell the existing share at the market price in the stock exchange. An equity share is considered as the ownership capital of the company. Equity instruments are traded based on the movement of price which will be depended on the demand and supply. The study concentrates on Investors ‘investment decision towards stock market and their risk bearing attitude based on their gender, age, income, type of investors, education and occupation. This study analyses and concludes by classifying investors as conservative, moderate and aggressive.

Key Words: Risk Attitude, Equity Market, NEPSE, Return on Equity, investment Decision.

CHAPTER -I

INTRODUCTION

1.1 Background of the study

Stock market has become an attractive investment avenue for most of the investors. It has been enormously grown over the years. But lot of investors fear to invest in stock market due to the volatility often seen in share market. The risk often undertaken by the investors in share market huge and there exist fear among the investors of losing their hard earned income. Even though the return, the investors receive in stock market is high, the investors need to bear an equal amount of risk as well as moreover the investors must sure of which investment avenue, they are selecting in order to ensure high returns (Bajo & Raimondo, 2017).

Investment in stock market helps to mobilize which in turns helps in development of the economy. Investment in shares will be started from primary market through the purchase of Initial Public offering and further will be traded in secondary market. The investors can buy and sell the existing share at the market price in the stock exchange. An equity share is considered as the ownership capital of the company. Equity instruments are traded based on the movement of price which will be depended on the demand and supply. Investment will generally done by investors through their direct control on buy and sell of the securities or will be managed by fund managers like brokers. The main aim of investors is to get capital appreciation and returns (Bhatta, 2021).

The study concentrates on investors perceive risk attitude towards stock market in equity market and their risk bearing attitude based on their gender, age, income, education and occupation. This study analyses and concludes by classifying investors as conservative, moderate and aggressive (Poudel, 2018).

Investors have a number of investment alternative in which some of them are traditional investments like bank deposits, gold and so on which have been used from generations' time whereas few are relatively new options which have become popular like equity, mutual fund, commodity and derivatives and so on. The present study concentrates only on equity investment. The total capital of the company divided into smaller units known

as equity share. Equity Investors get returns in the form of dividend and capital appreciation. Along with this benefit, the holder of equity shares get voting rights in the company. Moreover, investors in equity shares treated as owners of the company and the ownership is limited to the extent of the shares held by investors. A company issues shares primarily when there are in need of funds for growth of the business or for the expansion. It initially approaches the investors in primary market through Initial Public Offering (IPO). In IPO, equity shares of the company offered to the general public for subscription for the first time. Once, the shares get listed on a particular stock exchange and exchange provides for frequent trading. General public can subscribe to the IPO and these shares can sold on a stock exchange like NEPSE. Once allotments of shares are done, these records will be maintained by depositories like NSDL and CDSL (Yashaswini, 2019).

Financial market is concerned with accumulation and mobilization of capital resources, which act as a lifeblood for any productive activities. Financial market plays a fundamental role in the economic development of a country. They are the intermediary link in facilitating the flow of funds from savers to investors. By providing an institutional mechanism for mobilizing domestic savings and efficiently channeling them into productive investments, they lower the cost of capital to investors and accelerate economic growth of the country. The financial market in Nepal is relatively undeveloped. Limited people of urban area have only access to the financial market and most of the people are not familiar with the financial market.

Financial market refers to a marketplace, where creation and trading of financial assets, such as share, debentures, bonds, derivatives, currencies, etc. take place. It plays a crucial role in allocating limited resources, in the country's economy. It acts as an intermediary between the savers and investors by mobilizing funds between them. The financial market provides a platform to the buyers and sellers, to meet, for trading assets at a price determined by the demand and supply forces. Financial market is broadly classified in to two types on the basis of maturity- money market and capital market. The money market where monetary assets such a commercial paper, certificate of deposits, treasury bills etc. which mature within a year, are traded. It is the market for short term funds. No such market exists physically, the transactions are performed over the virtual network, i.e. fax, internet or phone. The capital market where medium- and long-term financial assets are

traded. It is divided into two types- primary market and secondary market. Primary market is a financial market where company listed on an exchange, for the first time, issues new security or already listed company brings the fresh issues. Secondary market is an organized marketplace, where in already issued securities are traded between investors, such as individuals, merchant bankers, stock brokers and mutual funds.

Capital market is a market of long-term securities, which have maturities more than of one year while money market is the market of short term securities maturing at most one year. Both the market plays an important role for establishment and operation of financial activities.

Capital markets, which deal with securities such as stocks and bonds, are associated with financial resource mobilization on a long term basis. By raising capital directly from the public, they lower the cost of capital. Capital markets also allow for wider ownership among the public, thereby distributing risks and wealth amongst smaller investors. For investors, they provide an effective vehicles for making investment choices which suit their own preferences of risk and returns based on available information. As such, capital markets help the economy to generate more savings and productive investments. A basic feature of an efficient capital market is constant liquidity, i.e., an easy mechanism for entry and exit by investors. This requires sufficient volume and size of transactions in the market.

Capital market is a market of long-term securities, which have maturities more than of one year while money market is the market of short term securities maturing at most one year. Both the market plays an important role for establishment and operation of financial activities (Winfield and Curry, 1985).

1.2 Problem statement

Investment decisions are commonly assumed to be a result of many variables, such as market features and individual risk profiles. The disposition error suggests that investors are impacted by sunk cost factors and asymmetrical risk preferences for gain/loss situations, regardless of accounting information. Nagy & Obenberger (1994) analyzed variables influencing investor behavior and concluded that for investors, classical wealth-maximization criteria are key, while investors use different criteria when selecting stocks. Riley & Chow (1992) viewed that risk aversion decreases not only as wealth rises, but

also as age, income, and education rise. Baker & Haslem (1973) found that the key investment considerations for individual investors are dividends, projected returns, and the financial stability of the company. Baker, Haargrove & Haslem (1977) studied further considering the risk/return tradeoff of the investment and recommended that investors behave rationally. Based on the those statement of various researcher they found that, wealth-maximization in USA, age, income, and education rise in UK and dividends, projected returns, and the financial stability in Germany.

Based on different research it found that, investors choose equity investments to grow their wealth, receive dividends, boost their social status, and earn capital gains. These decisions are shaped by factors like age, income, education, and financial knowledge. This research aims to closely examine the, what factors influence investor, motivating factor of Nepalese investors in the Dang district.

In this competitive world, various investment alternative is available but majority of investors consider equity as their investment option because investment in equity require less amount, minimal time to convert into cash. In Nepal which factors motivates investors to invest on equity shares and this study focuses on finding of such factors.

So, this study will help us to find how investors' attitude will have an impact on investment decisions and its reasons behind to take such decisions depending upon the situation in Nepalese market. The study aims to answer the following research questions:

- i. What factors motivate investors to invest in equity shares?
- ii. What factors do investor consider while investing in equity?
- iii. What is the impact of investor's attitude on investment in equity market?
- iv. Is there a relationship between independent variable (reason for investment, source of information and investment sector) and dependent variable (investment decision).

1.3 Objectives of the study

The main objective of this study is to analyze the investor attitude and behaviors of investor while trading in the stock market. However specific objectives are follows:

- i. To identify the motivating factors to invest in equity share.
- ii. To assess the factors that investor considers while investing in equity securities.
- iii. To analyze the impact of investors attitude on investment in equity market.

- iv. To examine the relationship between independent variable and dependent variable.

1.4 Rationale of the study

In modern society, securities are considered as the important investment alternative. Its vitality in the upliftment of nation's economy cannot be overlooked. In one way, it can mobilize the capital resources from savers to investors. It can be used to finance the development as well as business projects, which cannot be funded alone by the companies and corporations. On the other part, the investors may reap a benefit of capital appreciation and cash in return that may fulfill the different objectives of individual investors. There may be different objectives of investors behind investing in financial instruments. Some invest to ensure regular income for retirement age, some for children's education and some others for emergency fund. And such purposes induce them to invest in different types of financial assets. This research is for to increase the level of knowledge in the area of awareness and it will give an insight on the fact that investment or trading can be driven by behavioral or attitude of the investor. The research will also provide valuable information to the NEPSE, government bodies, institution, potential listed companies, researcher, students, and individual in Nepal.

1.5 Limitations of the study

This research is based Nepal stock exchange data could not be collected from mass population due to financial and time constraints. This study may not be totally free from errors and limitations. Such drawbacks have been minimized to a very extent. The study still carries following limitations.

- i. This study is based on primary data. Accordingly, investors may not give the authentic and needed information as much as they are expected to be. They may not even respond to some questions. In such cases, certain intuitions will have to be made.
- ii. This study is focused on qualitative rather than the quantitative techniques of analysis. Thus, the use of statistical tools is limited.
- iii. All deciding factors for the investment in securities have not been incorporated.
- iv. Stipulated time and resources are also limitation of this study.
- v. Reliability of this study depends upon the accuracy of published data and the genuineness of respondent.

CHAPTER- II

LITERATURE REVIEW

This chapter highlights upon the existing literature and research related to the present study with a view to functioning out what had already been explained and how the present research adds to this dimension. Under this research, various books, journals, articles and previous research has been consulted and reviewed.

Conceptual review

Every Investor wants to invest those sectors that can assure the increment of their wealth. Financial market is one of the best sector that investor can be assured that their investment will be safe and can earn more benefit. After analyzing the detailed information provided by various companies, investors select and invest in one of the best alternative securities of any companies.

2.1.1 Investment

The word 'investments' is one that most of us are familiar with hearing in financial context. For many of us, it may make us think of big business and vests sums of money, but there is much to the world of investments than multi-million dollar deals. Although it is true that, at the top level, investments may run into many millions, it is possible for the average person in the street to invest smaller amounts of money and to invest it wisely. In truth, investments can cover a wide range of options. One of the most traditional types of investing is in the stock market. This has been viewed by some as being a difficult type of investment to get into, but times are changing. The new range of online stockbroker's available mean that it's now easy (and fairly inexpensive) to get involved in buying and selling shares.

An alternative type of investment, which has become particularly popular in the UK, is that of property. Putting money into residential properties and then taking a rental income is seen by many as a win-win situation. The largest downside to this type of investing is that a large capital sum is needed to begin with, or else it is need to take out a sizeable loan. As with the stock market, property should be looked at as a long-term investment. Investment in its broad sense means the sacrifice of current dollars for future dollars. The

investment for future returns generally and automatically involves two attributes time and risk. The sacrifice of present wealth takes place in certainty but the reward or returns is uncertain and hence bears a risk of uncertainty (Sharpe, Alexander & Bailey, 2002).

Investment is an exchange of financial claim - stocks and bonds etc. Investment is the employment of funds with the aim of achieving additional income or growth in value. It involves the commitment of resources that have been saved or put away from current consumption in the hope that some benefits will accrue in future. An investment involves the sacrifice of current rupees for future rupees. The sacrifice takes place in the present and certain. The reward comes later and is uncertain.

Investment is generally categorized into real assets or financial assets. Real assets are tangible, material things such as buildings, automobiles, factories, knowledge and machines that are used to produce goods that can be seen and felt. Real assets are generally less liquid than financial assets. Returns on real assets are frequently more difficult to measure accurately. But our principal concern is with financial assets.

