FACTORSAFFECTINGTHESHAREPRICEOF MICROFINANCE INNEPAL

A Dissertation submitted to the office of the dean, faculty of management in partial fulfillment of the requirements for the Master of Business Studies (M.B.S.)

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CERTIFICATE OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled, **FACTORS AFFECTING THE SHARE PRICE OF MICROFINANCE IN NEPAL**. The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor it has 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 the dissertation.

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REPORT OF RESEARCH COMMITTEE

Rajena Kafle has defended research proposal entitled **FACTORS AFFECTING THE SHARE PRICE OF MICROFINANCE IN NEPAL.** 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 Dr. Pitri Raj Adhikari and submit the dissertation for evaluation and vice-voce examination.

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APPROVAL SHEET

We, the undersigned, have examined the thesis entitled **FACTORS AFFECTING THE SHARE PRICE OF MICROFINANCE IN NEPAL** presented by Rajena Kafle candidate for the degree of Master of Business Studies (M.B.S Semester) and conducted the Viva- Voce examination of the candidate. We hereby certify that the thesis is worthy of acceptance.

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Thank You,

Rajena Kafle

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ABBREVIATIONS

AM	Arithmetic Mean
ANOVA	Analysis of Variance
ATM	Automated Teller Machine
B.S	Bikram Sambat
BVPS	Book Value per Share
C.V	Coefficient of Variation
CO	Company
CRS	Corporate Social Responsibility
DPS	Dividend per Share
MPS	Market Price per Share
NR	Nepalese Rupees
P/E Ratio	Profit Earnings Ratio
ROA	Return on Assets
ROE	Return on Equity
S.D	Standard Deviation
SE	Standard Error
SEBON	Security Board of Nepal
SPSS	Statistical Package for Social Science Research
www	World Wide Web

ABSTRACTS

This study explores the determinants of share prices in Nepalese microfinance, focusing on three selected firms listed on the Nepal Stock Exchange. Using a descriptive and causal research design, the study has focused the data from such Micro finances. Microfinance's are selected by a purposive sampling method. The result has been found the positively correlated with market price and other variables. The Vicariate correlation and multiple regression analysis are use to examine the relationship between independent and dependent variables. The study analyzes ten years of data (2013/014 to 2022/023) to investigate variables such as Return on Equity (ROE), Price-to-Earnings Ratio (P/E), Dividend Per Share (DPS), Book Value Per Share (BVPS), Inflation Rate (IR), Log Market Capitalization (LMC), and Gross Domestic Product (GDP). Purposive sampling was employed to select representative microfinance institutions, highlighting key drivers influencing market valuation and financial performance. The research findings underscore significant impacts of ROE, P/E, DPS, BVPS, IR, LMC, and GDP on Market Price per Share (MPS), crucial for stakeholders in strategic decision-making and policy formulation amidst economic complexities and global uncertainties.

Key Words: market price per share, return on equity, return on assets, dividend per share, book value per share, price earning ratio, bank rate, inflation rate, log market capitalization, gross domestic product.

CHAPTER-I
INTRODUCTION

1.1 Background of the Study

A Stock cost implies the sum it would taken a toll to purchase one share in a company amid a time period. It's a common wonder in the value advertise and measures the unexpected changes in the stock costs. Kanniainen (2007) expressed that stock cost instability is a degree of the entry rate of modern data. Financial specialists, brokers, merchants, scholastics and controllers all concern approximately instability in the stock costs. They do so not as it were since instability measures of hazard and influence the esteem of firm but moreover since changes in the stock costs reflect vital news approximately the firm. Guo (2002) moreover expressed that the stock cost is the systemic chance confronted by speculators who have standard offers venture. Speculators are by nature chance antagonistic, and the instability of their speculations is of significance to them since it is a degree of the level of chance, they are uncovered to Stock cost reaction to a startling profit alter declaration is related to the profit inclinations of the negligible speculator in that firm where other things remaining same (Silwal & Napit, 2019).

A stock advertise is a stage where financial specialists can purchase and offer distinctive sorts of monetary rebellious, such as bonds, offers and subsidiaries. A stock trade is an institution that encourages the exchanging of these disobedient by giving rules, controls and framework. A stock advertise can be separated into two portions essential advertise and auxiliary showcase. The essential advertise is where companies issue unused offers to the open for the to begin with time through an introductory open advertising (IPO). The auxiliary advertise is where existing share are exchanged among speculators. In Nepal, the stock advertise is directed by the NEPSE (Shrestha, 2021).

