

STOCK PRICE MOVEMENT OF DEVELOPMENT BANKS IN NEPAL

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CERTIFICATION OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled “**Stock Price Movement of Development Banks in Nepal**”. 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 acknowledged. In addition, I declare that all information sources and literature used are cited in the reference section of this dissertation.

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REPORT OF RESEARCH COMMITTEE

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We, the undersigned, have examined the thesis entitled "**Stock Price Movement of Development Banks in Nepal**" presented Asha Gautam 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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Perfection is anything can hardly be thought of knowing the universal fact, I have taken utmost care to avoid errors but I know they are inescapable, so I shall be obliged if they are forgiven.

Asha Gautam

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ABBREVIATIONS

ATM	:	Automated Tailor Machine
B.S.	:	Bikram Sambat
CV	:	Coefficient of Variance
DBs	:	Development Banks
DF	:	Degree of Freedom
DPS	:	Dividend per Share
EPS	:	Earnings per Share
GSE	:	Ghana Stock Exchange
GBBL	:	Garima Bikas Bank Limited
JBBL	:	Jyoti Bikash Bank Limited (JBBL),
KSBBL	:	Kamana Sewa Bikas Bank Limited
Ltd.	:	Limited
MBS	:	Master's in Business Studies
MPS	:	Market Price Share
NWPS	:	Net worth per shares
NRB	:	Nepal Rastra Bank
NEPSE	:	National Stock Exchange
OTC	:	Over -the- Counter
P/E Ratio	:	Price Earnings Ratio
Rs.	:	Rupees
SD	:	Standard Deviation
SDBL	:	Shangrila Development Bank Limited
SRDBL	:	Shine Resunga Development Bank Limited

SEBON : Security Exchange Board of Nepal
TU : Tribhuvan University
WEHM : Weak form efficient market hypothesis

ABSTRACT

This study investigates stock price movements of development banks in Nepal. The main purpose of this study is to investigate analysis and interpret the stock price movements of development banks in Nepal. To meet the purpose of the study descriptive and causal comparative research design was used. Five development banks were selected as a sample for the study between the fiscal year 2012/13 to fiscal year 2021/22. Data were obtained from respective development banks' annual report, Nepal Stock Exchange and Security Board of Nepal annual supervision report. Data were analyzed through correlation and multiple regression technique by using SPSS version 25. Variables used were stock prices per Share (MPS) as dependent variable and Earnings per share (EPS), Net worth per Share (NWPS), Price earnings ratio (P/E Ratio) and Dividend per Share (DPS) as independent variables. The findings of the study show that the Earnings per Share (EPS) is positive insignificant impact with stock prices (MPS). Similarly, Net worth per Share (NWPS) is positive significant impact with stock prices (MPS), at 1 percent Significance Level of sample banks. Likewise, Price Earnings Ratio (P/E Ratio) has positive significant impact with stock prices (MPS), at 1 percent Significance Level of sample banks. Moreover, Dividend per Share (DPS) is positive insignificant impact with stock prices (MPS). The finding of this study will be helpful to the management of selected banks in making appropriate managerial decision.

Key words: stock prices, Dividend, Price earning, Earning per share, Capital market

CHAPTER - I

INTRODUCTION

1.1. Background of the study

The cost at which a portion of stock is as of now exchanging available is alluded to as the stock cost. When shares of a publicly traded company are issued, their value is supposed to be proportional to the value of the company as a whole. The price of a stock will fluctuate in response to a number of factors, including shifts in the economy as a whole, shifts in particular industries, conflicts, political developments, and changes in the environment. The financial business is crucial for the country's monetary development. A bank is a type of organization that takes deposits from various sources, uses the money to invest in industries, commerce, tourism, agriculture, and other areas, and thus mobilizes resources. In this manner, it is clear that banks are extremely useful and important for a contemporary society. As a result, banks are necessary for the economic expansion of developing nations like Nepal. Since stock value change might be utilized as a measure of hazard in monetary business sectors, it has drawn a ton of consideration from researchers and experts during the beyond 20 years. According to Shrestha & Subedi (2014), interest in predicting the volatility of stock returns over time has increased recently.

The stock market index is typically used to assess the state of a country's economy. An gain in the stock index is generally regarded positively since it indicates that investors are confident in the future of the economy. A drop in the stock index is seen negatively since it indicates that investors have low hopes for the future health of the economy. The index rises and falls as a result of numerous macroeconomic and microeconomic aspects of the economy. The share price in the stock market is influenced by any factor that impacts a company's cash flows or discount rate (Shrestha & Subedi, 2015).

The market where monetary items like securities, debentures, shares, etc are executed is known as the monetary market. Utilizers of those funds can access the community's savings in a variety of ways. It offers a stage for direct business reserve exchanges between store sources and demanders. The commercial center where purchasers and venders participate in the exchanging of monetary instruments is alluded to as the

monetary market. From common corporate shares to long-term government bonds, financial assets come in all shapes and sizes. The currency market, which is comprised of suppliers and demanders of transient assets with developments of one year or less, is known as momentary supporting. Organizations can get cash on a transient premise thanks to the currency market. The capital market, at times alluded to as long haul finance, is comprised of suppliers and demanders of long haul reserves having developments longer than a year. The capital market empowers organizations to get long haul venture. The monetary market upholds public development, speculation, business venture, saving, and modern turn of events (Fama, 2016).

It is rare for investors and shareholders in Nepal to be interested in knowing the risk and return characteristics of the stocks before making an investment. Most normal Nepalese investors invest in securities only once, and they typically don't perform a risk-return analysis before doing so. Even when certain investors suffer significant losses as a result of allocating their assets to various securities more in accordance with the logic and significance of the portfolio than with the anticipations and presumptions of the individual equities. Moreover, investors are also reluctant to buy assets. As such, it is essential that students learn about these tools and how to use them for assessment and decision-making regarding investments (Prasanna & Ezhilmaran, 2013).

The founding of Nepal Bank Ltd., the country's first commercial bank, in 1937 A.D. marked the beginning of modern banking in Nepal. Prior to the founding of Nepal Rastra Bank (NRB) in 1966 A.D., Nepal Bank Ltd. served as both a central bank and a commercial bank (Wikipedia, n.d.). Following the government's adoption of a liberal economic strategy in the mid-1980s, Nabil Bank Ltd., the first commercial bank in the private sector, was founded in 1984 A.D. Nepal Arab Bank Ltd., the first joint venture commercial bank, was founded in 2041 B.S. Subsequently, numerous other joint venture banks and private sector banks were founded.

Advancement bank has consistently played a significant situation in the nation's economy. They are crucial to the growth of the trade and industry. They are not only taking care of the country's wealth but also its resources, which are essential to the country's economic growth. Financial exchange is the best speculation opportunity to the financial backers. Further, numerous productive undertakings require a drawn out

investment to fund. Most financial backer entices to give risk and is hesitant to integrate their saving with the drawn out responsibility. The investment is more appealing and less risky because of the liquid stock market. Because it makes it simple and quick to sell securities, savers are more likely to put their money into long-term projects because they can get their money back before the project is finished. Simultaneously, organizations get simple admittance to capital through new issuance of offers.

1.2. Problem statement

An individual or element puts resources into value portions of organizations for various reasons. It very well might be for security pad, recurrent money needs, venture for a return, speculation for impact, or buy for control. Before deciding to invest in the stocks of a particular company, an investor conducts a comprehensive financial analysis of the options available. Investors can get a good idea of a business's worth and performance from its stock price in an efficient market. Understanding the effect of different basic factors on stock cost is in this way vital to financial backers since that will assist them with pursuing productive speculation choices (Srinivasan, 2013). Monetary market in Nepal begins deliberately with the foundation of the Nepal Stock Trade (NEPSE). Normal stocks contain the biggest part of protections in the monetary market in Nepal recorded with the Nepal Stock Trade (NEPSE). Stocks are exchanged essential and auxiliary market. Common stock is typically traded at par value in the primary market; however, in the secondary market, it is traded either at or below par value. The stock cost vacillates consistently in the optional market due to hierarchical (inside) and outer variables. Additionally, the NEPSE index is influenced by both internal and external factors (Nepal, 2016).