Financial assets are piece of paper representing an indirect claim to real assets held by someone else. These pieces of paper represent debt or equity commitments. Financial assets define the allocation of income or wealth among investors. Financial assets are created and destroyed in the ordinary course of doing business. When a loan is paid off, both the creditor's claim (a financial asset) and the debtor's obligation (a financial liability) cease to exist. Financial assets such as stocks and bonds can be held by investors in both direct and indirect forms. Investors can buy and sell stocks and bonds directly through financial markets or indirectly by pooling their funds with other investors. The returns on a financial asset come from the income produced by the real assets that are financed by the issuance of the security.

2.1.2 Investment alternatives in Financial Assets

There are various types of investment alternatives have been developed in financial market. Widely used investment alternatives in modern business society are classified as follows:

a) Equity securities:

Equities are probably the most familiar type of security. Stocks are shares of ownership of a public corporation which are sold to investors to allow the companies to raise a lot of

cash at once. The investors profit when the companies increase their earnings which keeps the economy growing. It is easy to buy stocks, but takes a lot of knowledge to buy stocks in the right company. Equities are often termed as stocks or shares. Stocks represent a part ownership of a corporation (Hatch, 1983). Holding a stock certification means that the holder owns the part of the corporation. Thus there are only corporate stocks no government of state and local government stock, since individuals cannot own governments (at least not legally) (Ritter, 1993). Equities or stocks are basically the contracts that establish an ongoing relationship between borrower and lender and almost always bundling some combination of control "control rights" and rights to be a "residual claimant". In the establishment of the corporations of small and medium sizes, stock sales to the incorporators are usually the principal source of cash and other assets (Kent, 1972).

People invest in equities because they want to make more income than they do in a saving account. For the possibility of making more income, they assume more risk. There are several advantages and disadvantages of investing in stock. The likelihood of dividends and price appreciation motivates most investors to purchase common stocks. Many companies might declare relatively small cash dividends, perhaps with a return of only 2 or 3 percent. But these companies may also offer a good chance for price appreciation over time. Equity investment also offers a high potential return. Greater than average returns are possible if one buys and sells the correct stocks. On the other hand, in equity investments risk of various types are also present. There is the financial risk that the company will go bankrupt. There is the liquidity risk that the price of stock might be quite low when one wants to sell it. Along with them inflation risk also presents. In the period of high inflation, market prices of equity are depressed. Equity securities or stocks come in two forms: common stock and preferred stock. Of these, common stock is much more important.

i) Common stock

Common stock is the first security of a corporation to be issued and in the event of bankruptcy, the last to be retired. Each share of common stock entitles its owner to one vote on any matters of corporate governance that are put to a vote at the corporation's annual meeting and to a share in the financial benefits of ownership. An investor in common stock receives certificate of ownership, stating the number of shares and par value of share. Common stock holders have the voting rights, they can vote for a board of

directors and to vote on major issues that may be presented before them. Dividend is not a must for common stocks, some pay it but not all. Companies in early growth stage typically pay low or no dividends, rather, they retain as much earnings as possible to finance rapid growth. As companies become more established, they may pay a high percentage of profits as dividends (Santomero & Babbel, 1997).

Payment of the common dividend is purely discretionary on the part of management, but may be constrained by certain covenants that are designed to protect other claimant's interests. If earnings are retained rather than distributed, stock holders do benefit in the sense that if the retained earnings are invested profitably, the firm will grow in size, and the stock holders will eventually capture the growth.

ii) Preferred stock

The term preferred relates to the right of preference in payment of dividends when funds are scarce and preference in payment in the event of bankruptcy. In exchange for these preferences, the preferred shareholder generally accepts a fixed dividend as opposed to a common dividend which may increase a company profits increase. When a company is unable to pay dividends for several periods on cumulative preferred stock, all unpaid dividends must be paid before any common dividends may be paid. The voting rights of preferred stockholders may not be the same as those of common stockholders (Elli, 2001).

Preferred stock has features similar to both equity and debt. Like a bond, it promises to pay to its holder a fixed amount of income each year. In this sense preferred stock is similar to an infinite-maturity bond, that is, perpetuity. It resembles a bond in that it does not convey voting power regarding the management of the firm. Preferred stock is an equity investment, however. The firm retains discretion to make the dividend payments to the preferred stockholders, it has no contractual obligation to pay those dividends.

b) Debt securities

Debt securities are those on which interest has to pay and they have certain maturity period. Debt securities can be divided into two parts. They are as follows:

i) Short term debt securities

Short term debts are the obligations that mature in one year or less. These usually are highly marketable. Many of these securities are traded in the money market. They are as follows:

Treasury bills

Treasury bills (T-bills) are the most marketable of all money market instruments. T-bills represent the simplest form of borrowing: The government raises money by selling bills to the public. Investors buy the bills at a discount from the stated maturity value. At the bill's maturity, the holder receives from the government a payment equal to the face value of the bill. The difference between the purchase price and ultimate maturity value constitutes the investor's earnings. Individuals can purchase T-bills directly at auction or on the secondary market from a government securities dealer. T-bills are highly liquid, that is, they are easily converted to cash and sold at low transaction cost and with not much price risk. Market of T-bill has started since 2018 B.S. and the process of selling treasury bills of banks, financial institutions and individuals through an auction has been initiated since 2045 in Nepal.

Certificates of deposits

A certificate of deposit or CD is a time deposit with a bank. Time deposits may not be withdrawn on demand. The bank pays interest and principal to the depositor only at the end of the fixed term of the CD. CDs are usually negotiable and they can be sold to another investor if the owner needs to cash in the certificate before its maturity date. Short-term CDs are highly marketable, although the market significantly thins out for maturities of three months or more.

Commercial paper

Commercial paper is an unsecured debt issued by large and well known corporations with high credit ratings to finance its short term needs. Very often, commercial paper is backed by a bank line of credit, which gives the borrower access to cash that can be used (if

needed) to pay off the paper at maturity. Commercial paper is available in a variety of denominations and usually ranges in maturity from 2 to 270 days.

ii) Intermediate and long term securities

It is the obligations that mature in more than one year. They are as follows:

Government securities

Government securities are the fixed income securities issued by the government. These securities are among the safest of all investments, as the government is unlikely to default on interest or on principal repayments. In Nepal, Nepal Rastra Bank has been actively issuing various government securities like T-bills, development bonds, national saving bonds, special bonds and public saving cards with the main aims of tackling the deficit budget.

Treasury notes:

Treasury note is a marketable government debt security with a fixed interest rate and a maturity between one and 10 years. Treasury notes can be bought either directly from the government or through a bank. When buying treasury notes from the government, it can be either put in a competitive or noncompetitive bid. Treasury notes are extremely popular investments as there is a large secondary market that adds to their liquidity. Interest payments on the notes are made every six months until maturity. The income for interest payments is not taxable on a municipal or state level but is federally taxed. Treasury notes are similar to certificates of indebtedness except with regard to their time until maturity

Treasury bonds

Treasury bonds (T-Bonds, or the long bond) have the longest maturity, from ten years to thirty years. They have interest payment every six months like T-Notes, and are commonly issued with maturity of thirty years. The secondary market is highly liquid, so the yield on the most recent T-Bond offering was commonly used as a proxy for long-term interest rates in general. Treasury bond issues that are callable may be called anytime during the last 5 years of the life of the issue.

Saving bonds

Savings bonds provide a safe, risk-free investment guaranteed by the government. It is also a long term debt instrument, which normally matures in five years. These types of bonds in Nepal known as public saving card. The characteristics of the public saving card are same as the other long term bonds. It has also fixed interest rate and payable semiannually. It can be purchased only by Nepalese citizens. It is also a taxable government bond. Nepal Government initiated the process of selling public saving card since 2059.

Agency securities

Debt obligations of these entities are collectively called agency securities or simply agencies. Agency securities are fixed-income securities that are issued by U.S. government-sponsored entities (GSEs) that are started to reduce borrowing costs for students, farmers, and homeowners. Agency securities are issued by organizations such as Government National Mortgage Association (Ginnie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae). Government sponsored enterprises (GSE) are private corporations chartered by the Federal Government and granted privileges so they can advance specific purposes. However, because of their special GSE status, the market doesn't demand as high of an interest rate as it would from an equivalent private sector issuer because of the perception that the government would step in to back the securities in the case of a default. However, the government does not actually back these debt issues.

Municipal securities

Municipal bonds are issued by state and local Governments. They are similar to treasury and corporate bonds except that their interest income is exempt from federal income taxation. The interest income also is exempt from state and local taxation in the issuing state. Municipal bonds are typically less complicated investments than corporate bonds. However, while municipal debt often carries a high credit rating, default risk does exist. Thus, investing in municipal debt requires more care than investing in treasury securities. There are basically two types of municipal bonds.

General obligation bond

General obligation bonds are the bonds which are secured by the full "faith and credit" (the taxing power) of the issuer (municipality). In other words, the government/municipality is obligated to use its taxing power, if necessary, to repay the debt. "Full faith and credit" means the power of the municipality to collect taxes. General obligation bonds are the associated low interest costs. They are considered very low risk for the investor, consequently, they usually sell at the lowest rates of interest. The bond issue is often less complex than other types of bonds so administrative costs are less in preparing the issue.

Revenue bonds

Revenue bonds are issued to finance particular projects and are backed either by the revenues from that project or by the particular municipal agency operating the project. Typical issuers of revenue bonds are airports, hospitals, and highway and port authorities. Obviously, revenue bonds are riskier in terms of default than general obligation bonds. Revenue bonds may carry a slightly higher interest rate than general obligation bonds, however, they are usually considered the second-most secure type of municipal bonds.

Corporate bond

Corporate bonds are debt securities issued by private and public corporations. Companies issue corporate bonds to raise money for a variety of purposes, such as building a new plant, purchasing equipment, or growing the business. When we buy a corporate bond, we lend money to the "issuer," the company that issued the bond. In exchange, the company promises to return our money, also known as "principal," on a specified maturity date. Until that date, the corporation usually pays a stated rate of interest. They typically pay semiannual coupons over their lives and return the face value to the bondholder at maturity. These bonds are similar in structure to Treasury issues but they differ most importantly from Treasury bonds in degree of risk.

c) Derivate securities

The term derivative is commonly used to describe a type of security whose market value is directly related to, or derived from, another traded security. Option, futures, and forward contracts are examples of derivatives as well as stock warrants, swap agreements and other more exotic variations. The most important determinant of the price of the

option is the current price of the company's shares on the open market (the underlying asset).