Stock markets offer assistance operators oversee liquidity and efficiency chance by dispensing with untimely capital liquidation, which increments firm efficiency. Stock markets moreover quicken development in a roundabout way by diminishing liquidity chance, which empowers firm venture. Subsequently, the central parts that stock showcase can perform can be expressed as takes after: To begin with, stock advertise

work as a vehicle for raising capital for firms. Moment, capital markets in common, and stock markets in specific, can empower speculators to broaden their riches over a assortment of resources, more often than not more effortlessly than in most other money related markets. Hence, capital markets diminish the hazard that financial specialists must bear, subsequently lessening the chance premium requested and the fetched of capital. Third, stock showcase can perform a screening & checking part. Forward, stock markets and other budgetary mediators may work as complements, or maybe than substitutes, and a stock advertise that capacities well may have positive externalities for the rest of the money related framework (Sharpe, 2018).

Investing in the stock advertise is broadly recognized as a potential road for significant money related picks up, but it's pivotal to recognize the flip side of this condition. Blunder in the speculation methodologies can leads to capital misfortunes to capital misfortunes essentially since the stock advertise worked inside a exceedingly unstable environment characterized by steady changes in share cost. In this setting it's basic to get a handle on the different variables influencing the cost of share especially in Nepalese stock showcase to pick up a more profound understanding of how share costs increment. Some time recently it dives into the components influencing share costs let us to begin with get it what a stock showcase is and it works (Sharpe, 2018).

There are various variables affecting share costs, briefly clarify are a few of the most significant and definitive components that cause stock costs to move up or down. The stock advertise is planned to work on the age-old financial guideline of request and supply. These are the two variables that drive the cost of a specific stock. When the request for a specific stock surpasses its supply, it viably implies that the number of buyers for the stock is more than the number of dealers. This constantly leads to a rise in the cost of that specific share since it means that the buyers are more than willing to shell out cash to buy the stock. The speak is moreover genuine. When the supply for a specific stock is more than its request, it basically implies the nearness of more dealers than buyers. This drives the cost of a stock descending since it shows that the venders are attempting to get out of the specific stock, offering it at anything cost the buyers are willing to portion with (Sharpe, 2018).

Market cost is the capacities of different components. These variables influence the advertise costs of a security. Hence, advertise costs vary and it is not for a brief period but for over a century. Numerous speculations and models have been created around the variance and behavior of the behavior of securities prices.

MFIs lock in in smaller scale managing an account with the beneath kept money -those at the base of the pyramid, whom conventional keeping money teach ordinarily see as unbendable. Their portfolio is basically made up of unsecured gather credits. In a bunch assembly, they loan to and collect from individuals. The field operations of MFIs were hampered by lockdown strategies and the boycott on open social occasions due to concerns almost infection transmission. In expansion, the suspension of most financial operations, with the exemption of a few vital firms, harmed MFI borrower salary and hampered credit reimbursement. In spite of the reality that Covid-19 influences essentially all nations, each nation may involvement a distinctive affect, and distinctive segments inside one nation may encounter changing burdens. As a result, it is fundamental to carefully look at the degree of impact on different businesses from different points. Covid-19 has had a critical negative affect on for all intents and purposes each segment of the economy, but low-income individuals and little companies are excessively influenced since they have few resources or investment funds to offer assistance them climate the stun of the display widespread.

This study aims to investigate the factors influencing the share price of microfinance in the Nepali context. The objective of this study is to look at how internal and external variables affect the stock values of microfinance firms in Nepal. The purpose of the research is to determine how market price per share (MPS) in Nepal's microfinance sector is influenced by firm-specific and macroeconomic factors.

1.2 Problem Statement

Microfinance represents a significant and influential sector of business worldwide. Most individuals and organization make use of microfinances either as depositors or as borrowers. Microfinance plays a major role in maintaining confidence in the monitory system through their close relationship with regulatory, authorities and government and the regulation imposed on them by those governments. Hence, there is considerable and

widespread interest in the well-being of Microfinance's and in particulars their solvency and liquidity and the relative degree of risk that attaches to the different types of their business (Sharpe, 2018).

One measure of strong financial performance is profit. It often results from prudent financial management, cost containment, credit risk management, and overall operational effectiveness. An organization needs profit to survive and develop in order to retain enough money through profit-sharing. Microfinance has to keep enough cash on hand to cover a variety of emergencies. The capacity to have enough money on hand to cover deposit withdrawals and other financial obligations as they become due is referred to as liquidity. The surplus of assets over obligations, or the sufficiency of the microfinance's capital, is referred to as solvency. Microfinance needs to keep enough cash on hand to cover both unexpected expenses and daily operations (Poudel, 2020). The majority of investors are drawn to the banking industry in the current environment. Comparative analyses of the various microfinance must be conducted. It will have a detrimental effect in the long term if it continues to show indifference for pertinent information on other microfinance (Niraula, 2021).