In comparison to international stock markets like the New York Stock Exchange, Hong Kong Stock Exchange, and Bombay Stock Exchange, among others, Nepal's secondary market handles a relatively small portion of the total volume of security transactions. (2019, Poudel, Baral, Gautam, and Rana) Scarcely any financial backers put resources into optional market in Nepal because of absence of data and information with respect to stock exchanging and capital market speculation. As a result, Nepal's stock market is inefficient. Restricted financial backers have syndication in Nepalese auxiliary market. In Nepal, the cost of stock vacillates based on gossip so there is no any pre-determined and fair factors that cause cost unpredictable (Bam, Thagurathi, and Shrestha, 2018). Using a

variety of measuring financial indicators like earning per share (EPS), dividend per share (DPS), price earnings ratio (P/E ratio), and net worth per share (NWPS), this study attempts to examine how the market price of stock (MPS) fluctuates in Nepalese development banks. In this way, the accompanying inquiries might emerge:

- 1 How is the Fluctuation of stock price?
- 2 What is the relationship between stock price and earnings, net worth price, price earnings and dividend of sample banks in Nepal?
- 3 How earnings, net worth price, price earnings and dividend affect with stock prices of sample banks in Nepal?

1.3. Objectives of the study

The primary objective of the research is to examine the fluctuations in the stock prices of specific Nepali development banks and their correlation with several variables, including EPS, NWPS, P/E ratio, and DPS. In addition, the following are the specific goals:

- 1 To examine the fluctuation of stock price.
- 2 To analyze the relationship between stock price and earnings, net worth price, price earnings and dividend of sample banks in Nepal.
- 3 To analyze the impact of earnings, net worth price, price earnings and dividend with stock price of sample banks in Nepal.

1.4. Hypothesis

Hypothesis for Research One of the most crucial parts of the research study is the testing of the hypothesis. It is a numerical assertion regarding the population parameter. We can determine whether the theory merits acceptance or rejection by conducting tests on it. Testing the properties of the proposed population parameter based on sample data is the primary objective of hypothesis testing. It determines whether or not there is a significant difference between the population parameter and sample statistic. For this investigation, the following hypothesis was put forth:

H1: Earnings per share (EPS) and stock price have a significant correlation as a predictor.

H2: The relationship between Book Value per Share (BVPS) and stock price is statistically significant.

H3: As a predictor of stock price, the Price-Earnings ratio (P/E) has a high correlation.

H4: Dividends per Share (DPS) and stock price have a substantial correlation as a predictor of each other.

1.5. Rationale of the study

Each individual are drawn to put resources into share for reason for getting more return as well as to expand their riches. As a result, the Nepalese Stock Market's analysis of the sensitivity of share price has evolved into a useful strategy for attracting new investors. Individual investors who are willing to trade in Nepalese and multinational organization securities will benefit greatly from the study. Understanding the share prices of Nepal's various listed companies will also be aided by this research. Policymakers, shareholders, management, and all parties involved in the Nepalese share market will benefit from it. This study might assist financial backers with contemplating rebuilding their venture portfolio. Similarly, the study's findings may help prospective investors make more timely investment decisions. The finding will be significance for the further explores and researchers who are connected with Nepalese financial exchange. This study assists us with figuring out potential outcomes, issues, and prospects of financial exchange in Nepal. It will likewise assist with figuring out the monetary status of chosen banks. Hence, this study is supposed to supportive for general financial backer and association that are connected with securities exchange.

1.6. Limitations of the study

The study has some limitations, which are as follows:

- The topic "stock price movement " (analysis of selected banks) is much more dynamic and it takes huge resources including human and financial to cover the whole aspects of the research but the research has focused only on the stock price movement due to changes in EPS , NWPS , P/E and DPS ratio as independent variable.
- The dependent variable, market price per share used in this study is computed only on the basis of the average of quarterly average price of the stock in a year.
- The study is mainly concentrated on the stock price movement of five development banks. Because banks have just merged with some development banks and finance companies and some are in process of merger.

- This study included the observation period of ten years from FY 2012/13 to 2021/22 of five development banks. purposive sampling
- The result is strictly based on information provided by secondary source the company's website, SEBON, NEPSE, NRB etc.

CHAPTER - II

LITERATURE REVIEW

Writing survey is a pursuit and assessment of the accessible written works, related and pertinent to a given subject or the point under study. It reports the cutting edge concerning the point or the subject of study. A proven and factual survey shows the peruser that the scientist had inside and out handle and comprehension of the topic. Thus scholarly audit has been a fundamental piece of each and every exploration work. It conducts a literature review, compiles the data into a summary, conducts a critical analysis of the data, and organizes the results.

This section manages compositions by others on subjects connected with connection between free factors and market costs of banks in papers, diaries, books and sites to consider the basic places of current marks of current information including meaningful discoveries along with hypothetical and systemic commitments to this specific points. It contains audit of works, research hole and hypothetical structure. The principal objective of this part is to figure out what works have been finished in the space of examination issue under study. All together or work with better comprehension of the clients of this exploration work, the results of scholarly have organized as follows:

2.1. Theoretical review

The objective of theoretical review is to establish existing theories and their interrelationships, as well as to identify existing research gaps, resulting in the formulation of new hypotheses that call for further investigation.

Development bank in Nepal

Investment banks that provide financing for developmental projects that ought to be promoted on the basis of general economic considerations are frequently referred to as "development banks." Their striking errand is for the most part to give medium and long haul reserves. Improvement banks are laid out for the advancement and improvement of a unique area of the economy. The principal objective of advancement banks is to give medium and long haul credits for the foundation, improvement and modernization of exceptional areas like horticulture, modern as well as other fundamental framework

related projects. Additionally, these banks are involved in the business of shares and debentures. Nepal saw a significant increase in the number of development banks established following the 1995 development bank act. Since the Development Bank Act of 1995 came into effect, numerous development banks have been established with the active participation of the private sector. This act's primary goals are to improve agriculture, industry, and commerce by providing public credit. Agricultural Development Bank, which became a commercial bank in 2006, and Nepal Industrial Development Corporation, both owned by the government, were the only two development banks before this Act. Development banks now hold the status of "B" class financial institutions and operate under the Bank and Financial Institutions Act 2073 BS. The NRB issues the fundamental mandates for the powerful guideline of these banks. As indicated by the Bank and Monetary Foundations Act, 2073 BS, least settled up capital expected for "B" class public level improvement bank is Rs. 2500 s of Poush 2080, there are absolute 17 Improvement Banks in Nepal. Among them, 8 are of public level, 1 improvement Bank is with a functioning area of 1-7 locale, 5 are with a functioning area of 1-5 regions and 2 are with a functioning area of 1-3 areas out of which 1 banks is working in a solitary locale. , advancement bank covering 4-10 regions, Rs.1200 million (barring Kathmandu valley and doing renting business in particular) and Rs.800 million. Likewise, advancement bank covering 1-3 areas Rs.500 million (barring Kathmandu valley and doing renting business in particular) and Rs.500 million (NRB, 2073 BS). All of Nepal's banks and financial institutions (BFIs) are governed by the Nepal Rastra Bank (NRB). The BFIs have been divided into four main categories by the NRB. Nepal has 17 development banks as of Ashad's end in 2080 BS (mid-July 2023). Eight development banks operate at the national level out of the total.

2.1.1. Theories of common stock analysis

Fundamentally, there are two hypotheses concerning the valuation of protections and their cost conduct. They are Arbitrary walk-Effective Market Hypothesis, Exchange Evaluating Hypothesis.

2.1.2. Random walk-efficient market theory

“Irregular walk productive market hypothesis comprises of the investigation of arbitrary walk or effective market speculation. A scientific paper that Louis Bachelor, a French mathematician, wrote in 1900 suggested that daily fluctuations in security prices were

random. The Random Walk Theory is the name given to his concept. These tests to check whether stock cost vacillate haphazardly used to be called trial of the "arbitrary walk hypothesis of stock costs. The technical and fundamental analysis is completely contradicted by the random walk efficient theory. Various experimental analyst have been finished on fluctuated set of information for various time spans to test the irregular walk proficient market model for portraying share cost conduct.