2.1.3 Types of investors

Depending on investor's nature, attitude, involvement, risk, capacity, knowledge and information, investors can be classified in different way. So there are many types of investors in the market. On the basis of information, Investors are classified into individual investors and institutional investors.

a) Individual investors

Individual investors are those who buy and sell securities for their personal account, and not for another company or organization. Individual investors buy in much smaller quantities than larger institutional investors. Individual investors are part timer, they are the businessman, government worker, doctors, lawyers and even housewives, students and unemployed adults. When an individual buys securities, holds them and gets divided of profit through price appreciation, the cash flow become income to the people. Individuals have an opportunity cost in obtaining investment information, such as reading publication, tracking stocks prices and building a files on securities.

b) Institutional investors

A non-bank person or organization that trades securities in large enough share quantities or dollar is known as institutional investor. An institutional investor is an investor, such as a bank, insurance company, retirement fund, hedge fund, or mutual fund that is financially sophisticated and makes large investments, often held in very large portfolios of investments. Because of their sophistication, institutional investors may often participate in private placements of securities, in which certain aspects of the securities laws may be inapplicable. Institutional investors face fewer protective regulations because it is assumed that they are more knowledgeable and better able to protect themselves.

2.1 Theoretical review

The foundation of this study is based on the below theories,

2.2.1 Theory of reasoned action

Theory of reasoned action, (TRA) was developed to better understand relationships between attitudes, intentions and behaviors. This is one of the most important theories that are used to explain human behaviors. Behavioral intention to use technology is explained by people's attitudes toward that behavior and subjective norms. Intensified competition and deregulation has led many services and retail businesses to seek profitable ways to differentiate them, one strategy that has been related to success in these businesses is the delivery of high service quality (Caruana, 2011). So service quality has become a significant research topic in past decade due to high revenues, increased cross sell ratios, higher customer retention, purchasing behaviors (Kaynak, 2015) and expanded market share. The significance of customer service in the banking sector came to force to compete in a market driven environment. The service sector as a whole is very heterogeneous and what is heterogeneous may hold true for one service and may not hold for another service sector. Due to this differentiation, services in this industry could not be standardized, moreover these services are intangible in nature which could not be compared or seen. The concept of customer satisfaction and service quality is interrelated with each other.

As electronic banking is becoming more prevalent, so is the level of customer service delivery thus the level of customer satisfaction is also changing the scenario of technological environment (Hamisah, 2013). Informational technology in form of e-banking plays a significant role in providing better services at lower cost. Increase satisfaction in turn increases the mutual understanding, customer retention and a bond of trust between customer and bank. The banks which are providing these services at large extent to customers are more reputed in the eyes of customers. As the customer satisfaction is the function of customer expectation level and service quality level provided by the organization, e-banking plays a pivotal role in giving satisfaction to the customers because e-banking fills the gap between the expected and perceived service quality.

2.2.2 Planned behavior theory

As the other important foundation of this study, the theory of planned behavior (TPB, Ajzen 1988, 1991) is a parsimonious model to explain human behavior, which is widely applied in a variety of fields including health, marketing, education, etc. The central idea

behind the TPB is that a person's actual behavior is immediately determined by the behavioral intention, which is a function of three constructs, i.e., attitude, subjective norm and perceived behavioral control.

Specifically speaking, behavioral intention is a measure of the strength of individual's willingness to perform certain behavior (Ajzen, 1991). By definition, attitude is a reflection of a person's evaluative reaction towards performing a particular behavior, e.g., happy or sad, favorable or unfavorable, useless or useful. The more positive attitude individuals have, the stronger their intention to conduct a certain behavior (Beck and Ajzen 1991). Subjective norm (SN) refers to "the perceived social pressure to perform or not to perform the behavior" (Ajzen, 1991), which is related to the perception of the expectations from important others. It has been proved that subjective norm positively affects behavioral intention (see, e.g., Castanier et al. 2013, Wang et al. 2016). Regarding the perceived behavioral control (PBC), it was added to the initial theory of reasoned action (Ajzen & Fishbein 1980, Fishbein & Ajzen, 1975), and reflects the extent to which a person perceives the constraints and his/her capacities over the target behavior. Simply speaking, it is defined as the degree of ease or difficulty to perform the behavior as being perceived by an individual (Ajzen, 1991). Taking the transport mode choice as an example, individuals are more intentional to travel by a particular mode if they have some positive evaluations towards it, perceive higher degree of social pressure to use it, and are certain that they have the necessary skill. Besides, when perceived behavioral control matches the actual behavioral control, it also exerts a direct influence on behavior (Ajzen, 1991).

2.2.3 Technology acceptance model

The Technology Acceptance Model proposed by (Bagozzi & Warshaw, 1992) appears to be the most widely used innovation adoption model. This model has been used in a variety of studies to explore the factors affecting individual's use of new technology. The sequential relationship of belief–attitude–intention– behavior in TAM enables us to predict the use of new technologies by users. In fact, TAM is an adaptation of Theory of Reasoned Action (TRA) in regard to information systems which notes that perceived usefulness and perceived ease of use determine an individual's attitudes towards their intention to use an innovation with the intention serving as a mediator to the actual use of

the system. Perceived usefulness is also considered to be affected directly by perceived ease of use.

2.2.4 Disconfirmation theory

Disconfirmation theory argues that, satisfaction is related to the size and direction of the disconfirmation experience that occurs as a result of comparing service performance against expectations. Szymanski & Henard (2001) found in the meta-analysis that the disconfirmation paradigm is the best predictor of customer satisfaction (Gardachew, 2010). Fang, Tian, and Tice (2010) cite Oliver's updated definition on the disconfirmation theory, which stated satisfaction is the guest's fulfillment response. It is a judgment that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfillment, including levels of under- or over-fulfillment.

2.3 Empirical review

Gyawali (2021) examined the effect of the variables on investment decision making behavior of individual in stock market. This study has used primary data to investigate the effect of the independent variables on investment decision making behavior of individual in stock market of Nepal. This study has been adopted the descriptive and analytical research design. In order to collect required information from the individual investors, the sampling design has carefully and properly chosen for the study. Convenience sampling has adopted for the study as population is considered as infinite for the retail investors and is difficult to estimate. The sample size for this study includes 250 respondents in Nepal. The data related to the study was collected from the investors present in broker house which was used for calculating the correlation and regression. This study has used both descriptive and inferential analysis. Correlation test has found that all the independent have positive relationship except psychological factor has negative relationship. This study has left door open for further study. It has been identified 20 behavioral biases and It can be used the structural equation modeling to get the reality and the research also can be explored by secondary method.

Abideen, Ahmed, Qiu, and Zhao (2023) identified the effects of behavioral biases on investors' decision-making, alongside the roles of stock market anomalies and financial literacy in this process. To explore these dynamics, a structured questionnaire was

designed and distributed to investors at the Pakistan Stock Exchange (specifically, the Lahore and Islamabad Stock Exchanges). Data was collected from 687 investors, of which 600 correctly completed questionnaires were used as the primary data for the empirical study. The empirical analysis documented evidence supporting the close association between behavioral biases and market anomalies, indicating that these factors significantly influence investment decision-making. Additional findings confirmed that certain market anomalies mediate the relationship between behavioral biases and investment decisions. Furthermore, financial literacy was found to moderate the association between behavioral biases and market anomalies, ultimately impacting investment decisions. Despite some inconclusive results across different regression models, the study enhances the understanding of behavioral finance theories, such as prospect theory.

Musfidah, Aji, and Hartono (2022) analyzed the descriptions of results and discussions to confirm the various definitions of investment decision-making (IDM) and the theoretical foundations used in stock market research. Their analysis underscores the importance of selecting an operational definition, determining an appropriate theoretical basis, and formulating accurate hypotheses, especially in research related to IDM. They suggest that future studies should incorporate the aspect of technology use in behavioral finance studies due to the development of the flexibly-bounded rationality theory, which integrates technology into IDM.

Reshesh (2021) found that political instability is a major setback for Nepalese investors, affecting their ability to achieve better returns from stock market investments. Additionally, rumors about listed companies have increased market volatility. There is a division among Nepalese investors on whether macroeconomic factors influence their investment decisions or market fluctuations. This division needs to be addressed with better research and larger dataset analysis. While the paper identified investment behavior patterns among Nepalese investors, further in-depth analysis using specific behavioral finance theories and a larger respondent size is needed to develop a more conclusive theory based on the grounded theory approach.

Komalasari (2020) found that there is a significant difference in investors' behavior before and during the Covid-19 pandemic in the Indonesian Stock Market. The study utilized the

paired sample t-test to analyze data collected from a total of 239 respondents through a questionnaire. The results indicate a noteworthy shift in investor investment behavior between the periods before and during the Covid-19 pandemic. It happened because of any information obtained about the instability of the current stock market, the influence of people around who began to reduce investment activity in the stock market, a lack of self-control in an individual, and a greater risk of losing money. The result shows that the investors' actual behavior significantly decreases during the pandemic. It can be the result of decreasing on behavior intention. On the other side, decreasing on investors' attitude, subjective norm, and perceived behavior, and increasing on perceived risk may cause the decreasing on behavior intention. This research concluded that the investors' investment behavior significantly different between before and during Covid-19 Pandemic. The difference can be seen from the six variables, those are investor's attitude, subjective norms, perceived behavior, perceived risk, behavioral intention, and actual behavior.

Yashaswini (2019) examined the investor attitude toward equity investment and analyzed various factors influencing equity investment. This study was based on primary data, employing descriptive methodology with a sample size of 200. The study area was Karnataka, India. The findings of this study concentrate on investors' attitudes towards investment decisions in the equity market and their risk-bearing attitudes based on gender, age, income, education, and occupation. The study analyzes and concludes by classifying investors as conservative, moderate, and aggressive.

Kannadas (2021) found that older investors do not use financial advisors, possibly because they trust their own understanding of both short- and long-term investment opportunities. The reasons for investing in the market include wealth creation, future needs, and earning returns, with many investors checking their security performance weekly. The study revealed that 74% of respondents prefer to stay with investments offering higher returns rather than pursuing unknown investments with unpredictable challenges. Additionally, 40% of respondents chose to invest in the financial and procurement sectors for both short and long-term gains, and 51% focus on stock price fluctuations when deciding where to invest.

Furthermore, most respondents are willing to pursue the best possible returns even if there is considerable risk involved, with 53% prioritizing the safety of principal before investing. Statistical analysis indicated that gender differences do not significantly impact investment ability, as self-confidence and earning capacity are their major strengths. However, income level and rate of income significantly influence investment decisions and returns from those investments. Regardless of whether they are short-term or long-term investors, the primary concern for all respondents is the safety of their principal investment over potential returns.

Singh (2019) analyzed the factors influencing retail investors in the equity market, which encompass the utilization of predictive skills to outperform the market, consideration of the purchase price of stocks as a reference point in trading, reliance on past experiences in the market for trading on the National Stock Exchange, preference for short-term investments, and the tendency to hold onto losing stocks while selling winners. The study employed a descriptive and exploratory design, utilizing the survey method for data collection. Data is gathered from the investors of Bhopal region. The study undertakes Random Sampling. The result found that in stock market investor behavior, it is statistically proven that investors use their predictive skills to outperform the market and 59.8% investors agree to it and the study reveals that investors prefer holding onto looser stocks and selling winners, 23.2% investors agreed. Conclusion and recommendation of this study was the behavior of the retail investors are guided by their predictive skills, purchase price of stocks as a reference point and having confidence on past trading. The investors prefer to invest in short term horizon and they do have the acumen to hold on the looser stocks and to sell the stocks which are volatile or have high velocity transactions. It may further be suggested that with some add on facility on financial literacy, the number of retail investors may increase more resulting in a more vibrant investors and robust stock market.