The majority of clients find these microfinance institutions appealing since they offer effective and high-quality services. Similarly, investors put their money into microfinance institutions that provide large amounts of dividends, profits, and other benefits; nevertheless, customers must first receive advance notice regarding the institutions' capacity to make payments when needed. Liquidity, profitability, market position, and other factors should all be taken into account if microfinance is to endure in a cutthroat industry for an extended period of time (Martikainen, 2018). As such, the study is dependent on the financial standing of microfinance institutions that operate in Nepal and provide benefits to both investors and clients. Studies on the financial performance of Nepal's banking industry abound, but no comprehensive research has been conducted on microfinance institutions that are listed on the country's security board (Ghimire, 2018). The factors influencing share prices on the Bahrain stock exchange were studied by Sharif, Purohit, and Pillai (2015). They discovered that there was a significant positive relationship between ROE, ROA, BVPS, P/E ratio, age, and size of the firm, indicating that these factors actively shape the market price of shares.

Nonetheless, it was shown that MPS and dividend yield had a substantial negative correlation. Many studies from many nations beg the question, "What different factors do affect the share price of Nepalese microfinance?" The goal of this study is to examine the financial standing of three Nepali microfinance institutions. The following question format will be used to attempt to examine the researcher problem of the study:

i. What is the position of Market Price per Share (MPS), Return on equity (ROE), Dividend per Share (DPS), Price earnings Ratio (P/E), Book Value per Share (BVPS), Return on Assets Ratio (ROA), Bank Rate, Inflation rate, log (market capitalization) and GDP of microfinance companies?
ii. Is there any relationship between Market Price per Share (MPS), Return on equity (ROE), Dividend per Share (DPS), Price earnings Ratio (P/E), Book Value per Share (BVPS), Return on Assets Ratio (ROA), Bank Rate, Inflation rate, log (market capitalization) and GDPof microfinance companies?
iii. How does Return on equity (ROE), Dividend per Share (DPS), Price earnings Ratio (P/E), Book Value per Share (BVPS), Return on Assets Ratio (ROA), Bank Rate, Inflation rate, log (market capitalization) and GDP affect the Market price per share of microfinance companies?

1.3 Objectives of the Study

The major objective of the study is to analyze the factor affecting share price behavior of Nepalese microfinance in Nepal. The specific objectives of the study are:

i. To assessthe position of Market Price per Share (MPS), Return on equity (ROE), Dividend per Share (DPS), Price earnings Ratio (P/E), Book Value per Share (BVPS), Return on Assets Ratio (ROA), Bank Rate, Inflation rate, log (market capitalization) and GDPof microfinance companies.
ii. To examine the relationship between Market Price per Share (MPS), Return on equity (ROE), Dividend per Share (DPS), Price earnings Ratio (P/E), Book Value per Share (BVPS), Return on Assets Ratio (ROA), Bank Rate, Inflation rate, log (market capitalization) and GDPof microfinance companies.
iii. To analyze the impact of Return on equity (ROE), Dividend per Share (DPS), Price earnings Ratio (P/E), Book Value per Share (BVPS), Return on Assets Ratio (ROA),

Bank Rate, Inflation rate, log (market capitalization) and GDPon Market price per share of microfinance companies.

1.4 Rationale of the Study

There has been a great deal of research on the many applications of microfinance, but in the context of Nepal, this particular issue does not appear to have received much attention historically. This study aims to present the variables influencing Nepalese microfinance stock prices. Further data on the microfinance industry's securities market trend will be available from this study. In Nepal, women in particular have very low levels of social participation compared to the overall population. Targeting the ladies in this region makes sense. Societies with gender discrimination have poorer standards of life, slower economic development, worse governance, and higher rates of poverty, according to World Bank reports. In Nepal, organized groups of women are given credit through government-initiated microcredit initiatives, which makes the research significant. Nowadays, microfinance is a tried-and-true method for helping impoverished women improve their financial situation. Investors are able to evaluate the impact of market fluctuations on their investment and return. The government may use the findings of this study to inform its review and financial policy reform efforts. Likewise, this research will offer valuable insights for academic institutions, microfinance personnel, trainees, investors, financial professionals, policy makers, and other stakeholders involved in the microfinance sector.The effective management of initiatives related to microfinance is the subject of the study. Since Nepal's rural credit behavior is now quite disorganized when it comes to small microfinance projects, the effectiveness of the current organization must be evaluated before expanding the scope of microfinance programs. The study's importance stems from its attempt to investigate the effects and benefits of microfinance initiatives for smallholder farmers. Poverty is being reduced at a very slow rate.

1.5 Limitations of the Study

The limitation of this study are as follows:

i. Out of 55microfinance companies as of 2080 listed in NEPSE,only three micro finances based on annual trading i.e. Chhimek Laghubitta, Nadep Laghubitta and

Grameen Bikash Laghubitta are taken for study.

ii. The study covers only ten years data i.e. from 2013/014 to 2022/023.

iii. The study is based on secondary data. However, the study has to depend more on the secondary data taken from the annual reports, internet website of the Microfinance's. Similarly, on the other microfinance related magazines and journals. Therefore, the reliability of the conclusions depends on the accuracy of the pooled secondary data.

iv. The study covers past and present state of the factors affecting stock price of microfinance in Nepal. Hence, it does not make any projections about its future.

v. Only limited financial and statistical tools are used for the study.