The random walk hypothesis (RWH)

The irregular walk speculation is a monetary hypothesis expressing that financial exchange costs develop as per an arbitrary walk and in this manner can't be anticipated. It is steady with the proficient market speculation. According to the efficient market hypothesis, there is no information in the historical price and volume data for securities that can be used to make a trading profit greater than what would be possible with a buy-and-hold investment strategy. According to the random walk hypothesis, the information in the historical price movement is fully reflected in the current price. "Prices in the past or a series of price shifts are random phenomena." Irregular walk hypothesis infers that the future way of the value level of a security is not any more unsurprising than the way of a progression of cumulated arbitrary numbers.

The series of cost changes has no memory, or at least, the past can't be anticipating the future in any significant manner. It implies that ongoing size and course of cost changes is free and fair result of past cost changes" (Fama, 1965).

The efficient market hypothesis (EMH)

A market that operates perfectly is one in which all investors have immediate access to all pertinent information, including news libraries that have an impact on the stock market. "An effective monetary market exists when security costs mirror all suitable public data about the monetary, monetary business sectors and the particular organization included" (Van Horne , 2000) In a significant survey of the hypothetical and exact work done in capital market, Fama (1965) proposed three data subsets by which the productive market model could be evaluated and tried. These three are feebly proficient, semi solid effective and solid structure productive. The weak form efficient market hypothesis (WEMH) holds that security prices reflect all previous information. In this market past data has previously been limited in cost, so abundance benefit can't be gotten from the

speculation methodology in view of past data. In the event that ongoing costs of the stocks mirror all the openly accessible data for example past costs and volume information and all the distributed bookkeeping data, the market is areas of strength for semi. In that market even key examination of the distributed bookkeeping data has no worth since members would have limited it precisely and moment every year when they are uncovered. Additionally, the strong efficient market hypothesis (SEMH) assumes that security prices reflect all public and private information influencing stock prices. Subsequently, in such circumstance even the people who approach private data can't in every case acquire overabundance return. The proportion of effectively advanced from the idea of amazing rivalry which expects free and in a flash accessible data, reasonable financial backers without any expenses or exchange cost.

Arbitrage pricing theory (APT)

Adept was presented by Ross (1976). According to Shrestha, Subedi, some economic variables have an impact on stock market returns through their effect on discount rates and future dividends. (2015). Well-suited relates with market portfolio idea, as per exchange hypothesis people have different arrangement of speculations with their particular deliberate gamble. Able is a multifaceted model and the majority of the experimental writing contends that Well-suited proposes improved results nearly to CAPM, on the grounds that it involved different variables for making sense of shared and deliberate gamble (Waqar, and Mustabsar., 2015). According to Shrestha, Subedi. (2015), the theory established a theoretical framework that links share returns to some variables that have the potential to influence sources of income volatility. Exchange Valuing Hypothesis (Able) utilizes full scale financial factors to foresee stock returns and the hypothesis expects to be that different large scale - monetary factors can really influence stock returns other than precise gamble beta (Waqar and Mustabsar, 2015).

2.2. Empirical review

2.2.1. Review of internal articles

Aveh & Awunyo-Vitor (2017) examined the firm-specific determinants of stock prices on the Ghana Stock Exchange after the adoption of IFRS and successfully recognized the key factors that influence the market price of shares traded on the GSE. The observational discoveries uncovered utilizing board relapse investigation found positive and critical connection between ROE, EPS, BMVS and market capitalization

recommending that these factors are significant determinants of the market cost of offers on the Ghana Stock Trade. However, the fact that a significant negative relationship was found between the dividend yield and the share price suggests that dividend decisions do not have a significant impact on the share price. The review went about as a manual for possible financial backers on the Ghana Stock Trade to zero in on the variables examined above prior to going with speculation choices. The investigation discovered that those keen on putting resources into stocks recorded on the GES ought to screen the presentation of explicit factors prior to pursuing a choice to grow their portfolio. Besides, the recorded organizations ought to concentrate on further developing the figures connected with the critical factors that influence the market cost of offers.

Velankar, Chandani, & Ahuj (2017) survey the impact of EPS and DPS on stock price of selected public sector banks of India. The time series information on various factors; EPS, DPS and Stock Cost were taken from the sites of cash control and NSE north of 9 years term from 2006-07 to 2014-15. Stationary test, ARCH LM test to verify the regression model assumption, and analysis of the effect that EPS and DPS have on stock price. The results of the test of the hypothesis showed that EPS and DPS had a significant impact on stock price. These findings call for taking into account additional factors that influence stock price.

Masum (2017) found the impact on stock in Bangladesh investigated excess stock market returns for all the thirty banks listed in Dhaka Stock Exchange for the period of 2011 to 2015. Endeavors are made to look at, what sort of relationship exists between profit strategy and financial exchange returns of private business banks in Bangladesh, and how much the profits on stocks can be made sense of by their separate profit strategy for a similar timeframe. Test size is huge for example every one of the recorded business banks of Dhaka Stock Trade so the outcomes are dependable and legitimate. Board information approach is utilized to make sense of the connection among profits and stock costs subsequent to controlling the factors like income per share, return on value, maintenance proportion have positive connection with stock costs and fundamentally make sense of the varieties in the market costs of offers, while the profit return and benefit after charge has negative, immaterial connection with stock costs. By and large consequences of the review demonstrate that profit strategy significantly affects stock costs.

Almumani (2018) attempted to identify the quantitative factors that influence Share Prices for the listed banks in Amman Stock Exchange over the period 2011-2017 using a linear multiple regression model. There is a critical positive connection between profit per share and the market value portion of the recorded banks in Jordan. Besides, there is a huge connection between banks book worth and market esteem. One more exact finding from the relapse investigation shows a positive connection between cost profit proportion and market cost. Observational finding from the relapse examination on the connection among Size and market cost show that there is a reverse connection among Size and market cost. At long last, other variable profits per offer and profit yield essentially affect market cost.

Almaaitih & Alsaraireh (2019) to analyze the impact of accounting indicators on the market price of share for the Jordanian commercial banks listed in Amman Stock Exchange (ASE) for the period 2006-2017. The review embraced STATA program in information handling and Arbitrary impact relapse model was decided to test the relationship. The observational consequences of the review uncover a positive and critical connection between EPS, DPS, BVPS, P/E proportion and market cost of offer. Also, the regression results showed that the market price per share for commercial banks was most affected by earnings per share and the rate of return on equity. Retained earnings per share has a negative and significant relationship with the market price of shares, while the financial leverage variable has a positive but insignificant relationship with the market price, and the current ratio variable has a positive but insignificant relationship with the market price of shares, according to the regression results. In order to make an informed investment decision, the study advised Amman Stock Exchange investors to pay close attention to accounting indicators.

Huy, Loan & Anh (2020) survey the fluctuation of stock price in commercial banks in developing countries such as Vietnam will reflect the business health of bank system and the whole economy. Great business the board expects us to consider the effects of multi full scale factors on stock cost, and it adds to advancing marketable strategy, monetary gamble the executives and financial approaches for monetary development and settling macroeconomic variables. The article looked at the positive and negative effects of seven macroeconomic factors on the stock price of a joint stock commercial bank in Vietnam

called Vietcom bank (VCB) from 2014 to 2019. The consequences of quantitative exploration, in a seven component model, show that the expansion in Gross domestic product development and loaning rate and chance free rate fundamentally affects expanding VCB stock cost with the most elevated influence coefficient, the second is diminishing the conversion standard, at last is a slight reduction in S&P500. This exploration finding and suggested strategy likewise can be utilized as reference in arrangement for business bank framework in many emerging nations.

Ahmed et al. (2021) investigated the determinants of stock market development and price volatility in a sample of the Association of Southeast Asian Nations (ASEAN) plus three countries. More specifically, the study investigates the impact that institutional quality indicators have on the growth and volatility of the stock market. To accomplish the goals of the review, we utilize yearly information from 1991 to 2014 and utilize board contravention test, completely altered normal least square strategy, and heterogeneous non causality test. Our exact discoveries affirm the huge long- run relationship among the factors. Similarly, our long-run elasticity results on the development and volatility of the stock market show that indicators of institutional freedom like regulation, government size, sound money, and trade freedom have a significant positive effect on the development of the stock market and a significant negative effect on stock price volatility. We likewise find huge short- run causalities of financial exchange improvement and cost unpredictability with the macroeconomic factors. Given these outcomes, our review recommends that the institutional opportunity pointers advance financial exchange improvement, however they additionally successfully lessen stock cost unpredictability in ASEAN in addition to three nations.