Rao (2018) concluded that investors' perceptions towards various investment avenues. The primary objective of the study is to measure the impact of demographic factors on investors' choices of investment and to analyze investors' decisions towards various investment avenues across genders, followed by an attempt to elucidate the factors that influence investors' preferential selection of various investment options. This research utilized regression and correlation analysis methodology. The study was conducted in

Vijayawada city of Andhra Pradesh with a sample size of 120 respondents. Descriptive research design was adopted for the study and the primary data was collected through schedule method with the help of a structured questionnaire and direct interview method and the sampling technique adopted was Convenience sampling technique. Data was analyzed and interpreted with the help of statistical tools like Mean, Standard Deviation, correlation, regression and Kruskal-Wallis test. The study concludes that investments by the investors towards various investment avenues. Were done with the expectation of capital appreciation and earnings comprising both short term and long term periods.

Satya and Padam (2018) examined the objectives of the study to understand retail investors' attitude towards equity selection, asset allocation, multiple goals, constraints, risk tolerance capacity, macro-economic factors, and company-specific factors while selecting a portfolio. Descriptive research methodology was used, and primary data were collected through a questionnaire from 200 retail investors. Area of study is conned to Coimbatore district of Tamil Nadu in one-year period, Percentage analysis and average rank analysis has been carried out to analyze the data. The study was conducted that investment is current commitment of rupees for a period of time in order to derive future payments which should compensate the investor for the time the funds are committed, the expected rate of inflation and the uncertainty of future payments. This problem of making positive gains coupled with heterogeneous investor beliefs and choices further complicates in understanding the applicability of existing asset pricing relationships. In this study Investors are examined to understand their trading behavior.

Wadha and Kaur (2018) analyzed that the main objective of this study was to examine and analyze the impact of various demographic variables on investors' attitude towards mutual funds, and to study and rank the factors responsible for the selection of mutual funds as an investment option. The study is primarily based upon primary data collected from a questionnaire. The survey was administered on 300 respondents of Delhi NCR and the collected data was analyzed through simple statistical tools like chi-square test. To measure the reliability of the data Cronbach Alpha test has been employed. After that Bartlett's Test and factor analysis has been used to reduce the width. The study was conducted managers in understanding the attitude of investors towards their investments into mutual funds. With the help of this fund managers would be able to come with different schemes of mutual funds as per investors' needs and preferences. Further

analysis of the study reveals that financial literacy of respondents is very important for making investment in mutual funds.

Sarkar and Sahu (2016) examined the aim of the study is analysis of Investment Behavior of individual investors of stock market. The study is based on primary data that have been collected from 400 randomly selected individual investors of stock market from different districts of West Bengal through a structured questionnaire using 5 point likert scale ranging from strongly disagree to strongly agree in appropriate areas. For this study we have collected the required data during January, 2014 to December, 2016. With a view to accomplish the pre-determined set of objectives of the study we have used several statistical and econometrics tools and techniques such as Descriptive Statistics, Cronbach Alpha, Factor Analysis, Correlation Coefficient and Probit Regression Model using SPSS and State Software's for analyzing the data. The result found that factors such as investment advisor, satisfaction, online trading facility, influencing investment behavior of retail investors. The outcomes of the research will help further researchers in their future research which will help in developing nation like India.

Khatri (2017) examined the purpose of investment in Initial Public Offerings (IPOs) and studied the factors influencing investors to participate in IPOs. The analysis of data utilized both descriptive and analytical analysis methodologies. The research design serves as an overall framework indicating the information to be collected from various sources and the procedures to be employed. The present study is descriptive research and the primary data is collected for the purpose of the study. Primary data is collected through structured questionnaire to obtain relevant information. The survey respondents are those investors who are investing in IPO. Study was concluded that the primary impetus for an IPO is generally either to raise capital or to offer an exit strategy.

Sebastian (2017) analyzed that the level of satisfaction, risk, returns, and problems faced by investors trading in financial derivatives in the state of Kerala. The main objective of this study was to examine the reasons considered for trading in futures and options derivatives. To assess the level of financial satisfaction from derivative trading and to identify the problems faced by the investors in futures and options trading. The exploratory research methodology was used in this article and the population consists of

regular stock market investors spread over different places in Ernakulum District. Here, stock market investors refer to those who have a DEMAT account to operate and invest in stock market. The study was concluding that a close examination of the derivative market brings out the fact that the retail investors are ready to invest in the derivatives with a support extended by a third party. Therefore, it is very important to have an insight into derivative market from the perspective of the investors in Kerala. This study will be very beneficial for the brokers, traders, financial economists, financial consultants and authorities concerned.

Patra (2016) analyzed the investor's preferences towards various investment avenues in Visakhapatnam district and examined the factors influencing investment decisions. The collected data is compiled and presented using tables and percentages. Statistical tools such as the Chi-square test and Weighted Average Ranking Method were employed for data analysis. The study's results indicated that the Indian stock market is perceived to be highly volatile, sensitive, and reactive to unanticipated shocks and news, impacting market activities promptly. The validity of the research relies on the systematic method of data collection and analysis. The study is based on the data collected from investors in Visakhapatnam Districts. The investors are selected by convenient sampling technique. Accordingly, the researcher has selected 200 investors in the study area. It is concluded that there is no association between the age of the investor and the preference of investment. Conclusion of the study is Indian stock market is considered to be highly volatile, sensitive and reactive to unanticipated shocks and news and it takes no time to impact the market activities. However, at the same time, Indian stock market is resilient and recovers soon after shocks. From this research study it is found that majority of the investors in Visakhapatnam took into consideration all the 22 factors before selecting the stocks to invest.

Mane (2016) examined the demographic characteristics of individual investor behavior in the stock market and aimed to segment investors based on selected lifestyle characteristics. The study also aimed to develop investor profiles based on their association with demographic investment characteristics and the pattern of their investments. This study was both analytical and descriptive in nature, relying on both primary and secondary data. This method is the detailed segment which governs the result of the research. It includes and expresses the examiner to bring out the research in a

methodical procedure which make certain and assist the honesty of the result. Descriptive research methodology was used in this research. The research adopted simple random investors like student, IT employees, retired salaried class, businessmen, stock brokers, and investment advisors residing in Chennai. 300 questionnaires were distributed to the investors spread over in Chennai city. Among them 250 questionnaires were composed. In which 50 questionnaires were found unusable. Hence, the precise sample of the study is 250. The result of the study and recommendation of this study was that mutual fund linked with share market and investors are not taking advice from authority advisor to lead them for their investment in mutual fund so it creates the difficulty to select the mutual fund plan favorable for them.

Shukla (2016) identified investor attitudes using an analytical research design in this study. The population sampled consists of individuals employed in the Kingdom of Bahrain. The sample size for this study comprises 55 employees, five of whom hold managerial positions. The research instrument utilized in this study is a questionnaire. It is a written instrument which includes open and close ended questions. Likert scale is used to rate the study which helps the respondent's to precise it as favorable or not. Rating scale, T-test will be used to test significant difference of perceptions of the respondents on their investment decisions by the managers and employees. As to the problems and recommendations that will be identified by the study the frequency, percentage and ranking will be used as the parameters.

Kadariya (2012) examined the factors affecting investor decision-making. This research paper aims to identify the factors that influence the behavior of individual investors in Pakistan. Thirty-four items under the five categories of variables were taken as independent that influences the individual investment decision making behavior that belongs to self-image/firm image, neutral information, accounting information, personal financial needs and advocate recommendations. Data collection is made with the help of structured questionnaires. Sample size of 125 was considered for the study out of which 40 were finance students of University of Gujarat, 30 were finance teachers from different colleges and 55 were bank employees of Sialkot, Gujranwala, Lahore and Gujarat. The statistical tools that were used for data analysis were mean, standard deviation, frequency distribution table of variables that have significant influence on decision making and frequency distribution table of variables that have least influence on decision making.

Results of the calculated mean shown that all the variables are somewhat affecting the decision making behavior of investor and accounting information category of variables is most influencing while advocate recommendation is the least influencing category.

Singh and Yadav (2016) analyzed that factors influencing investors decision in investing in equity shares in Jaipur and Moradabad with special reference to gender tries to find out the factors that have major influence on the share investment decisions of a sample. Investors hardly act rationally in taking decisions while investing. The study tries to find out the perception of male and female investors regarding various factors to be kept in mind while investing equity market. The present study tries to find out the factors that have major influence on the share investment decisions of a sample of 100 investors in Moradabad city of Uttar Pradesh. The paper concludes that investors should as far as possible try to make fundamental, technical and financial analysis before investing in the shares. Investors whether male or female, should look in all avenues while investing their funds in different assets. Investors should look in all avenues while investing their funds. Some investments are risky and some are not, so as per the age of investors they should decide about risky or less risky investments.

Vaidehiet (2016) identified the behavior of investors and the factors influencing investor behavior. This study utilized an analytical research design. The study has collected primary data from 400 randomly selected individual investors of stock market from various districts of West Bengal using a structured questionnaire on five point likert scale finding of this study was friend and relative influencing the investor's behavior that because of different investment strategies as motives and styles by different needs. It studies the need for better accepting of behavioral pattern the paper investors, the behavior pattern would aid the investment advisors to envision how the investors respond to market schedule, and would allow them to developed suitable allotment approaches for their customers. Among the selected factors the investment motives, attained the long-term gain, which established to an essential factor chased by dividend and growth prospects and balancing of short-term and long-term gain. Educational qualification, occupation, age, income and amount of equity investments choose the investing styles of the investors particularly.

Main objective of the study was identifying the factors which influence and affect retail investor's trading behavior in Indian equity market. Primary data collected from retail investors belonging to different age group, professional backgrounds and demographics of India and use analytical methodology. Using primary data collected from retail investors belonging to different age group, professional backgrounds and demographics of India. To get primary data we performed a survey using a questionnaire as the medium to extract relevant responses. The responses were collected from those retail individual investors who were willing to spend their time and wished to contribute to research willingly only implying a convenience sample comprising of people pursuing various occupations and belonging to different age group. The results of the study suggest that factors like broker's advice, personal analysis, current price of the equity stock, financial analyst's recommendations, inclination towards online trading, investor's confidence in advice given by his/her financial advisor plays a major role in influencing and affecting trading behavior of retail investors. The result of the study gives insights to firms offering financial services in developing nation like India to keep these factors in mind while offering products/services or in their marketing campaigns while targeting retail investors of Indian equity market.

Mishra (2015) found that the study aimed to measure the different perceptions of investors in portfolio selection. Data for the study were collected from 136 sample respondents residing in Balasore city of Odisha using a structured questionnaire, and the data were analyzed using exploratory factor analysis and t-test. As a result of factor analysis 14 items were reduced to three factor namely service quality, performance and portfolio were explored and through t-test it was proved that there is a difference of perception among the small and large investors with respect to 'Performance' and 'Portfolio' aspects of mutual fund. It examined difference of perception of large and small investors based on explored factors. Small investors focused on tax returns and savings but large investors expect future return. Thus mutual fund companies must give due significance to these size for their survival and growth in Indian context. Majority of the small investors are favorable to the perception about service quality and performance whereas large investors these factors are portfolio and performance. Implication of this study was Investor's attitude towards any particular mutual fund is not analyzed. Investor's perception towards particular type of funds like sector funds, tax funds, index

funds etc. is not analyzed. Furthermore, this study does not include the study of perception of institutional investors.