CHAPTER-II

REVIEW OF LITERATURE

This chapter implies the review of literature related to the study. The objectives of this chapter are to review some basic literature on factors affecting the share price of Nepalese microfinance concerning theories including review of the empirical evidence of previous studies.

This chapter has been divided into four sections. The first section of this chapter contains theoretical review. The second section of this chapter contains conceptual review.The third section relates with the review of journals and articles and the fourth section of this chapter contains research gap.

2.1. Theoretical Review

Theories of Stock Price Related

Today, the investment sector plays a major role in helping the majority of emerging nations accelerate their economic growth. A stock price is the result of the interaction between supply and demand. The price of a stock increases when demand is strong and supply is limited, and vice versa. According to business cycle theories, understanding how various economic variables have changed over time can help forecast and explain how the economy would perform during boom times. The classical method and the efficient market theory approach are the two theories explaining the behavior of stock prices. The conventional or classical technique includes notions of both technical and fundamental analysis. There are three types of efficient market hypothesis under efficient market theory. According to the efficient market theory, the market is efficient, in contrast to the classical approach which implies the opposite. Reilly (1986) noted that investors were typically divided into two categories prior to the establishment of efficient market theory: fundamental and technical.

Convention or Classical Approach

The conventional or classical approach includes fundamental analysis and technical analysis theories. One of the major divisions in the ranks of financial analysis is between

those using fundamental analysis (known as fundamental analysts or fundamental) and those using technical analysis (known as technical analyst or technicians).

Fundamental Analysis

In the fundamental approach, the goal of the analysis for the security analyst or potential investor is to determine the intrinsic value of the company's securities by looking at factors like industry dynamics, economic influences, and related company data like product demand, earnings, dividends, and management. According to fundamental analysis, the present value of all cash flows is equivalent to the real worth of any financial asset. In order to calculate the cash flows' equal present value using the proper discount rate, the asset owner forecasts the amount and timing of the cash flows. According to the economic climate and earning potential, the fundamentalist determines the value of equities using a risk-return framework.

According to fundamentalists, the expected future stream of returns and matching capitalization rates determine the value of shares. A cost of equity associated to allotted risk is the capitalization rate. Consequently, under this model, the value of a share is equivalent to the present value of future income from equity discounted at a risk-adjusted capitalization factor. Complete financial and economic information disclosure is mandated. It is impossible to accurately determine the market value of shares if information is not consistently, completely, and reliably disseminated. The security's real price is seen as a consequence of the level of expectation. Pricing varies in response to shifting expectations, which themselves vary in response to fresh knowledge. The market price of share is based on its intrinsic values. The value of the common stock is simply the present value of all the future income which the owner of the share will receive (Francis, 1986).

Technical Analysis

In an attempt to forecast future price movements, the technical analysis hypothesis of share price behavior is based on historical stock market data. This theory uses historical stock price and value data analysis to predict future price movement. To find reoccurring trends or patterns in price changes, historical prices are analyzed. Then, more current stock values are examined to spot new patterns or trends that resemble earlier ones. We

do this study with the assumption that these patterns or trends are self-repeating. Technical analysts work in a very specific type of market. They attempt to forecast future stock prices in the same way that we may anticipate that the wallpaper design behind the mirror and the pattern above the mirror are same (Miller, 1981).

The widely acknowledged theory behind technical analysis is that supply and demand affect security prices. The goal of technical analysis tools is to measure supply and demand.In order to identify significant patterns that might be used to forecast future prices, technical analysts compile and analyze past financial data on charts. Future profits and dividends are not given much thought by technical analysts using this approach. When making recommendations on when to buy and sell individual stocks, groups of companies, or stocks in general, the analyst often tries to forecast short-term price moves. Technical analysis is sometimes thought of as a tool for answering "when" queries.Fundamental to the philosophy of technical analysis is the idea that supply and demand interact to determine market value.Supply and demand are affected by a wide range of rational and irrational factors.Despite little changes in the market, security prices typically follow patterns that last for a sizable amount of time. Changes in supply and demand result in modifications to trends.No matter why they happen, shifts in supply and demand may eventually be seen in market transaction charts. Recurrence of the pattern is common.

Technical analysis makes predictions about future market movements based on the idea that historical patterns will reoccur. In order to predict the future, it does this by analyzing historical market behavior in relation to a range of financial and economic factors. Although economic and financial factors fluctuate, they should always be evaluated in the context of the current circumstances. The reason why stock prices usually follow a trend is because of an imbalance between supply and demand. If there are more sellers than purchasers, the trend will be downward. A trading range is the area where the marker moves horizontally when supply and demand are almost equal. When demand exceeds supply, the trend is upward and the "buyer bid" raises the price.

The biggest supporter of this hypothesis is Charles Dow. This strategy is well-known as the "Chartist approach" as it is based on the notion that future share prices may be

predicted using charts and graphs of previous price movements. The movement of a single security is predicted using certain charts, and the movement of the marker index is predicted using others (Cheney & Mosses, 1995).