Dabbous & Tarhini (2022) found the comparative analysis of stock prices in the U.K., the U.S., Japan, Hong Kong, and mainland China. They conclude that, in comparison to more established stock markets, China's monetary policies have a relatively short effect on the stock market index. As confirmed in hysteresis and constancy, loan fee adversely influences the stock cost file; notwithstanding, the impacts can be completely comprehended in the long haul. In any case, Papadamou et al (2017) confirm that over a more drawn out period the financing cost change will steadily affect stock yield. The momentary effect on stock cost isn't clear when the loan fee and store hold proportion are changed; just the rate cut affects the financial exchange. This is on the grounds that

bringing down loan fees infers a financial slump; this will start financial backer concern and send the securities exchange into a spiral.

2.2.2. Review of Nepalese studies

The Nepalese capital market is small and still in its infancy, so little research has been done on market price and how it relates to fundamental variables. Here is a survey of concentrates in Nepalese viewpoint.

Bhattacharai (2016) examined the “Determinants of Share Price of Nepalese Commercial Banks”, taking nine commercial banks of Nepal as sample. The review results that the portions of business banks offer the venture open doors to Nepalese financial backers in light of the fact that these offers are more much of the time exchanged the market than when contrasted with others in Nepalese setting. Earnings per share and price-earnings ratio were found to have a significant positive correlation with share price from 2006 to 2014, while dividend yield was found to have a significant negative correlation with bank share price. The study concludes that the primary factors influencing the share price of Nepalese commercial banks are the dividend yield, earnings per share, and price-earnings ratio.

Shrestha & Subedi (2016) survey the determinants of stock market performance in Nepal. The finding uncovered that stock cost areas of strength for has relationship with expansion and development of cash supply, and negative reaction to loan fee. It shows that individuals have been continuously accepting financial exchange as a support against expansion and put resources into this market when there is adequate liquidity free at a low loan cost. A positive political improvement with security can advance offer market further which can assume a crucial part for monetary intermediation and asset preparation through capital market. As our outcomes uncover that offer market is likewise affected by bits of gossip, news and theories, straightforwardness ought to be expanded in this market by making data connected with recorded organizations effectively available. In fact, the authorities in question ought to improve transparency and communication in order to dispel market rumors and gossip.

Dhakal (2018) found the Factors Affecting Share Price of Commercial Bank. Correlation and Regression Analysis. The discoveries of the concentrate over the course of the last

five-year time frame uncovered that profit per share and acquiring per share, book esteem per share has critical positive relationship with share cost utilizing auxiliary information examination. Income per share, book esteem, profit installment, cost income proportion, settled up capital of the banks and ecological variables are government flimsiness, NRB's strategy, SEBON execution, political impacts. Profit, book esteem, profit installment, settled up capital, cost income proportion and political strength are the major.

Gupta (2018) look at the effect of rights share issue on share price movement in the banking sector covering the period 2007/08 to 2016/17. Pre and post right issue and price relatives were calculated using the price 90 days prior to the right announcement date as the beginning index in order to determine the movement of the share price at various selected points in time. Five distinct marks of time were chosen to notice the offer cost developments expecting the declaration date as the reference point of time. The NEPSE website provided the stock price data. The paper utilizes connection coefficient to look at whether the general market development has any relationship with the singular offer cost change. Coefficient of assurance is utilized to recognize what extent of the variety in the offer cost is made sense of by the occasion of right offer issue. The outcome shows that right contribution declarations have the flagging impact, however it is negative. Despite the rise in the market index over the same time period, the announcement of right results in a decline in the share price of Nepalese commercial banks. The outcomes feature the data deviation conduct which prompts a negative change in share cost after the freedoms declarations. The ramifications of the outcome is that financial backers can expect the idea of progress in share cost after privileges issue declarations and foster smart courses of action to further develop the exchanging movement.

Karki (2018) study the related cross-sectional differences in stock prices of Nepalese commercial banks to the underlying behavior of six fundamental variables: earnings per share, book value per share, cash dividend per share, stock dividend per share, price earnings ratio, and firm size. The data in this study come from secondary sources. For the years 2000 to 2014, the balanced panel data from commercial banks, which include 150 observations, are used. Stock prices of commercial banks in Nepal are primarily influenced by earnings per share and stock dividend per share. The stock dividend's

performance is particularly noteworthy because it is the most statistically and economically significant of the six fundamental variables examined.

Thapa (2019) to analyze the influencing factors of stock price in Nepal (with reference to Nepalese commercial banks) listed on the Nepal Stock Exchange Ltd. over the period of 2008 to 2018AD. The data was gathered from poll and budget report of concerned associations and investigated utilizing straightforward direct relapse model. The finishes of the work uncovered that procuring per share (EPS), profit per share (DPS), compelling principles and guidelines, market impulses and bits of gossip, organization profiles and achievement rely on karma have the huge positive relationship with share cost while loan fee (IR) and cost to income proportion (PER), showed the critical reverse relationship with share cost. Further, openness of liquidity, essential and specialized examination animates the presentation of the Nepalese financial exchange. All the more critically, financial exchange has been found to answer altogether to changes in profit and loan fee.

Niraula (2021) examined the behavior of stock price in Nepalese commercial banks. MPS serves as the dependent variable in this study, with EPS, PE Ratio, DY ratio, Size, MPS, and BV per share and ROA serving as the experiment variables. The secondary data came from annual reports of commercial banks over a five-year period, from 2015–16 to 2019–20. Utilizing SPSS form 23, a distinct and logical exploration approach is used to look at and assess the information. From a population of 27, 18 commercial banks are selected using convenience sampling. The impact of free factors on MPS has been exhibited utilizing a numerous direct relapse model. The outcome demonstrates that MPS is influenced positively and statistically significantly by the PE ratio, EPS, and size of banks. Other factors have little impact.

2.2.3. Summary table of empirical review

Table 2.1. Summary table of empirical review

Author	Topics	Methodology	Findings
Yuana, Zhangb and Liana (2022)	Economic policy uncertainty and stock price crash risk of commercial banks: Evidence from China	This study includes various tools like ratio analysis, correlation analysis and multiple regression analysis as specific tools.	The principal discoveries were legitimate in a progression of vigor tests, including supplanting proportions of financial strategy vulnerability and stock cost decline markers.
Ahmed et al. (2021)	Determinants of stock market development and price volatility in a sample of the Association of Southeast Asian Nations (ASEAN) plus three countries	This study includes multiple regression analysis.	The macroeconomic variables are found to be significant short-run causes of stock market development and price volatility.
Niraula (2021)	The behavior of stock in Nepalese commercial banks	This study includes multiple regression analysis EPS,	The outcome demonstrates that there is a positive and measurably massive impact of PE of bank in MPS. other and factors make insignificant impacts.
Huy, Loan & Anh (2020)	The fluctuation of stock price in commercial banks in developing countries such as	The panel data regression models are correlation analysis.	The outcome shows that there is a positive and genuinely tremendous impact of PE of bank in MPS. other and factors have unimportant effects. The consequences of

	Vietnam will reflect the business health of bank system and the whole economy		quantitative examination, in a seven component model, show that the expansion in Gross domestic product development and loaning rate and chance free rate fundamentally affects expanding VCB stock cost with the most noteworthy effect coefficient, the second is diminishing the conversion standard
Almaaitah & Alsaraireh (2019)	The impact of accounting indicators on the market price of share for the Jordanian commercial banks	This study includes various tools like correlation analysis and multiple regression analysis	The aftereffects of the review recommended that swapping scale and Depository bill rate were positive though loan cost and expansion rate were adversely connected with better financial exchange execution.
Keswani & Wadhwa (2019)	The impact of certain macroeconomic factors on securities market performance in the National and Bombay Stock Exchanges	Correlation and multiple regression analysis.	The discoveries showed that held income per share has negative and critical connection with market cost of offer, then again, monetary influence variable has a negative yet unimportant relationship with market cost.