Munivel (2015) analyzed the impact of demographic factors on the investor's choice of investment and to analyze the decision of the investors towards various investment avenues across Gender followed by an attempt to elucidate the factors that influences the investor's preferential selection of various investment options. The study was conducted in Vijayawada city of Andhra Pradesh with a sample size of respondents. Descriptive research design was adopted for the study and the primary data was collected through schedule method with the help of a structured questionnaire and direct interview method and the sampling technique adopted was Convenience sampling technique. Data was analyzed and interpreted with the help of statistical tools like Mean, Standard Deviation, Chi-square test, ANOVA, Mann-Whitney U test and Kruskal-Wallis test. The study concludes that investments by the investors towards various investment avenues. We did with the expectation of capital appreciation and earnings comprising both short term and long term periods.

Srinivas and Yadav (2013) analyzed understand the investor's socio economic status and its impact on their attitude towards insurance products and analyze investor's attitude towards insurance products on selected factors and to suggest the company in adopting the methods to improve the customer's attitude towards the insurance products. Research methodology in this study used was the secondary sources of the data were also collected through website, brochures and other published materials. Statistical technique like chi-square test was applied for the collected primary data Investor in NEPSES does not behave according to their knowledge and information they have. The result and recommendation of this study was interest to study whether the socio economic status and some related factors may have any tendency to influence the investors' attitude and Company should adopt strategies to explore that private insurance companies are also safer and secure than public insurance company. Private company has to highlight about IRDA, which will support Private life insurance, Advertisements should be more creative and should attract the investors in making insurance as a prior mode of investment. Promotional strategies such as pamphlets, hoardings at important locations where the movement of people is high should be used to create awareness towards insurance products.

Azwadi (2011) assured that the relationship between perceived risks, perceived returns, descriptive and inferential research methodology was used in this research. Primary data is collected from 200 respondents by using convenience sampling method and reviewed the related research papers for conceptual understanding. This research study it is found that majority of the investors in Visakhapatnam The findings of this study affirm that investors are users with specific informational needs including the need to adequately evaluate companies' risks and returns, and not entirely influenced by emotional factors when deciding to invest in a particular stock and In conclusion, the present study has shown that in courting individual investors, companies may engage in marketing strategies that may enhance their image as viewed by investors, but at the same time need to remember that these investors still do their homework on evaluating the value of companies with regard to their financial performances.

2.4 Research gap

A research gap as a topic or area for which missing or inadequate information limits the ability of reviewers to reach a conclusion for a given question. Above literature review shows that there are various studies on the topic of Initial public offering in Nepal. Various studies have been carried out related to equity in different parts of the world covering aspects of securities market, stock trading mechanism and stock pricing behaviors etc. From the Literature review Khatri, (2017) investigate the Factors Influencing Investors Investment in Initial Public Offering, case of Nepal with the sample size of 300 and used the motive of investment as main indicator. This research has further try to identify the factors which influence the equity. Shrestha, (2020) investigate the Factors Influencing Investment Decisions of Nepalese investors with the risk and return as the main indicator. Study was conduct in 2019 with the 150 sample size of Birendranagar. Various studies have been carried out related to equity in different parts of the world covering aspects of securities market, stock trading mechanism and stock pricing behaviors etc. including public response in primary issue of different securities. Gnawali (2020) conduct the similar research perception of investors towards initial public offering (IPO) in Nepal with the sample size of 320 with the respondent rate of 90.63%.

Furthermore, various changes have taken place and new policies have been developed in regard to IPO and equity market. This study tries to understand the perceived risk attitude towards stock market, procedure, rules, regulations, amendments as well as public

awareness about it. This study remains helpful to public companies (new and existing), issue manager, underwriter, investor, government organizations, general public, researcher and other parties related to IPO. This study analyzed the perceived risk attitude of investors and investor attitude using data from survey in 2022 period of November.

2.1 Meta- analysis

Meta-analysis of review literature

Studies	Finding
Gyawali (2021)	All the independent have positive relationship except psychological factor has negative relationship. This study has left door open for further study.
Abideen, Ahmed, Qiu, and Zhao (2023)	Moderate the association between behavioral biases and market anomalies, ultimately impacting investment decisions. Despite some inconclusive results across different regression models.
Musfidah, Aji, and Hartono (2022)	The analysis underscores the importance of selecting an operational definition, determining an appropriate theoretical basis, and formulating accurate hypotheses, especially in research related to investment decision making.
Reshesh (2021)	There is a division among Nepalese investors on whether macroeconomic factors influence their investment decisions or market fluctuations. This division needs to be addressed with better research and larger dataset analysis.
Komalasari (2020)	Decreasing on investors' attitude, subjective norm, and perceived behavior, and increasing on perceived risk may cause the decreasing on behavior intention.
Yashaswini (2019)	Investors' attitudes towards investment decisions in the equity market and their risk-bearing attitudes based on gender, age, income, education, and occupation. The study analyzes and concludes by classifying investors as conservative, moderate, and aggressive.
Kannadas (2021)	Statistical analysis indicated that gender differences do not significantly impact investment ability, as self-confidence and earning capacity are their major strengths. However, income level and rate of income significantly influence investment decisions and returns from those

	investments.
Singh (2019)	The behavior of the retail investors are guided by their predictive skills, purchase price of stocks as a reference point and having confidence on past trading.
Rao (2018)	Investments by the investors towards various investment avenues. Were done with the expectation of capital appreciation and earnings comprising both short term and long term periods.
Satya and Padam (2018)	The study was conducted that investment is current commitment of rupees for a period of time in order to derive future payments which should compensate the investor for the time the funds are committed, the expected rate of inflation and the uncertainty of future payments.
Wadha and Kaur (2018)	Understanding the attitude of investors towards their investments into mutual funds. With the help of this fund managers would be able to come with different schemes of mutual funds as per investors' needs and preferences.
Sarkar and Sahu (2016)	Factors such as investment advisor, satisfaction, online trading facility, influencing investment behavior of retail investors. The outcomes of the research will help further researchers in their future research which will help in developing nation like India.
Khatri (2017)	Author talked about in this book that investment in Initial Public Offerings (IPOs) and studied the factors influencing investors to participate in IPOs. The analysis of data utilized both descriptive and analytical analysis methodologies.
Sebastian (2017)	To assess the level of financial satisfaction from derivative trading and to identify the problems faced by the investors in futures and options trading. Close examination of the derivative market brings out the fact that the retail investors are ready to invest in the derivatives with a support extended by a third party.
Patra (2016)	There is no association between the age of the investor and the preference of investment. Conclusion of the study is Indian stock market is considered to be highly volatile, sensitive and reactive to unanticipated shocks and news and it takes no time to impact the market activities.

Mane (2016)	Examiner to bring out the research in a methodical procedure which make certain and assist the honesty of the result. Descriptive research methodology was used in this research. The research adopted simple random investors like student, IT employees, retired salaried class, businessmen, stock brokers, and investment advisors residing in Chennai.
Shukla (2016)	Perceptions of the respondents on their investment decisions by the managers and employees. As to the problems and recommendations that will be identified by the study the frequency, percentage and ranking will be used as the parameters.
Kadariya (2012)	The statistical tools that were used for data analysis were mean, standard deviation, frequency distribution table of variables that have significant influence on decision making and frequency distribution table of variables that have least influence on decision making.
Singh and Yadav (2016)	The paper concludes that investors should as far as possible try to make fundamental, technical and financial analysis before investing in the shares. Investors whether male or female, should look in all avenues while investing their funds in different assets.
Vaidehiet (2016)	The result of the study gives insights to firms offering financial services in developing nation like India to keep these factors in mind while offering products/services or in their marketing campaigns while targeting retail investors of Indian equity market.
Mishra (2015)	Mutual fund companies must give due significance to these size for their survival and growth in Indian context. Majority of the small investors are favorable to the perception about service quality and performance whereas large investors these factors are portfolio and performance.
Munivel (2015)	The study concludes that how investors' socio-economic status affects their attitudes towards insurance products, analyzes these attitudes based on specific factors, and suggests methods for companies to improve customer attitude.
Srinivas and Yadav (2013)	The investor's socio economic status and its impact on their attitude towards insurance products and analyze investor's attitude towards insurance products on selected factors and to suggest the company in

adopting the methods to improve the customer's attitude towards the insurance products.

Azwadi
(2011) Investors are users with specific informational needs including the need to adequately evaluate companies' risks and returns, and not entirely influenced by emotional factors when deciding to invest in a particular stock.

CHAPTER - III

RESEARCH METHODOLOGY

This chapter identifies the type of design used in this study so to understand this topic and collect required data using suitable techniques. This chapter begins with the research plan and design of the study followed by population and sample. Similarly, data collection procedure, data collection instrument, and the details about the data analysis tools and techniques are presented.

3.1 Research design

A research design is a plan, structure, and strategy to obtain the objectives of the study. The research is based on the primary data and. The descriptive and causal-comparative research design have been adopted. The focus is on investors perceive risk attitude towards on stock market various factors that influence and analyzes the study, 150 investors are examined in Dang district. The collected information is presented and analyzed using SPSS. The study has covered a wide range of factual questions about investors' attitude and investment decision in stock market.

3.2 Population and sample

There are millions of investors involving in stock market. For the purpose of examining the investment decision of investors in stock market, it was not practical to study the entire population of the individual investors owing to a number of constraints which include: time shortage, huge cost involved, human effort required to collect information among others. For this study, 150 investors are examined in Dang district. The target population for this study includes all the investors who invested in stock market of in Dang district. Primary data were collected from the investors, who were contacted personally at one brokerage houses in Dang district. The questionnaire with 28 questions was adapted to answer research. 180 questionnaires were distributed among investors through google docs. Finally, 150 valid questionnaires were selected and data analysis was applied to them. Finally, the researcher came to know that all the tested variables have impact on investment decision.

3.3 Source of data

The present study is based on primary data which collects using semi structure questionnaire survey method. There are many different types of primary data sources, such as interviews, questionnaire, observation or experiments so in this study questionnaire survey is taken to examine the investor's perceive risk attitude towards stock market in Dang district. The data for research was collected with the help of a questionnaire based on a 5point rating scale ranging from 1-Strongly di-agree to 5-Strongly agree. The rating scale ranges from 1 to 5 as follows:

- 1 – Strongly dis- agree
- 2 – Disagree
- 3 – Neutral
- 4– Agree
- 5– Strongly agree

3.4 Data collection and processing procedure

The primary data collected from questionnaire method. Researcher discussing about collected necessary data with relative person of the study area. The data collected from the questionnaire were analyzed using statistical tools and the results are presented. The analysis starts with the analysis of primary data through SPSS. Data collected from the respondent were coded and tabulated into SPSS worksheet. MS- Excel is used for quantitative data entry and analysis. Mean and standard deviation has been presented for the descriptive study for variables to analyze the factors that influencing in investors perceived risk attitude towards on stock market in Nepal. Regression, correlation and hypothesis have been used for inferential analysis. Test of significance has been conducted to make the results more effective. The conclusions and recommendations are completely based on the findings of the study.