Efficient Market Theory

An efficient market is one where shares are always correctly priced and where it is not possible to outperform the market consistently except by luck.Current market prices properly represent available information in an effective capital market.The role of markets in a competitive economy is to allocate scarce resources between competing ends in a way that leads to the scarce resources being used most productively. This means that the highest bidder for the resources gets to use to them. When this occurs, markets are said to be allocatively efficient. The role of capital or securities market is to allocate inventible resources in a way that is allocatively efficient.

An Efficient Market (EM) is defined as one in which the price of security fully reflects all known information quickly and accurately (John, 1998).

An efficient market is one where a security's current price gives the vest estimate of its time watch. In an efficient market, there are higher free launches non-expensive dinner. Trading with the public information at hand cannot result in a consistent profit or loss (Weston & Copland, 1996). Efficient market is that, there is large number of knowledgeable and profit maximizing independent buyers and sellers, new information is generated randomly and investors adjust the information rapidly (Sharpe, 2018).

From an economic perspective, it is critical that security prices offer precise signals that enable appropriate capital resource allocation. A wrong valuation of securities would lead to a wrong capital allocation.

The information dissemination in market plays a significant role to estimate the market price of securities. Rapid and accurate adjustment of information system has signified more efficient market and only possible to earn normal profits and normal gain. The subject of market efficiency has been much concerned area of the study in recent time. The efficient markets are not only related to informational efficiency but also allocation, operational efficiency etc. allocation efficiency signifies that rate of return adjusted the

risk that are equated the margin for all investors. At time, minimum transferred cost of investment funds refers operationally efficiency.

The requirements for a security market to be efficient are as follows:

- A large number of knowledgeable profits maximizing investors exist who actively participate in the market by analyzing valuing and trading stocks. These investors are price taking that is one participant alone cannot affect the price of the securities.
- Price must be efficient so that new inventions and better products will cause a firm's securities price to rise and cause investors to want to supply capital to the firm.(i.e. buy its stock)
- Market players have free and widespread access to information at roughly the same time.
- Information is generated in a random fashion such that announcements are independents of one another.
- Transportations cost such as sales commissions on securities are ignored.
- "The stock price adjusts in accordance with investors' prompt and accurate reactions to the new information." (John, 1998)
- “Investors must be rational and able to recognized efficient assets so that they will want to invest money where it is needed most i.e.in the investments that yield comparatively large returns” (Bhalla, 1983)

Weak-Form Market Efficiency: The stock prices are assumed to reflect all past information about the price movements in the weak form of efficiency. This hypothesis holds that no investor can earn excess returns by developing trading rules based in historical prices or return information (Weston and Copland, 1996). The significant conclusion derived from the weak form hypothesis is that past rates of return and any other security market information should have no relationship with future stock prices or future rates of return. It is not possible for an investor to predict future security price by analyzing historical prices and achieve a performance (return) better than the stock market index. It is so because the capital market has no memory, and the stock market index has already incorporated past information about the security prices in the current market price.

To know that the capital market is efficient in its weak form, we can find out the correlation between the 'security prices over time'. In an efficient capital market, there should not exist a significant correlation between the security prices over time (Fama, 1965).

Most empirical test has shown that there exists serial independence between the security prices over time. An alternative method of testing the weakly efficient market hypothesis is to formulate the trading strategies using the security prices and compare their performance with the stock market performance. If an investor's trading technique outperforms the market, the capital market will not be efficient.Researchers have studied a large number of trading rules, and have concluded that it is not possible for investors to outperform the market.

Semi-Strong Form of Efficiency: In the semi-strong version of efficiency, all publicly accessible information is represented in the security prices. This implies that no investors could earn excess return using publicly available resources such as corporate annual reports, stock market price information or all publicly available data such as earnings, dividends, stock split announcements, new products development, financing difficulties, accounting changes, or financial dailies/magazines (e.g. The Economic Times). In actuality, the existing security prices already factor in such publicly available information.If the semi-strong hypothesis is true, then only a few than what could be earned by using a native buy and hold strategy (Francis, 1986).

This type of efficiency is particularly disputed since it suggests that a security analyst attempting to find mispriced assets using data that is readily accessible to the public is wasting their time, as the information is already factored into the current price.The semi-strong efficient market hypothesis implies that the share price reflects an event or information very quickly, and therefore, it is not possible for an investor to beat the market using such information.

Strong Form of Efficiency: All public and private information, both disclosed and undisclosed, is reflected in the security prices in the powerful form of efficiency.The strong form encompasses both the weak form and the semi strong form. This version implies that no opportunities should exist for any investors to derive above average rates

of return. The most stringent from of market efficiency is the strong form which asserts that prices fully reflect all information public and nonpublic (John, 1998).

An obvious way to check the validity of the strong efficient market hypothesis is to examine the profitability of traders in securities made by insiders to see if the insider's access to information allows them to earn statistically significant trading profits.