Thapa (2019)	The influencing factors of stock share, price in Nepal effective	Correlation analysis.	The study's conclusion revealed a significant positive correlation between share price and earnings per dividend per share, rules and regulations, market whims, company profiles, and luck-based success.
Dhakal (2018)	The Factors Affecting Share Price of Commercial Bank	Using a linear multiple regression model.	The discoveries of the concentrate over the course of the last five-year time frame uncovered that profit per share and acquiring per share, book esteem per share has critical positive relationship with share cost utilizing auxiliary information investigation.
Masum (2017)	The study on dividend policy and its impact on stock in Bangladesh investigated excess stock market returns for all the thirty banks listed in Dhaka Stock Exchange.	This study includes various tools like correlation analysis and multiple regression analysis as specific tools.	The study came to the conclusion that earnings per share, return on equity, and retention ratio all have a positive relationship with stock prices and significantly account for variations in share market prices.

Velankar, Chandani, & Ahuj (2017)	The impact of EPS and DPS on stock price of selected public sector banks of INDIA	A panel data analysis. Tools like correlation analysis and multiple regression analysis	The findings indicate that EPS and DPS have a significant impact on stock price and call for consideration of additional factors that influence stock price.
Aveh & Awunyo-Vitor (2017)	The specific determinants of stock prices on the Ghana Stock Exchange	The study employs descriptive Statistics, regressions and correlation analysis.	Using panel regression analysis, the empirical results were revealed to have a positive and significant relationship. between ROE, EPS, and BMVS and market capitalization, indicating that these variables have a significant impact on the Ghana Stock Exchange's share price.
Pradhan and Dahal (2016)	The Factors Affecting the Share Prices: Evidence from Nepalese Commercial Banks	The study employs descriptive Statistics, regressions and correlation analysis.	The study hypothesizes that MPS is influenced by a number of macroeconomic and bank-specific variables. Factors like acquiring per share, cost profit proportion and book esteem per share are exceptionally powerless impact in deciding business sector cost per share.

Shrestha and Subedi (2015)	The Determinants of Stock Market Performance in Nepal.	The study employs descriptive Statistics, regressions and correlation analysis.	The review's discoveries show that the cost of stocks has a negative response to loan fees and a critical positive connection with both expansion and cash supply extension. rate
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2.3. Research Gap

Share cost has been the subject of a few examination since it is viewed as a huge event in the financial exchange. In addition to numerous beneficial outcomes, each of them has its own limitations. Most of exploration for the most part utilize auxiliary information, which is likewise obsolete. The financial exchange has seen a few headways as time has gone on. NEPSE now has a greater number of listed businesses. This examination project contrasts fairly from other exploration projects with regards to term, objective, populace, test, and topic. Because of the increment of recorded firms in NEPSE, the populace and test will change. Despite the fact that several studies that consider share price to be an important

"Stock Price Variability of Development Banks in Nepal" has not been investigated, despite the fact that stock price behavior, variables influencing share price, and risk and return analysis of specific firms' shares were the primary topics covered in the previous theses. Utilizing secondary data, the objective of this study is to investigate and assess the stock price dynamics of development banks that are listed on the NEPSE. The goal of this study is to determine how the stock prices of development banks have changed over time by applying a variety of facts to secondary data. Investors, academics with an interest in the subject, and policymakers will all benefit from the current research. I hope that future researchers in the same field will benefit from our work.

CHAPTER - III

RESEARCH METHODOLOGY

The general construction, or system, for social event, dissecting, and introducing the information expected to accomplish the review's objective is given in this section. The objective of using a variety of instruments and techniques for the analysis and presentation, in addition to answering the research questions outlined in this section. A subject's data is found, picked, handled, and dissected utilizing an exact arrangement of systems known as examination procedure. The accompanying portrays the review's technique as they were utilized to accomplish its objectives.

3.1. Research design

A research resignation is a complete combination of known components and any additional data or information that supports a plausible conclusion. To show up at a veritable, blunder free outcome, the review configuration should stick to a coordinated, very much considered approach as per the preselected research kind. A research design provides a researcher with an objective, well-structured plan of study, enabling them to effectively evaluate the causes and effects links between various independent and dependent variables. Elucidating and relaxed near research plans have been utilized, remembering the review's objectives. Various monetary instruments are utilized to look at the accumulated data and achieve the objectives of the examination. Contingent upon their tendency, the information assembled from fiscal summaries, yearly reports, and different wellsprings of data are handled, grouped, and displayed in various tables and graphs under unmistakable titles. Relapse examination and different proportions of affiliation are utilized to decide the connection between factors, which helps experts in understanding the development of the stock costs of specific advancement banks in Nepal.

3.2. Population and sample

The populace alludes to the businesses of similar nature and its administrations and items overall. As a result, the total number of development banks is the population of the data, and the bank under investigation is the study's sample. There are as of now 8 Public level improvement banks working in our nation Nepal. Out of them this study is worried about

five improvement bank for example Garima Bikas Bank Restricted (GBBL), Jyoti Bikash Bank Restricted (JBBL), Shangrila Advancement Bank Restricted (SRDBL), Kamana Sewa Bikas Bank Restricted (KSBBL) and Sparkle Resunga Improvement Bank Restricted (SRDBL) are taken as test based on purposive inspecting strategy.

3.3. Nature and sources of data

The secondary data collection procedure has been modified to meet the study's goals. The optional wellsprings of information are the data gotten from reports, books, paper, diaries and so forth. The significant wellsprings of auxiliary information are yearly report of Garima Bikas Bank Restricted (GBBL), Jyoti Bikash Bank Restricted (JBBL), Shangrila Improvement Bank Restricted (SRDBL), Kamana Sewa Bikas Bank Restricted (KSBBL) and Sparkle Resunga Advancement Bank Restricted (SRDBL) notice and reports of improvement banks, materials distributed in papers and magazines, other related diaries, periodicals, books and booklets and site of concerned banks.

- A study on library research
- Internet, homepage and related banks links
- Derivatives of NRB The linked bank's annual report
- publications in journals and papers written by different professors and experts.

3.4 Methods of analysis

The available data are grouped according to the study's requirements to accomplish the research objective. The review's objective is accomplished through the utilization of both factual and monetary instruments.

3.4.1 Financial analysis

The financial tools are used to show whether a company's financial situation has improved or deteriorated over time, as well as its relative strengths and weaknesses in comparison to those of other companies in the same industry. Consequently, proficiency proportion can be utilized to survey the productivity between factors. The P/E ratio and other financial tools will be calculated.

3.4.2. Statistical tools

In order to accomplish the study's goal, a number of important statistical tools are utilized. The mean, standard deviation, coefficient of variation, correlation, and regression analysis will all be utilized in this study. In this exploration concentrate on a few factual devices are utilized for the examination of the information all the more precisely, which are given underneath:

Descriptive statistics

Enlightening measurements are compact educational coefficients that give an outline of a specific information assortment, which might be an example of the populace or a portrayal of the total populace. estimations of focal propensity and estimations of inconstancy (spread) are the two classifications into which engaging measurements fall. The standard deviation, fluctuation, least and most extreme factors are estimations of changeability, while the mean, middle, and mode are proportions of focal inclination. Engaging measurements, then, at that point, make it conceivable to show the information in a more significant structure, making it simpler to examine the information.

Karl Pearson's coefficient correlation analysis

Among the few numerical strategies for working out relationship, Karl Pearson's notable Pearson's coefficient of connection is every now and again applied in true situations to measure the strength of the connection between two factors. At the point when an adjustment of one variable's worth is joined by an adjustment of the other's worth, two factors are said to have relationship. Consequently, the formula that uses two variables to calculate it is as follows:

This coefficient's worth can never be not exactly - 1 or more prominent than + 1. This coefficient therefore has limits of + 1 and -1. A positive connection between's the factors is inferred by the worth of $r = + 1$, as well as the other way around. Zero additionally shown no affiliation.

Multiple regression analysis

By fitting a direct condition to noticed information, various straight relapse expects to foresee the association between at least two illustrative elements and a reaction variable. There is a value for each independent variable X value in the dependent variable Y. The

researcher selected for analysis additional predictors, or independent variables, and used stock price per share (MPS) as a measure of profitability. These variables incorporate cost income proportions (P/E proportions), income per share (EPS), total assets per share (NWPS), and attributes one of a kind to banks.

Dividend per Share

(DPS). That's why, the following model has been employed for the study of relationship and effect of the study variables.