3.5 Data analysis tools and techniques

Various statistical tools like mean, median, standard deviation and correlation used to analyze and interpret the data collected through primary source. SPSS is used for the analysis of collected data. The data were processed through tabulated frequency distribution using SPPS software. A correlation statistical technique was then used to test and establish the strong of the relationship among the variable.

Analysis is the careful study of available facts so that one can understand and draw conclusion from them on the basis of established principles and sound logic. The collected data information through primary as well as secondary sources correspondingly will be tabulated, categorized and analyzed by using appropriate statistical and financial tools. Tick mark and open- end questions are included in the questionnaires. Many concerned personalities will be interviewed in the course of collecting data to get relevant information. The comparative analysis will be undertaken by using percentage. The empirical results have been extracted in this study by using annual data of listed companies. Some statistical tools are used to implicit the comparative results are as follows:

a) Percentage

Percentage is one of the most useful tools for the comparison of two quantities or variables. Simply, the word percentage means per hundred. In other words, the fraction with 100 as its denominator is known as a percentage and the numerator of this fraction is known as rate of percent.

b) Mean

An average line which represents group of values. In other words, the quantities which are the representative of the huge mass of quantities are known as average. The most popular mean is arithmetic mean or average, which is calculating the sum of all variables divided by the number of variables. The mean is the arithmetic average of a variable.

c) Standard deviation

Standard deviation (S.D.) is the most popular and the most useful measure of dispersion. It indicates the ranges and size of deviance from the middle or mean. It measures the absolute dispersion. Higher the values of standard deviation higher the variability and vice versa. It is the positive square root of average sum of squares of deviations of observations from the arithmetic mean of the distribution.

d) Correlation analysis

Correlation is one of the most useful statistics. In other words, correlation is the statistical tool measures the degree of relationship of one variable with another variable. Two or more variables are said to be correlated if change in the one variable appears to be related or linked with the change in the other variables value. Correlation says just degree of relationship between two or more variables. It does not tell us anything about cause and effect relationship. Correlation may be positive or negative. Correlation lies between -1 &

+1. When Pearson's correlation(r) is close to 1 then there is strong relationship between two variables. This means that change in one variable are strongly correlated with change in second variable. When correlation(r) is close to zero then there is weak relationship between two variables.

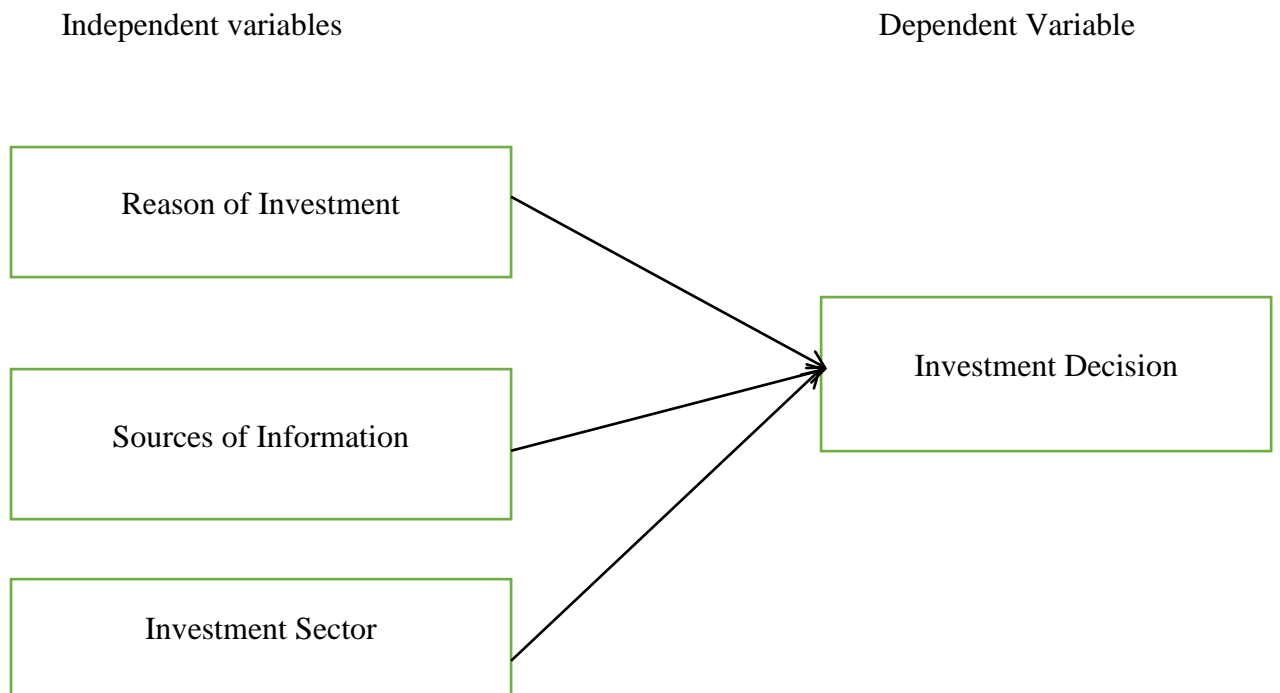
e) **Regression analysis**

Regression analysis is a statistical method used to understand the relationship between a dependent variable (what you're trying to predict or explain) and one or more independent variables (factors that might influence the dependent variable). It helps in modeling and predicting outcomes based on data, and it's used across many fields for tasks like forecasting and hypothesis testing. This analysis involves fitting a model to the data to find the best linear (or sometimes nonlinear) relationship between the variables, quantified by coefficients. It's a crucial tool for making sense of data and making informed decisions.

3.6 Conceptual framework

In order to make proper investment decision investors require information and should be knowledgeable about stock market activities Awareness can be ensured through social learning gathering financial information from different sources. The level of awareness influence investor's behavior through increasing knowledge level prediction capacity etc. according to Guiso & Japelli (2005) awareness of investors can be increased through learning from issues and distributors of information investment opportunities from peers who are again informed by intermediaries. This is called social learning.

On the other hand, awareness can also be developed by financial awareness which is mostly determined by the investor's resource income financial wealth age and education background the information possessed by an individual determines their risk perception. Finance et al (2002) emphasizes that. If information is made easily an available, investors, treat it highly risky and vice-versa. This makes perceived risk negatively correlated to self-esteem rigidity and risk taking hence affects investors' behavior.

Figure 3.1 Conceptual Framework

(Source Guiso & Japelli, 2005)

CHAPTER-IV

RESULT AND DISCUSSION

4.1 Results

This chapter deals with data presentation and analysis in an organized manner according to the specific research objectives and research questions based on the findings collected by the researcher from the respondents through the use questionnaires and documentary sources visited. In the course of presentation and analysis, illustrations and elaborations to justify certain outcomes are hereby provided in the form of tables (showing frequencies and percentages) and charts with the purpose of drawing up the real situation of the problem. The main objective of this research study is fulfilled with the outcomes derived from the analysis of the data. The section is mainly based on the analysis of the data collected through the primary sources i.e. through questionnaires. This section has been sub-divided into four parts. The first parts deal with the respondent's profile. It gives detail information regarding the respondent's gender, age, education, occupation, faculty of education etc. the second part analysis and interprets the collected data through descriptive analysis and third section deals and interprets the collected data through mean, median, standard deviation and correlation analysis between dependent and independent variables. The final part is the discussion of results obtained through analysis.

4.1.1 Demographic Characteristics of Respondents

This subsection focuses on different characteristics of respondents such as gender, age, education stream, occupation, marital status, types of investor. The researcher included the demographic characteristics of the participants so as to examine how it is related to the Investor attitude and investment decision in equity market in Dang District. The researcher administers 28 questionnaires for the study and the information about the respondents is summarized below.

Table 1*Demographical profile of the investors*

		Frequency	Percent
Gender	Male	85	56.67
	Female	65	43.33
Age	Below 30	97	64.7
	31- 40	41	27.3
	41-50	9	6
	Above 51	3	2
Marital Status	Unmarried	81	54
	Married	65	43.3
	Other	4	2.7
Education	Graduate	45	30
	Post graduate	42	28
	Intermediate	36	24
	SLC	18	12
	Others	6	4
	Professional Degree	3	2
Occupation	Private Employee	43	28.7
	Student	31	20.7
	Business	29	19.3
	Other	23	15.3
	Government Employee	20	13.3
	Retired Employee	3	2
	Professional Services	1	0.7
Analytical Tools for investment	Fundamental Tools	123	82
	Technical Tools	27	18
Monthly Income	Rs.30000- 60000	38	25.3
	Rs.15000- 30000	36	24
	Above Rs.60000	35	23.3
	Below Rs15000	31	20.7
	Rs.30000- 6000	10	6.7

Sources: Field survey 2023

Table 1 explains the gender of investor. There are three types of gender such as male 56.67 percent and female is 43.33 percent. It shows majority of investor are male gender. Age group of the investors. There are four groups of age such as below 30, 30 to 40 age groups, and 40 to 50 age groups and above 51 age groups investor's .64.7 percent is below 30 age groups, 27.3 percent are 31-40 age groups, 6 percent are 41-50 age group

and 2 percent are above 51 age groups. It is indicative that majority of the investors belong to below 30 age group.

In connection with the educational qualification of the investors, there are six groups such as SLC, intermediate, graduates, post graduate, professional degree, others. In the population mentioned above 12 percent are SLC level, 24 percent are intermediate, 30 percent are graduate, 28 percent are Post graduate, 2 percent are professional degree and 4 percent are having others qualifications. The result of this study is that the Graduate is the ones who have highly participated at 30 percentages. In case of occupation group; 19.3 percentages are business, 13.3 percentage government employee, 28.7 percentage private employee, 0.7 percentage professional service, 2 percentage retired employee and 20.7 percent student involve in stock market.

4.1.2 Descriptive statistics

Descriptive statistics is used to analyze the data collected from the respondents during the research process. In this part we present frequency distribution for each service dimensions which they create our dependent variables and show other information such as minimum, maximum, mean and standard deviation for each of them. The rating of the factors was scaled from 1(strongly Disagree), 2(Disagree), 3(Neutral), 4(Agree), 5(Strongly Agree).

4.1.3 Reason for Investment

Reason for Investment is one of the independent variables of the research. Five factors related to investor conservative attitude were analyzed to find it's motivate factor to invest in equity share. The rating of the factors was scaled from 1(Strongly-Disagree), 2(Disagree), 3(Neutral), 4(Agree), 5(Strongly Agree).