Random Walk Efficient Market Theory

The random walk theory assumes that all future stream of income from the equity investment are independent of preceding income. Put otherwise, it is not possible to forecast future prices by using historical price data.It means is we attempt to predict future prices in absolute terms using only historical price change information, we will not be successful i.e. the average price changes that occur over time will represent the security's intrinsic worth. The random walk hypothesis only asserts the independence of subsequent price movements. Because of this independence, prices should always, on average, represent the security's underlying worth.If a stock price deviates from its intrinsic value because of different insights into future prospects of the firm, professional investors and smart nonprofessionals will seize upon the short term or random deviations from the intrinsic value and their active buying and selling of the stock in question will force the price back to its equilibrium position. In other words, the share prices fluctuate randomly; however, this does not mean that the market is irrational in the determination of prices. It operates through market mechanism. The relative forces of supply and demand determine the share price in a free and competitive market. The so-called efficient market automatically adjusts the prices of shares since the market is very sensitive. Any discrepancies in the market are automatically correlated and the actual prices fluctuate randomly about its intrinsic value. This is a free and most competitive market and the prices of shares in the market are assumed to reflect all relevant information. Though the subject of market efficiency has been much concerned area of the study for the academicians and researchers in recent times, the advocates of the efficient market theory are matched by and equally eloquent opposing camp, which argues that the stock market is neither competitive nor efficient. The critics contend that

one or more of the following factors cast their shadow over the efficiency and competitiveness of the stock market (John, 1998).

Common stock share Price is the most fundamental kind of ownership in a corporation. People who hold common stock have a claim on the assets of a firm after those of preferred stockholders and bond holders. Common stockholders of a corporation are its residual owners, their claim to income and assets comes after creditors and preferred stockholders have been pain in full. As a result, a stockholder ‘s return on investment is less certain than the return to a lender to a lender or to a preferred stockholder. On the other hand, the return to a common stockholder is not bounded on the upside, as are returns to the others.A share of common stock may be approved with or without par value.

2.2Conceptual Review

Concept of Share Price

Common stock share Price is the most fundamental kind of ownership in a corporation. People who hold common stock have a claim on the assets of a firm after those of preferred stockholders and bond holders. Common stockholders of a corporation are its residual owners, their claim to income and assets comes after creditors and preferred stockholders have been pain in full. As a result, a stockholder ‘s return on investment is less certain than the return to a lender to a lender or to a preferred stockholder. On the other hand, the return to a common stockholder is not bounded on the upside, as are returns to the others.A share of common stock may be approved with or without par value.

Factor Affecting Share Price

The stock market is critical to economic development because it promotes capital generation and increases economic growth. Exchanging securities in this market promotes savers and capital users by facilitating finance pooling, risk sharing, and wealth exchange, while investors maintained a close eye on increasing and declining shares since they provided considerable returns.Shares have also been used to fund corporate development and diversification. Macroeconomic factors such as GDP growth rate and inflation correlate positively and significantly with market price per share (Shubiri, 2010). Sharma (2011) discovered that earnings per share are positively related to market

price per share.Size has a significant positive relationship with the share price, while the other variables, firm size (Total Assets) and return on assets, are insignificant (Ramzan, 2013). Masum (2014) explored the link between dividend policy and its influence on the market performance of shares on the Dhaka stock exchange, finding a positive and substantial impact on stock price. Prabath (2014) observed that internal factors such as dividend per share (DPS), earnings per share (EPS), and book value per share (BVPS) have a favorable and substantial influence on the stock price. The findings of Stephen and Okoro (2014) indicate that profits per share, book value per share, and dividends all have a beneficial influence on stock prices.

Conceptof Microfinance

According to Robinson (2001) and Otero (1999), microcredit and microfinance are relatively recent terminology in the field of development, having initially gained attention during the 1970s. Prior to that, from the 1950s to the 1970s, donors and governments provided financial services mostly through subsidized rural credit schemes. These often resulted in high loan a default, high loses and an ability to reach poor rural households(Robinson, 2001). The Microcredit Summit, founded in 1997, emphasized the relevance of microfinance in development. The Summit intends to serve 175 million of the world's poorest households, particularly the women of those families, with finance for self-employment and other financial and commercial services by the end of 2015 (Microcredit Summit, 2005). More recently, as previously noted, the UN designated 2005 as the International Year of Microcredit.Micro-finance has been successfully used as developmental tool to reduce poverty in many countries. At present, micro-finance is being increasingly used in the form of development strategy for achieving the developmental goals. However, the strategy would prove successful only if it is able to strike balance between development and finance. Clients of microfinance organizations are typically poor and low-income individuals who live in overcrowded conditions or in distant places with limited access to basic utilities like education, water, power, financial services, health care, market facilities, and so on.