Regression Equation for,

Dependent variable stock prices (MPS): $Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + e$

Where, Y = Dependent variable i.e., stock price per share (MPS)

β_0 = Value of Y when all $X_1 X_2 X_3 X_4$ are zero

β_1 = Coefficient of earning per share (EPS)

β_2 = Coefficient of net worth per Share (NWPS)

β_3 = Coefficient of price earnings ratio (P/E Ratio)

β_4 = Coefficient of dividend per share (DPS)

X_1 = Earnings per share (EPS)

X_2 = Net worth per share (NWPS)

X_3 = Price earnings ratio (P/E Ratio) X_4 = Dividend per share (DPS) e = Residual term of the regression equation.

3.5. Research framework and definition of variables

An exploration system is an exact portrayal of the design of an examination project plan.

Through this design, you can decide the basic region of the review.

Theoretical framework

The exploration structure is a flexible logical device that might be utilized in various circumstances. In education, it is used to organize ideas and make distinctions. Both autonomous and subordinate factors were incorporated. An independent variable is one over which the researcher has control and that has an impact on other variables' changes. The effect of changing the autonomous variable is shown by the reliant factors. Market cost is viewed as a reliant variable, while profits, income, cost profit proportions, and

total assets are viewed as free factors. Figure shows the exploration system, which makes sense of the free and subordinate factors utilized in the review.

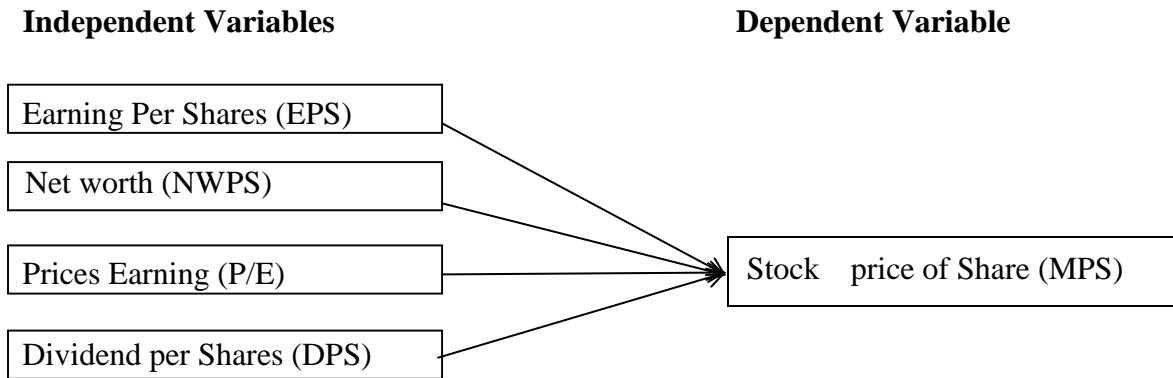


Figure 3.1: Research framework

Source: Karki, (2018)

Definition of variables

Earnings per share (EPS)

Earnings per share, also known as net income per share, is a market prospect ratio that measures the amount of net income generated per outstanding share of stock. Earnings per share have a significant impact on share price, as found in research by Sharma (2011). In the Indian context, Bhatt & JK (2012) state that there is a positive correlation between the market value of equity shares and EPS. In this review, it is one of the autonomous variables.

$$\text{Earnings Per Share (EPS)} = \frac{\text{Total Earning of the Organization}}{\text{No. of Shares Outstanding}}$$

Net worth per share (NWPS)

The net worth per share (NWPS) financial metric is used to determine a company's minimal equity value. To be more specific, this number is obtained by multiplying the number of existing shares by the initial value of the company's common stock following adjustments for inflow (retained earnings) and outflow (dividends and stock buybacks). As indicated by research done by Sharma (2011), book esteem per share altogether influences share market cost. Emamgholipour et al. (2013) found that the share market price is positively impacted by book value per share. In this review, it is one of the autonomous variables.

$$\text{Net Worth per Share (NWPS)} = \frac{\text{Net Worth}}{\text{No. of Shares Outstanding}}$$

Price earning (P/E) Ratio

A measurement for esteeming a business that looks at the ongoing offer cost to income per share is known as the cost to-income proportion, or P/E proportion. As indicated by research by Nickolson (1960), low P/E values perform preferable as speculations over high P/E organizations. It is one of the autonomous factors in this review.

$$\text{Price Earnings Ratio (P/E Ratio)} = \frac{\text{Market Price Per Share}}{\text{Earning Price Per Share}}$$

Dividend per share (DPS)

The total dividends paid out on each issued common share. The dividend per share, or DPS, is calculated by dividing the total number of outstanding ordinary shares issued by the total dividends paid out over the course of the year, excluding special dividends and interim dividends.

Earnings per share, not a company's dividend policy, determine a company's value, according to Modigliani and Miller (1958). Zakaria et al. (2012) and Rashid and Anisur Rahman discovered that there was a significant positive correlation between the dividend and the share price. In this review, it is one of the autonomous variables.

Total amount of dividend = Cash Dividend + Stock Dividend % * Next Year's MPS

$$\text{Dividend Per Share (DPS)} = \frac{\text{Total Dividend Paid}}{\text{No. of Shares Outstanding}}$$

Share price (MPS)

The share price of a company's many marketable equity shares is the price of a single share. The price reflects the public's willingness to pay for a portion of the company's worth. Its value may and will fluctuate based on a number of company and global environment factors. The elements of organic market impact share costs. Demand is the quantity of shares that people want to buy, and supply is the quantity that people want to sell. At the point when buyers are competing for those offers, share costs increment. An

offer's cost will diminish without a trace of buyers. The more prominent the quantity of buyers

$$\text{Share price Per Share (MPS)} = \frac{\text{Total Market Capitalization}}{\text{No. of Shares Outstanding}}$$

CHAPTER - IV

RESULTS AND DISCUSSION

Utilizing monetary and factual devices, the information have been analyzed and assessed in this section, sticking to the review cycle examined in the third part. The information accumulated from a few sources has been introduced in the examination segment utilizing different tables, which have been coordinated into the suitable tables in light of the homogeneity of the information. The examination's outcomes have been contrasted with the customary norm according to proportion investigation. Likewise, a few proper charts and graphs have been utilized to clarify the genuine state and execution of the foundations.

4.1. Results

Auxiliary information was gathered and examined in methodical manner to determine the experimental discoveries. It incorporates distributed yearly reports, monetary record, plan, diaries, magazines, articles, government and college distributions, NRB as well as sites of tested banks have been utilized as the wellsprings of optional data to look at the development of offer value indicator's. From FY 2012/13 to FY 2021/22, Garima Bikas Bank Limited (GBBL), Jyoti Bikash Bank Limited (JBBL), Shangrila Development Bank Limited (SDBL), Kamana Sewa Bikas Bank Limited (KSBBL), and Shine Resunga Development Bank Limited (SRDBL)) were studied using descriptive statistics, correlation, and regression analysis.

4.1.1. Descriptive statistics

The minimum, maximum, mean, standard deviation, and t-value, which correspond to the variables under investigation, were used in the study. Engaging measurements, then, at that point, make it conceivable to show the information in a more significant structure, making it simpler to examine the information.

Table: 4.1

Descriptive statistics

	N	Range	Minimum	Maximum	Mean	Std. D	Sum
EPS	50	37.74	0	37.74	19.32	8.71	966.07
NWPS	50	72.5	110.62	183.12	132.74	13.36	6637.23
PER	50	43.65	0	43.65	14.55	9.16	727.84
DPS	50	17.35	0	17.35	5.40	4.68	270.24
MPS	50	650	0	650	265.79	149.07	13289.9

(Source: Appendix- XI)

Table 4.1 uncovers the Enlightening Insights test between depended variable and autonomous variable. Income per Offer (EPS) of reach 37.74, least 0, greatest 37.74 normal worth is 19.32 as well as standard deviation is 8.71. Total assets per Offer (NWPS) of the table reach 72.5, least worth 110.62, and most extreme worth 183.12, normal worth is 132.74 as well as standard deviation 13.36. The Price Earnings Ratio (P/E Ratio) ranges from 0 to 43.65, with an average of 14.55 and a standard deviation of 9.16. Profit per Offer (DPS) range 17.35, least 0, greatest 17.35, normal worth is 5.40 also standard deviation 4.68. Stock costs per Offer (MPS) range is 650, least worth 0, most extreme 650, normal worth is 265.79 well as standard deviation is 149.07.

