

**A STUDY ON BEHAVIOUR OF
COMMON STOCK PRICE**

(Everest Bank Limited, Nepal Investment Bank Limited, Nepal
SBI Bank and Bank of Kathmandu Limited)

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“A Study On Behavior of Common Stock Price”

***(Everest Bank Limited, Nepal Investment Bank, Nepal SBI, Bank of
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DECLARATION

I hereby declare that the work reported in this thesis entitled “ **A Brief Behavioral Study of Comon Stock Price**” submitted to Janta Multiple Campus, Itahari, Faculty of Management, Tribhuvan University is my original work done on the form of partial fulfillment of the requirement of the Masters Degree in Business Studies (M.B.S) under the supervision of Mr. Purushotam Dahal, Janta Multiple Campus, Itahari, Tribhuvan University.

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EXECUTIVE SUMMARY

Firm fulfills its financial needs using different sources of financing. These sources of financing may be short term and long term. Short term sources of financing mature within one year or less where as fund raised from long term sources of financing can be used for several years. When firm expands its business or activity, it needs capital. The term capital denotes the long term funds of the firms. All of the items on the liabilities side of the firm's balance sheet, excluding current liabilities, are sources of capital. The total capital can be divided into two components debt capital and equity capital. Debt capital includes all long term borrowing incurred by the firm. Debentures, bonds, long term loans etc are major sources of debt or borrowed capital.

To study the present status of the stock market. To conduct the empirical analysis of price behaviour and compare them in terms of market price. To examine the relationship between market price per share and other determinant variables To understand how the price behaves in stock market and how an investor can safeguard his or her investment on stock market. To recommend some suggestions

An attempt is made to present a basic frame of methodology with in which the research will be conducted. This chapter simply deals with short introduction, to financial parameters used in this study and short description of techniques that are used in the time of research and also about Research design, Sources and Nature of Data, Sampling Methods used, and financial and Statistical tools used for the data analysis.

Security market is one of the components of capital market .It has wide implementation for the buyer and seller of all securities and all related agencies. It has a significant role to the development of capital market as well overall economy . Liquid equity markets make less expensive to trade equities., reduce disincentive to investing the lag duration projects because investors can easily sell. It also facilitates higher to choose and invest in higher return projects and best productivity growth. This means that efficient proved markets in which this price of security do not depart for any length of time from justified & economic values. The security values are also determined by investor's expectation about earning risk and so on. In efficient market values is going to be changed by reacting with new information.

Using different financial tools ,the company's performance has been analyzed to relate their market price with EPS ,DPS, Book Value, and liquidity, return on assets and return on equity. This analysis a mided behaviors in these relationships .Some companies having low EPS have high price and companies having high EPS have low price. The same fluctuating tend follows in the case of DPS also.

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