The 4 Basic Elements of Stock Value

Investors utilize four key criteria to determine the value of a company. In this article, it will look at four commonly used financial ratiosprice-to-book (P/B) ratio, price-to-earnings (P/E) ratio, price-to-earnings growth (PEG) ratio, and dividend yield and what they can tell about a stock. Financial ratios are powerful tools to help summarize financial statements and the health of a company or enterprise.

Price-to-Book (P/B) Ratio

Made for glass-half-empty people, the price-to-book (P/B) ratio represents the value of the company if it is torn up and sold today. This is useful to know because many companies in mature industries falter in terms of growth, but they can still be a good value based on their assets. The book value usually includes equipment, buildings, land, and anything else that can be sold, including stock holdings and bonds.With purely financial firms, the book value can fluctuate with the market as these stocks tend to have a portfolio of assets that goes up and down in value. Industrial companies tend to have a book value based more on physical assets, which depreciate year over year according to accounting rules.

Price-to-Earnings (P/E) Ratio

The price-to-book (P/B) ratio, designed for pessimists, shows the worth of a firm if it were ripped up and sold today. This is crucial to know because many older firms struggle with growth but might still be a good deal based on their assets. The book value often comprises equipment, buildings, property, and anything else that may be sold, such as stock holdings and bonds. The book value of purely financial corporations might change with the market since these stocks often have an asset portfolio that fluctuates in value. Industrial enterprises often have a book value based on physical assets, which decline year after year according to accounting principles.

Price-to-Earnings Growth (PEG) Ratio

Investors often utilize the price-to-earnings growth (PEG) ratio instead of the P/E ratio alone. Instead of focusing just on price and earnings, the PEG ratio takes into account the company's earnings growth rate over time. This ratio also shows how business A's stock

compares to company B's stock. The PEG ratio is computed by dividing a company's P/E ratio by its annual earnings growth rate. The lower the PEG ratio, the better the deal you're receiving on the stock's future expected earnings.

By comparing two stocks using the PEG, you may determine how much you're paying for growth in each scenario. A PEG of 1 means that you will break even if growth continues at this rate. A PEG of 2 indicates that you are paying twice as much for predicted growth as you would for a company with a PEG of one. This is speculative since there is no certainty that growth will continue at the same rate as before.

Dividend Yield

When a stock's growth slows, having a backup plan in place is always beneficial. This is why dividend-paying stocks appeal to many investors: even if prices fall, you will still receive a payout. Dividend yield indicates the amount of money received in return for your investment. A percentage can be calculated by dividing the yearly dividend of a company by its price. It might think of that percentage as interest on money, with the possibility of further increase through stock gain.

Although the dividend yield appears to be straightforward, there are a few things to keep an eye out for. Dividends have been inconsistent or suspended in the past, therefore the dividend yield cannot be relied upon. Dividends, like water, may ebb and flow, so understanding which way the tide is going—for example, if dividend payments have grown year after year—is critical when deciding whether to buy. Dividends vary by business, with utilities and microfinance paying high dividends and IT corporations paying little or no dividends as they commonly reinvest revenues for expansion.

2.3 Empirical Review

Dharmawan et al. (2024) analyzed the elements that influence business share prices in financial sector companies listed on the IDX. Share prices are heavily impacted by supply and demand: the more individuals who purchase shares, the higher the price. However, if a large number of shareholders sell their shares, share values may decline. The purpose of this research is to examine and analyze variables that may impact share prices listed on the Indonesia Stock Exchange throughout the 2017-2019 period. These factors include

EPS, ROE, and DER. This study utilized quantitative approaches, including regression analysis.The study sample includes seven organizations in the conventional financial industry that publish quarterly financial statements from 2017 to 2021. After applying the purposive sampling technique.

Chhetri (2023) conducted a comprehensive study aimed at understanding the factors influencing the share prices of Nepalese joint venture commercial banks. The research considered both internal and external factors, including company size, Earning Per Share (EPS), Price-Earnings (P/E) Ratio, Book Value Per Share (BVPS), Return on Assets (ROA), as well as macroeconomic indicators such as inflation, broad money supply, and gross domestic product (GDP). The dependent variable in this study was the stock price of these commercial banks.Employing a Descriptive and causal relationship research design, Chhetri utilized secondary data to investigate the impact of these firm-specific factors on the share prices of Nepalese joint venture commercial banks. Multiple regression models were estimated to analyze the relationships between the independent variables and the dependent variable, providing a rigorous statistical framework for the analysis.The regression analysis conducted in the study revealed significant relationships between the internal and external factors considered and the share prices of listed commercial banks in Nepal. This empirical evidence sheds new light on the dynamics of the Nepalese stock market, offering valuable insights for market participants.The findings of this study hold particular relevance for equity investors and fund managers, as they provide actionable information for assessing stock returns and predicting share prices in the Nepalese market. By identifying the key factors that influence share prices, investors and fund managers can make more informed decisions, adjusting their investment strategies to capitalize on market opportunities and mitigate risks effectively. Overall, the study contributes to the body of knowledge on stock market dynamics in Nepal and offers practical implications for stakeholders in the financial market.