Table 2*Descriptive statistics of reason for investment in equity market*

Code	Opinion statement	N	Mean	Std. Deviation
R1	I invest on equity for future security	150	3.16	0.666
R2	I invest in equity for capital gain from the stock	150	3.87	0.648
R3	I invest in equity for the purpose of liquidity period	150	4.34	0.995
R4	I always invest in equity for getting dividend from it	150	3.31	0.732
R5	I invest in those equities for having good prestige in society	150	3.75	0.750
Reason for Investment		150	3.69	

Sources: Field Survey, 2023

Table 2 shows descriptive statistics of the reason of investment in equity market that investor considers while making investment on Stock market. All means value is less than 5 which means that investor highly consider investor perceived risk while investing in stock market. R1 has the lowest mean of 3.16 and standard deviation 0.666 which means that investors have strongly disagree. I'm interested to invest preferred stock also similarly mean value of R2, R3, R4 and R5 are almost similar to each other which indicate that investors give highly consideration on these factors. Similarly, R3 is also highly considered factor where mean is 4.34. The standard deviation of all the factors range between 0.64 to 0.995 which indicates that all the investors have nearly almost same opinion. Similarly, the overall mean value for quality management is 3.69. This indicates that the investor conservative attitude is highly considerable factor while investing in the stock market.

4.1.4 Source of Information

Source of information is one of the independent variable of the research. Six factors related to be Source of information analyzed to find its relationship with investment decision. The rating of the factors were scaled from 1(Strongly Disagree), 2(Disagree), 3(Neutral), 4(Agree), 5(Strongly Agree).

Table 3*Source of information*

Code	Opinion statement	N	Mean	Std. Deviation
S1	I decide to invest on investment companies depending on information by friend and colleague	150	4.13	1.025
S2	I preferred those company which have good financial statement	150	3.45	0.832
S3	I like to investment on equity market getting knowledge from NEWS papers	150	3.85	0.775
S4	I always investment on equity market with the help of consultancy opinion	150	4.17	1.019
S5	I am ready to investment on equity with the help of expert group of equity market	150	3.47	0.766
S6	I always investment on equity with the getting help from social media, Online portal and Others	150	3.87	0.672
Source of Information		150	3.82	

Source: Field survey 2023

Table 3 shows descriptive statistics of Source of information the investor consider while making investment decision on stock market. All the mean values are less than 5 which means that investor highly consider source of information while investing in stock market. The mean value of every indicator between 3.45 to 4.17 which shows that investor give high consideration to each indicator of source of information before investing in stock market. The standard deviation of all the factors range between 0.672 to 1.025 which indicates that all the investors have nearly almost same opinion. Finally the overall mean value for moderate attitude is 3.82. This indicate that the moderate attitude is highly considerable factor while investing in the stock market.

4.1.5 Investment Sector

Investment sector is also one of the independent variable of the research. Five factors related to Risk were analyzed to find its relationship with investment decision. The rating of the factors were scaled from 1(Strongly Disagree), 2(Disagree), 3(Neutral), 4(Agree), 5(Strongly Agree).

Table 4*Investment Sector*

Code	Opinion statement	N	Mean	Std. Deviation
I1	I have invested in Commercial Banks	150	4.01	1.099
I2	I have invested in Development Banks	150	3.51	0.809
I3	I have invested in Hotels	150	3.78	0.826
I4	I have invested in Hydro Power	150	4.19	1.034
I5	I have invested in Life-Insurance	150	3.48	0.825
I6	I have invested in Manufacturing And Processing	150	3.82	0.828
I7	I have invested in Non-life insurance	150	4.15	1.035
	Investment Sector	150	3.849	

Source: Field survey 2023

Table 4 shows Investment sector of the risk that investor consider while making investment decision. All the mean values are less than 5 which means that investor highly consider risk while investing stock. A1 has a lowest mean of 3.48 which means that investors more consider worry about investing stock then other dimension before investing in stock. Similarly, mean value of I1,I2,I3,I4,I5,I6 and I7 have almost similar mean values between the range 3.48 to 4.19 which mean that investor give highly consideration to each of seven factors. The standard deviation of all the factors range between 0.809 to 1.099 which indicates that all the investors have nearly almost same opinion. The overall mean value for Company performance is 3.849. This indicates that the risk is highly considerable factor while investing in the stock market.

4.1.6 Returns

Returns of investor in this research is considered to be the dependent variable and various other concepts have been considered as independent variables. The relationship between such independent variable is explained above separately with the dependent variable. Respondents were asked five questions in order to examine their perception in making perceived risk attitude. The rating for the questions scaled form 1(Strongly Disagree), 2(Disagree), 3(Neutral), 4(Agree), 5(Strongly Agree).

Table 5*Returns*

Code	Opinion statement	N	Mean	Std. Deviation
RT1	I want to return in the form of bonus	150	3.64	0.762
RT2	I want to return in short period	150	4.04	0.968
RT3	Ability and willingness to assume risk	150	3.63	0.862
RT4	Get rich quick attitude	150	3.75	0.882
RT5	Quick decision making on information given by friends, brokers and TV channels	150	4.03	0.951
	Returns	150	3.819	

Sources: Field Survey, 2023

Table 5 shows descriptive statistics of the returns of respondent in reason for investment stock market. All the mean values are less than 5(<5), which means that respondents are highly consider all the dimensions of investment in stock. The mean value of RT5 is 4.03 with standard deviation of 0.951 for the statement “Quick decision making on information given by friends, brokers and TV channels.” shows that investors have level of return consideration with this dimension. The overall mean value is 3.819 which means that respondents have high level of consideration with above five dimensions while making investment perceived risk attitude in stock market.

Table 6*Descriptive Statistics of total variable*

Code	Opinion statement	N	Mean
RI	Reason for Investment	150	3.69
SI	Source of information	150	3.82
IS	Investment sector	150	3.849
RT	Return	150	3.819

3.3 Correlation analysis

Pearson Correlation analysis is used to determine the relation between various independent and dependent variables associated with the research. It measures the linear correlation between any two variables. This analysis was carried out for variables having simple multi option answers. Correlation matrix was computed to assess the extent or degree of relationship in between the research variables. A positive correlation reveals that the direction of the relationship is positive with one increasing in reaction to the other's increase. Meanwhile, a negative correlation reveals an inverse of the above; an increase in one when the other decreases.

In order to assess the direction and strength of relationship of independent variables (reason for investment, source of information, investment sector and risk) on dependent variables (Investment decision) Pearson's correlation was used. The sample correlation coefficient, denoted r , ranges between -1 and $+1$. The correlation between two variables can be positive (i.e. higher level of one variables are associated with higher levels of the other) or negative (i.e. higher level of one variables are associated with lower levels of the other). The sign of the correlation coefficient indicates the direction of the association. The magnitude of the correlation coefficient indicates the strength of the association.

The measurement of the Pearson's correlation has five level of scales those are perfectly correlated, high degree correlated, moderate degree correlated, low degree correlated and no correlated. The segregation of the point as different scales is as below.

Perfect: If the value is near ± 1 , then it said to be a perfect correlation: as one variable increases, the other variable tends to also increase (if positive) or decrease (if negative).

High degree: If the coefficient value lies between ± 0.50 and ± 1 , then it is said to be a strong correlation.

Moderate degree: If the value lies between ± 0.30 and ± 0.49 , then it is said to be a medium correlation.

Low degree: When the value lies below $+ .29$, then it is said to be a small correlation.

No correlation: When the value is zero.

According to the results reflected in Table, the analysis depicts that the mean values of moderate risk attitude holder has a higher than other independent variable i.e 16.58. On the other hand according to the standard deviation conservative attitude risk holder has a lowest risk which indicates that investor highly consider risk while investing

on a stock. There is moderate degree of positive linear relationship between independent variable and dependent variable. Moreover, the p value is 0.000 which is less than 0.05. It's not technically zero. SPSS does not give p-values to more than three decimal places. Correlation between Independent and Dependent variables is shown in as follows;

Table 7

Correlation analysis

		Perceived risk
Reason for Investment	Pearson Correlation	.474**
	Sig. (2-tailed)	.000
	N	150
Source of information	Pearson Correlation	.432**
	Sig. (2-tailed)	.000
	N	150
Investment sector	Pearson Correlation	.236**
	Sig. (2-tailed)	.003
	N	150
Return	Pearson Correlation	.365
	Sig. (2-tailed)	.002
	N	150

** . Correlation is significant at the 0.01 level (2-tailed).

Sources: Field Survey, 2023

4.1.8 Regression analysis

Regression analysis is a set of statistical processes for estimating the relationships between a dependent variable (often called the 'outcome' or 'response' variable) and one or more independent variables (often called 'predictors', 'covariates'). In this study

investment decision has been taken as dependent variable and independent variables are investor knowledge, returns and source of information of equity market.

Table 8

Regression analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	7.901 ^a	0.721	0.641	0.39587

a. Predictor : (Constant), CO, MO, AG

Sources: Field Survey, 2023

Table 4.8 shows that the R^2 value of 0.721, the R square also known as coefficient of determination which can help in explaining variance which indicate that the model explain that 72% of independent variables are responsible for investment decision and the remaining 28% is explained by other factors. Model summary also indicates the standard error of the estimate of 0.39587 which shows the variability of the observed value of investment decision from the regression line is 0.39587 units.

4.1.10 Relationship between reason for investment and investment decision

The Pearson Correlation coefficient between the independent variable investor reason for investment and dependent variable investment decision is .474, which implies that the two variables are positively correlated and there is correlation between investor reason and perception in inverter investment decision. The positive coefficient of correlation is .474 at 1% significant level.

4.1.11 Relationship between source of information and investment decision

The Pearson Correlation coefficient between the independent variable source of information and dependent variable investment decision is 0.432, which implies that the two variables are positively correlated and there is correlation between conservative and perceived risk attitude. The positive coefficient of correlation is 0.432 at 1% significant level.

4.1.12 Relationship between investment sector and investment decision

The Pearson Correlation coefficient between the independent variable investment sector and dependent variable investment decision is 0.236. Which implies that the two variables are positively correlated. The positive coefficient of correlation is 0.236 at 1% significant level.

4.2 Discussion

This study focuses on the investor's perceived risk attitude in stock market Dang District. Research provides a lot the information about investor's investment decision in stock market under sub investor variables; reason for investment, source of information, investment sector. The study that was conducted on UK, USA and Germany by Baker and Haslam (1973), Nagy & Obenberger (1994) found that majority of investor invests on equity for Wealth maximization, income, dividend and projected return. However, our study found majority of investor invest in equity for future security, capital gain, dividend and social prestige. We found some similarities and some difference in both studies. Majority investor invest for Capital gain, dividend, project return are the similar factors on both studies. In same way, Future security and social prestige are two factors that are not similar in our study and the study conducted by Baker & Haslam (1973) and Nagy & Obenberger (1994).

This study was conducted with the authentic data and genuine statistical tools so finding also the authentic and genuine as per the analysis. This study is massively acceptable because previous study is supported to its findings. In different demographic factors may effect to the findings and gives the different findings though maximum of the previous studies are supporting to this study findings.