4.1.2. Coefficient of correlation

Correlation is the statistical method used to quantify the relationship between two or more sample or population variables. In a different way, it shows how much of a linear relationship there is between two variables. The coefficient of correlation is a measure of the degree to which two sets of figures are linked. Karl Pearson's methodology is utilized in the review among the few strategies for deciding the coefficient of connection. Coefficient of relationship results are generally in the scope of +1 and - 1. When $r = +1$, there is a perfect connection between two variables, and vice versa. There is no connection among them when $r = 0$.

Table: 4.2

Correlation between MPS and Independent Variables

	EPS	NWPS	PER	DPS	MPS
EPS	1				
NWPS	.420**	1			
PER	-.287*	-0.09	1		
DPS	.585**	.338*	-0.183	1	
MPS	0.241	.415**	.378**	0.226	1

(Source: Appendix-XII)

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

*. Correlation is significant at the 0.05 level (2-tailed).

The correlation test that was performed using a correlation coefficient matrix between the dependent variable and the independent variable profitability, namely stock prices (MPS), as well as the independent variables Earnings per Share (EPS), Net worth per Share (NWPS), Price Earnings Ratio (P/E Ratio), and Dividend per Share (DPS). Results show that Income per Offer (EPS) is positive inconsequential relationship with stock costs (MPS) i.e., 0.241, do have positive immaterial connection with MPS. Also, Total assets per Offer (NWPS) has positive critical relationship with stock costs (MPS) i.e., 0.415, do have positive huge connection with stock costs (MPS), at 1% Importance Level. Similarly, the Price Earnings Ratio (P/E Ratio) shows a positive significant connection with stock prices (MPS) at the 1% significance level (0.378). Moreover, there is a positive inconsequential relationship between Profit per Offer (DPS) and stock costs (MPS), with a connection of 0.226 between the two. The connection's positive coefficient gauges proposed an immediate relationship between stock costs (MPS) and monetary pointers.

4.1.3. Regression analysis between MPS and independent variables

Table: 4.3

Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.624	0.39	0.336	121.5054

(Source: Appendix-XIII)

The model outline of the different relapse examination with MPS as the reliant variable is shown in Table 4.3. The fact that the R2 value is 0.39 indicates that independent variables like DPS, PER, NWPS, and EPS account for 39% of the variation in MPS, but these variables don't account for the remaining change in MPS.

Table: 4.4

Analysis of variance (ANOVA)

SS					
Regression	424538.3	4	106134.6	7.189	.000
Residual	664359.9	45	14763.55		
Total	1088898	49			

(Source: Appendix-XIII)

a. Dependent Variable: MPS

b. Predictors: (Constant), DPS, PER, NWPS and EPS

Hypothesis for the ANOVA test is

$H_0 = \beta_1 = \beta_2 = \beta_3 = \beta_4 = \beta_5 = 0$: There is no connection among MPS and DPS, PER, NWPS and EPS.

$H_1 = 1 = 2 = 3 = 4 = 5 \neq 0$: MPS and DPS, PER, NWPS, and EPS all have a connection. The ANOVA (F-value) test for determining the significance of multiple regression coefficients is shown in Table 4.4.

The F-an incentive for the huge test is 7.189 has shown critical relationship of autonomous factors i.e., of DPS, PER, NWPS and EPS.

Table: 4.5

Regression coefficient of MPS with independent variables

Model	Unstandardized Coefficients		Standardized Coefficients	t	P-value
	Beta	Std. Error	Beta		
1 (Constant)	-444.572	182.078		-2.442	0.019
EPS	3.025	2.637	0.177	1.147	0.257
NWPS	3.944	1.443	0.354	2.733	0.009
PER	7.754	1.979	0.477	3.919	0.001
DPS	2.875	4.61	0.09	0.624	0.536

(Source: Appendix- XIII)

Dependent Variable MPS, 95% confident interval, 5% Significance Level The relapse coefficient for the reliant variable stock costs (MPS) and the autonomous factors Profit per Offer (EPS), Total assets per Offer (NWPS), Value Profit Proportion (P/E Proportion), and Profit per Offer (DPS) of the example banks are shown in Table 4.5. The consequences of the relapse examination show that, with a coefficient gauge of 3.025 percent, income per share (EPS) affects stock costs (MPS). This shows that when EPS becomes by 1% while keeping other free factors consistent, the bank stock costs (MPS) ascend by 3.025 percent, with a P esteem over 5%. As an outcome, the functioning speculation that Profit per Offer (EPS) emphatically and hardly influences the stock costs (MPS) of the example banks was discredited by the outcomes.

A coefficient gauge of 3.944 percent demonstrates a positive critical connection between total assets per share (NWPS) and stock costs (MPS). This shows that when total assets per share (NWPS) works on by one percent while keeping other free factors fixed, the MPS of the banks' stocks ascend by 3.944 percent and the P esteem is under five percent. Consequently, the findings support the working hypothesis that net worth per share (NWPS) has a positive and significant impact on stock prices (MPS) at the 1% significance level.

As per the relapse consequence of Value Income Proportion (P/E Proportion) has a positive critical contact with stock costs (MPS) by a coefficient gauge of 7.754 percent. This indicates that while keeping other independent variables constant, a one percent increase in the Price Earnings Ratio (P/E Ratio) results in a 7.754% increase in bank stock prices (MPS) and a P value of less than 5%. As a result, the result backs up the working hypothesis that, at the 1% significance level, the Price Earnings Ratio (P/E Ratio) does have a positive significant effect on stock prices (MPS).

As indicated by the relapse consequence of Profit per Offer (DPS) has a positive immaterial contact with stock costs (MPS) by a coefficient gauge of 2.875 percent. This implies that holding other free factors consistent and when one percent expansions in Profit per Offer (DPS) subsequently it expanding stock costs (MPS) of the banks by 2.875 percent and the P esteem more noteworthy than 5%. Appropriately, the outcome dismissed the functioning speculation that Profit per Offer (DPS), do have positive inconsequential impact with stock costs (MPS) of test banks.

4.2. Discussion

The examination uncovered many intriguing issues regarding the most recent stock costs development investigation of Garima Bikas Bank Limited (GBBL), Jyoti Bikash Bank Limited (JBBL), Shangrila Development Bank Limited (SRDBL), Kamana Sewa Bikas Bank Limited (KSBBL) and Shine Resunga Development Bank Limited (SDBL). The current concentrate effectively investigated the outcome to meet the expressed goals of the review and saw as significant. Secondary data are used in this investigation. This study utilized of expressive and logical examination plan. The development bank's annual balance sheet and profit and loss account contain the necessary information for the analysis. Valuable information and data are gathered from quantities of foundations and specialists like NRB, security trade board, Nepal Stock Trade Ltd.

Service of Money; a few financial year spending plan talks; monetary survey. The essential accentuation of the review is the change of Nepali advancement banks' stock costs. To look at the bank's presentation in examination, its exhibition was contrasted with that of its companions. In light of their budget summaries from FY 2012/13 to FY 2021/22, stock cost Development examinations of Garima Bikas Bank Limited (GBBL), Jyoti Bikash Bank Limited (JBBL), Shangrila Development Bank Limited (SRDBL), Kamana Sewa Bikas Bank Limited (KSBBL), and Shine Resunga Development Bank Limited (SDBL). were led. The study evaluated the current state of financial indicators and came to the conclusion that GBBL Bank's stock prices (MPS) performed better than those of JBBL SDBL, KSBBL, and SRDBL throughout the study period..

The connection investigation shows that Income per Offer (EPS) is positive irrelevant relationship with stock costs (MPS). Additionally, Total assets per Offer (NWPS) has positive huge relationship with stock costs (MPS), do have positive critical connection with stock costs (MPS), at 1% Importance Level. Additionally, at the 1% Significance Level, there is a positive significant correlation between the Price Earnings Ratio (P/E Ratio) and stock prices (MPS). In addition, there is a positive but insignificant correlation between dividend per share (DPS) and stock prices (MPS). The positive coefficient evaluations of the connection inferred that there was immediate relationship of monetary indicators with stock costs (MPS).

The result of the relapse shows a positive and measurably immaterial connection between stock costs (MPS) and income per share (EPS). This encouraging result is in line with what Ahmed et al. found. (2021), Niraula (2021), Thapa (2019), and Velankar, Chandani, and Ahuj (2017), who found a good relationship between's stock costs (MPS) and profit per share (EPS).

Stock prices are positively and significantly correlated with net worth per share (NWPS) (MPS). This positive outcome is reliable with Almaaiteh and Alsaraireh (2019), Ahmed et al. (2021) and Devkota, and Dhungana (2019) where they found positive relationship between Total assets per Offer (NWPS) and stock costs (MPS). The conclusion suggests that the Price Earnings Ratio (P/E Ratio) has a favorable effect on stock prices (MPS). This positive result is in line with the findings of Niraula (2021), Thapa (2019), and Bhattarai (2016), who discovered a positive correlation between stock prices (MPS) and the Price Earnings Ratio (P/E Ratio).

According to the preceding description, MPS experiences varying degrees of impact from each component of the stock price change. Accordingly, organizations genuinely must really bend over backward to control the improvement banks' stock cost development in Nepal.

CHAPTER - V

SUMMARY AND CONCLUSION

There are three segments in this study part. The first section provides a brief overview of the study. The results of the study are presented in the second section, and the third and final section discusses the implications for the study's context.

5.1 Summary

The applied system, writing audit, exploration and strategy, information show and examination, rundown, end, and suggestions are the five parts that make up this review. The essential objective of the review is to explore stock cost variances, break down the connection between's stock cost and income, total assets cost, value profit, and profits of Nepalese example banks, and evaluate the impact of income, total assets cost, value income, and profits on stock cost of Nepalese example banks. Significant postulations, diaries, distributions, connected website pages, and so on are likewise counseled for this concentrate in the subsequent part. Comparably, in the third section, "research philosophies" alludes to the review plan, information sources, information gathering strategy, instruments and procedures utilized, and so on. Elucidating and relaxed comparatives research configuration was picked for this reason. Purposive testing is utilized to pick five improvement banks as an example from the general populace of the seventeen improvement banks. Shine Resunga Development Bank Limited (SRDBL), Kamana Sewa Bikas Bank Limited (KSBBL), Jyoti Bikash Bank Limited (JBBL), Garima Bikas Bank Limited (GBBL), and Shangrila Development Bank Limited (SRDBL) are the five major banks chosen from Nepal's development banks. There is use of yearly reports and different distributions got from optional information. In order to achieve the aforementioned objectives, only five of the 17 development banks have been selected as a sample. Only secondary data have been gathered and examined in order to achieve the objectives. The primary source of the secondary data, which spans ten years from fiscal year 2012/13 to fiscal year 2021/22, was the annual reports of the banks. Monetary instruments were used to survey the bank's general exhibition, and various relapse models and the relationship coefficient were utilized to follow the development of improvement banks' stock qualities in Nepal. Financial ratio analysis compares the

financial performance of development banks by rating them based on a number of financial ratios.

Stock prices (MPS) and earnings per share (EPS) have a positive but negligible correlation, according to data analysis and correlation analysis. Moreover, at the 1% importance level, there is a positive critical relationship between Total assets per Offer (NWPS) and stock costs (MPS). Like this, at the 1% importance level, the Value Income Proportion (P/E Proportion) shows a positive critical association with stock costs (MPS). Furthermore, there is a positive however insignificant relationship between profits per share (DPS) and stock costs (MPS). The relationship's positive coefficient gauges proposed an immediate relationship between stock costs (MPS) and monetary markers. Additionally, earnings are indicated by the multiple regression analysis results. Along these lines, stock costs (MPS) impact total assets per share (NWPS), with a 1 percent importance level of test banks. Likewise, for test saves money with a 1 percent importance level, the Value Income Proportion (P/E Proportion) shows a positive critical impact on stock costs (MPS). Additionally, there is a minuscule positive correlation between stock prices (MPS) and dividends per share (DPS). The administration of a couple of picked banks will track down the review's discoveries valuable in settling on shrewd administrative choices.

5.2 Conclusion

The following conclusions have been drawn for the fiscal years 2012/2013 and 2021/22 on the basis of the study's objectives and analysis: According to the analysis of financial indicators, the stock prices per share (MPS) of GBBL fluctuated the most. Contrasted with SDBL, KBBL, and SRDBL, JBBL vacillates the least. While JBBL has the most un-whimsical EPS and different banks have predictable income, GBBL has the most unstable EPS. At last, the investigation arrives at the resolution that during the review time of the Nepalese improvement banks, stock costs (MPS) appear to move the best, and cost income proportion swings the least.

As per the relationship research, there is a positive yet unimportant connection between stock costs and income per share (EPS) (MPS). Moreover, at the 1% importance level, there is a positive critical relationship between Total assets per Offer (NWPS) and stock costs (MPS). Like this, at the 1% importance level, the Value Income Proportion (P/E

Proportion) shows a positive critical association with stock costs (MPS). Furthermore, there is a positive however insignificant relationship between profits per share (DPS) and stock costs (MPS). The connection's positive coefficient gauges proposed an immediate relationship between stock costs (MPS) and monetary pointers.

The regression results indicate that Earnings per Share (EPS), Net worth per Share (NWPS), Price Earnings Ratio (P/E Ratio), and Dividend per Share (DPS) have a moderating effect on share prices based on the influence of stock price movement indicators. Stock costs are decidedly influenced, albeit not essentially, by profit per share (EPS) (MPS). Along these lines, stock costs (MPS) impact total assets per share (NWPS), with a 1 percent importance level of test banks. Likewise, for test saves money with a 1 percent importance level, the Value Income Proportion (P/E Proportion) shows a positive critical impact on stock costs (MPS). Additionally, there is a minuscule positive correlation between stock prices (MPS) and dividends per share (DPS). The consequences of this examination will help the administration of specific banks in making The researcher has optimized the following sections to provide everyone who might be affected with some implications and suggestions for additional research based on the study's key findings and brief analysis.

5.3 Implications

Considering the relevant worries and the review's discoveries, the accompanying suitable proposals have been executed:

- It is educated that they follow along with respect to any worries in regards to stock determinants in light of the fact that the review period saw huge unpredictability in the MPS of the advancement banks that were picked.
- Since there aren't many experienced financial backers in the stock, administrative organizations are encouraged to run crusades using different media stages and spot projects to teach and allure new financial backers to buy the organization's portions.
- The NEPSE index is a crucial factor in encouraging investment success. Accordingly, to dispense with financial exchange difficulties like exchange offices

- Ought to be overseen in viable manner by figuring out financial backer's security act.
- NEPSE may extend its services to the regional levels rather than just the valley. In addition, they want to replace the out-of-date open cry system with a global-standard online trading platform.
- As numerous responders from these enterprises recognized, the establishment of a PC helped exchanging framework on the NEPSE exchanging not entirely set in stone to be totally significant. Such a framework should be changed as per market requests.
- NEPSE may extend its services to the regional levels rather than just the valley. Furthermore, they need to trade out the old-fashioned open cry framework for an internet exchanging stage that conforms to worldwide standards. The installation of a computer-aided trading system on the NEPSE trading floor was determined to be of the utmost importance, as many respondents from these industries acknowledged. Such a framework should be changed as per market requests.
- Based on the study's main discovery and conclusion, the researcher intends to present some implications and additional research implications to anyone who might be concerned about the following sections.

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ABSTRACT This study looks on changes in Nepali development banks' stock prices. This study's primary goal is to analyze and understand changes in Nepal's development banks' stock prices.

A descriptive and causal comparative research strategy **was** employed in order **to achieve the** study's **objectives**

. For the analysis, a sample of five development banks covering the fiscal years 2012–13 through 2021–22 was chosen. The annual reports of the individual development banks, the Nepal Stock Exchange, and the annual supervisory report of the Security Board of Nepal were consulted for the data. Using SPSS version 25, data were analyzed using the multiple regression and correlation techniques. Stock prices per share (MPS) served as the dependent variable, and dividends

per share (DPS), **price earnings ratio (P/E ratio)**, earnings **per share** (EPS), and **net worth per share (NWPS)**

) served as the independent variables. The study's conclusions demonstrate that there is a positive but negligible relationship between stock prices and earnings per share (EPS) (MPS). Similarly, at the 1 percent Significance Level of the sample banks, net worth per share (NWPS) has a positive significant influence on stock prices (MPS). Similarly, at the 1 percent significance