In investor information and investment decision there have been many researches entitled around the world. Many researches were contributed in different dimensions of this topic. Some investors are risk bearer and some are risk avoider. The risk bearer attitude will be based on personal, economical, environment and situational factors such as income, family size expenditure pattern and age. But this study was not satisfied that statement because in this research investor attitude are not only base on demographic variable it also depend on return, market information, physiology of investor also. Singhi, (2016) analyzed that the factors affecting the investment activity of individual investors such as

their awareness level, duration of investment etc. The study analyses the rationality of the investors of Indore during different market expectations, dividend and bonus announcements, and the impact of age, income levels and other market related information on investment decisions of investors from Indore city. Singh and Yadav, (2016) study helps to analyze the attitude of male and female investors. The paper concludes that investors in the shares. Investor whether male or female should look in all avenues while investing their funds in different assets. Investors should look in all avenues while investing their funds. Some investments are risky and some are not so as per the age of investors they should decide about risky or less risky investments.

In above research all most variable are same result but some result are no supported by my research like my sample population is only 150, descriptive statistics is mean standard deviation and correlation among dependent variable and independent variable. This research conducted study regarding the equity share in 150 investors in Dang District and result was almost same of every participants. Most of participants were below 30 age and some were between 30-40. Almost 30% of participants were graduated and 2% professional degree holders were participated. 28.7% participants are holding the job in private sector in our study and 13.3% are holding the government job rest of the participants are student, businessman and retired person. Similarly my study focus on investment decision of investor in five perspective like reason for investment, source of information, investment sector return and risk but above research focus on investor decision in perspective like awareness, perceived risk and behavior pattern. Investor of Dang District is follow the advice and suggestion of their peer bus the base article shown that investor have their own attitude and they apply their knowledge on perceived on stock market.

CHAPTER-V

SUMMARY AND CONCLUSIONS

This chapter is final chapter which summarizes the research. This chapter is classified in the three sub-heads like summary, conclusion and implication.

5.1 Summary

Equity share represents ownership in a company, Investors invest in a company to get returns through dividends which can be in form of share or in cash. Before investing in equity share investors should conduct a deep investigation regarding the share so that it can a good return. The Nepal Stock Exchange (NEPSE) is a central marketplace for trading the shares. The Process of buying and selling equity shares in Nepal involves brokerage firms which interacts as intermediaries facilitating between buyers and sellers. Demat account is necessary to hold the shares in digital form as of now. The objective of this research is to identify the reason to invest in the equity market, to analyze the factors that are consider while investing in equity market and investor attitude on equity market. Similarly, this study also examines the factors that affect investors to make investment decision on stock market. Among various factors that can influence investors to take risk on stock market, five factors such as reason for investment, source of information, investment sector, return and risk were focused according to their importance realized from the literature. In order to meet the objectives like: to identify investor's attitude towards equity investment. To analyze the forms of return desired by Nepalese investors on securities investment. The major objective of this study are to identify the motivating factor of investors, to assess major factor affecting the investor decision in equity securities and to analyze overall perception of investor in equity market. Primary data were collected from questionnaire through online serve in Dang district. The questionnaire with 28 questions was adapted to answer research. 180 questionnaires were distributed among investors. 150 valid questionnaires were selected and data analysis was applied to them. Finally, the researcher came to know that all the tested variables have impact on investment decision.

In order to determine the survey result, different statistical tests have been performed. At first, descriptive analysis was done to determine the average value and standard deviation

of each variable. And second part of statistical test is correlation test between dependent variable and independent variable that show the positive relationship between depended variable and independents variable. Demographic variable like Age, Gender, Education level, faculty of education and occupation are also contribute the positive relationship on dependent and independents variable. The responses were collected and the data was arranged and analyzed using Microsoft Excel and SPSS software packages.

After analyze the data, research found that investor does not behave according to their knowledge and information. Most of investor follow the advice and suggestion of their peer. Majority of investor do not stay in the market for long time. They only believe stock market is a nice platform to make money in short period. This research observe that investors invest on equity for capital gain, dividend, Social prestige, future security and for the liquidity period.

Samples were collected on various bases such as different gender, education, occupation, age, marital status, etc., in the Dang district. Descriptive and causal comparative research methodology was employed for this study. It was found that investors' attitude is inclined towards short-term involvement in the share market, primarily due to fear of potential losses stemming from the current liquidity crisis. According to investors, the secondary market poses greater risk compared to the primary market. Moreover, investing in the secondary market requires substantial knowledge of equity shares, which many investors lack. This knowledge gap emerged as a significant factor motivating investors to favor the primary market, as revealed by the study.

5.2 Conclusions

The study uncovered that the primary motivations for investors in the Dang district to invest in equity shares are capital gain, dividend income, and future security. Interestingly, parallels were found between our study and research conducted in the UK, USA, and Germany by Haslam (1973) and Nagy & Obenberger (1994). A prevailing sentiment among investors is a reluctance to engage in long-term investments in the share market due to prevailing liquidity concerns in our country. Instead, they opt for short-term investments to quickly exit the market with returns. Additionally, investing in the secondary market necessitates a robust understanding of shares, which acts as a barrier for many investors.

The study delved into perceived risk practices and attitudes towards the stock market in the Dang district. Descriptive analysis revealed that the majority of investment decisions are made by individuals under the age of 30, with males dominating the investor demographic. Most decision-makers hold a graduate degree, and unmarried individuals show a higher propensity for risk-taking, comprising 57% of the scenario. Notably, students are prominently involved in investment decisions. Regarding investor types, those who rely on Nepalese stock market information sources exhibit a higher inclination towards perceived risk attitudes.

Furthermore, the descriptive analysis established a significant relationship between demographic characteristics and investors' stock market decisions in the Dang district. In this market, investors are primarily driven by growth potential, dividend income, liquidity position, social prestige, and capital gain. Their decision-making process involves considerations of diversification, economic outlook, regulatory environment, company performance history, risk assessment, and market conditions. Notably, investors in the Dang district exhibit conservative, moderate, and aggressive attitudes when investing in equity securities

5.3 Implications

An implication is the final output of the research work. This helps to provide positive information to stakeholder, make the roadmap for further study, improve and make the policy, taking right decision. Therefore, it is the also essential part of the study.

1. This research is for to increase the level of knowledge in the area of awareness and it will give an insight on the fact that investment or trading can be driven by behavioral or attitude of the investor.
2. This study has been be significantly know the crucial factors that affects investors perception and risk return in terms of investment in share market and it was helpful for all the student and researcher who want undergo a research in share market.
3. The study is entirely based on primary data and does not include secondary data. Therefore, future studies can be based on using secondary data or both primary and secondary data.

4. The sample size taken for the study is limited so future study can be carried out by taking large sample size for longer time period and can be used some advance statistical tool.

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APPENDIX
Questionnaire

(Part A)

DEMOGRAPHIC INFORMATION

Please TICK [✓] appropriate option.

Name of the Respondent: _____ (Optional)

1. Gender: (a) Male (b) Female (c) Other
2. Age (in years): (a) Below – 30 years (b) 31 – 40 years (c) 41 – 50 years (d) Above 51 years
3. Marital Status: (a) Unmarried (b) Married (c) Other
4. Education :(a) SLC (b) Intermediate (c) Graduate (d) Post graduate (e) Professional Degree (f) Others
5. Occupation (a) Government Employee (b) Private Employee (c) Retired Employee (d) Business (e) Professional Services (f) Student (g) Other
6. Analytical Tools
(a) Fundamental Tools (b) Technical Tools
7. Monthly Income
(a) Below Rs.15000 (b) Rs.15000- 30000 (c) Rs.30000-60000 (d) Above Rs.60000

Part (B)

The following statements reveal your responses on different situations. Indicate your level of agreement on the statements based on 5- point Likert scale that is given below.

Please TICK [✓] appropriate box.

1. Strongly Disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly Agree

1. Reason for Investment

	Particulars	1	2	3	4	5
A	I invest on equity for future security					
B	I invest in equity for capital gain from the stock					
C	I invest in equity for the purpose of liquidity period					
D	I always invest in equity for getting dividend from it					
E	I invest in those equities for having good prestige in society					

2. Source of information

	Particulars	1	2	3	4	5
A	I decide to invest on investment companies depending on information by friend and colleague					
B	I preferred those company which have good financial statement					
C	I like to investment on equity market getting knowledge from NEWS papers					
D	I always investment on equity market with the help of consultancy opinion					
E	I am ready to investment on equity with the help of expert group of equity market					
F	I always investment on equity with the getting help from social media, Online portal and Others					

3. Investment sector

	Particulars	1	2	3	4	5
A	I have invested in Commercial Banks					
B	I have invested in Development Banks					
C	I have invested in Hotels					
D	I have invested in Hydro Power					
E	I have invested in Life-Insurance					
F	I have invested in Manufacturing And Processing					
G	I have invested in Non-life insurance					
H	I have invested in Microfinance					

4. Return

SN	Particulars	1	2	3	4	5
A	I want to return in the form of bonus					
B	I want to return in short period					
C	Ability and willingness to assume risk					
D	Get rich quick attitude					
E	Quick decision making on information given by friends, brokers and TV channels					

5. Risk

SN	Particulars	1	2	3	4	5
A	I always use standard deviation to know total risk of the stock					
B	I use beta to calculate systematic risk of the stock					
C	I invest different sectors by forming portfolio					
D	I have worry investing in stocks that have had a past negative performance in trading.					
	I am cautious about stock which show sudden changes in price or trading activity.					

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ABSTRACT The study's primary goal is to investigate how much investor knowledge affects traders' actions while they trade on the Dang stock market.

The study collected primary data by using structured questionnaire techniques from 150 respondents who are investor in equity market.

The study is based on descriptive, casual comparative research design. This study used quantitative method for data collection for the purpose of analysis. Mainly structured questionnaire survey was used to generate responses based on which statistical analysis is done to test correlation analysis. **The questionnaire was self – administered. The sampling techniques for the study followed non probabilistic sampling technique, i.e. convenience sampling** . Investor investment decision **is considered as dependent** variable **whereas**

reason for investment, source of information, investment sector and returns

are considered as independent variable **and** the **correlation was generated from SPSS and analyzed** . Investing in **the**

stock market contributes to mobilization, which further advances economic progress. Through the purchase of an initial public offering, investments in shares will begin on the primary market and continue to be exchanged on the secondary market. At the market price on the stock exchange, investors are able to purchase and sell existing shares. The ownership capital of a corporation is represented by an equity share. The trading of equity instruments is dependent on price movement, which is influenced by supply and demand. The study concentrates on Investors 'investment decision towards stock market and their risk bearing attitude based on their gender, age, income, type of investors, education and occupation. This study analyses and concludes by classifying investors as conservative, moderate and aggressive. Key Words: Risk Attitude, Equity Market, NEPSE, Return on Equity, investment Decision.

CHAPTER -I INTRODUCTION 1.1 Background of the study For most individuals, investing in the stock market has become appealing. It has expanded significantly over time. However, because of the frequent volatility in the share market, many investors are afraid to participate in the stock market. Investors in the share market frequently take on significant risk, and they live in constant worry of losing their hard-earned money. Although the stock market offers significant profits, investors must also assume a certain level of risk. In addition, investors must be certain about the investment avenues they choose in order to guarantee high returns (Bajo &