Siang and Rayappan (2023) investigated the impact of macroeconomic conditions on stock market performance in Malaysia. This study looks at how macroeconomic variables affect Malaysian stock market performance from January 2015 and December 2021. The macroeconomic variables examined in this study include the inflation rate, real effective exchange rate, m2 money supply, and short-term interest rate. The Johansen Co

integration Test is used to determine if factors have a long-term influence on Malaysian stock market performance, whereas regression analysis quantifies the impact. The results indicate that the actual effective exchange rate has a moderately favorable influence on the KLCI index. Second, both inflation and the overnight policy rate have a long-term positive influence on the KLCI index. The M2 money supply has a long-term negative impact on the KLCI index. This study extends previous research by investigating the influence of macroeconomic variables on stock market performance in emerging economies.

Abdulrasooland Othman (2022) explained on analyzing global research on stock market anomalies: a behavioral finance perspective. Investors' psychology and behaviors have been known to influence the emergence of capital market imperfections.The body of research on this topic is extensive yet inconsistent, with academics approaching the subject from two primary approaches.Against this background, this study aims to review and establish the global research trend in behavioral finance examining stock market anomalies vis-à-vis its opposing paradigm (i.e., the efficient market hypothesis). Based on a thorough assessment of the sorts of anomalies reported by researchers during the last 53 years (1968-2021), this study created search strings that target the right investor behaviors as responses to stock market oddities. The study employed bibliometric analysis to identify 1,767 publications from the Scopus database, which were subsequently reduced to 1,436 after applying the exclusion criterion. The analyses revealed that authors prefer to disseminate their research on stock market anomalies in refereed journals and also attempt to unravel the contrast between rational and behavioral dynamics of investor decision-making based on short-term observations. Furthermore, the majority of the research fall into the general economics and business topic areas, showing the writers' attention with general rather than specialized issues of stock market oddities. The study also highlighted the global distribution of studies on stock market anomalies, the most prolific writers in the area, the most cited journals, and the Scopus profiles of chosen top authors. These findings resulted in recommendations for future research.

Al-Dwiry et al. (2022) examined on the intricate relationship between bank-specific and macroeconomic factors and their influence on the share prices of Jordanian commercial banks. They meticulously examined a range of variables, including earnings per share (EPS), dividend per share (DPS), price-earnings ratio (PE), book value per share (BV), return on assets (ROA), and size (S) as bank-specific factors. Additionally, they considered macroeconomic indicators such as gross domestic product (GDP), inflation (INF), and money supply (MS).Utilizing multiple regression models, the researchers aimed to uncover the extent to which these factors affect the share prices of Jordanian commercial banks. Their findings provide valuable insights into the dynamics of the Jordanian stock market and shed light on the factors driving stock prices in this context.The regression results revealed several noteworthy findings. Firstly, the coefficient of EPS exhibited a positive association with share prices at the 1% level of significance. This implies that higher EPS tends to correspond to higher market prices per share, indicating investor preference for stocks with stronger earnings performance. Similarly, the study identified positive impacts for DPS, ROA, and S, indicating that these factors also serve as significant predictors of stock prices in Jordan. Among these factors, volume emerged as the most influential determinant variable affecting stock prices, underscoring its importance in shaping market sentiment and pricing dynamics.Overall, the study contributes to a deeper understanding of the factors influencing stock prices in the Jordanian context, providing valuable insights for investors, policymakers, and market participants. By recognizing the key drivers of stock prices, stakeholders can make more informed decisions and better navigate the complexities of the financial markets.

Singh (2022) investigated the issue of stock price drivers using empirical data from the Oman stock market in Muscat.The main objective of the study was to examine theinfluencing factor of determinants of the share price of the twenty-six non-financial companies listed in Muscat Securities Market, Oman. Descriptive and causal research design were used where the panel data regression using random effect model. This study was found that the result of oil price, growth rate in GDP and consumer price index are considered as independent variables as they affect performance of business and so do the

stock prices. Stock prices are significantly influenced by EPS, debt ratios, and the first lag. Dividend payment, business size, and PE ratio are not significant determinants.

Gupta and Shaju (2021) explained on a detailed exploration of the dynamics of stock market indices amidst the backdrop of the COVID-19 pandemic. Their research methodology employed a Descriptive and causal research design, which facilitated an in-depth investigation into the relationship between various fractal analysis variables, including Time Period, Modified Chaos game representation, and Proximity Indices.The researchers utilized correlation and regression analysis techniques to delve into the intricacies of market behavior. A noteworthy aspect of their approach was the utilization of a modified driven Iterated Function System (IFS) approach, aimed at generating compact fractal portraits of financial markets. These portraits were represented through percentage Chaos Game Representation (CGR) plots and subtraction percentage (SP) plots, providing visual insights into market dynamics over different time periods.One of the key contributions of their study was the introduction of the proximity (Pr) index, a parameter designed to quantify the differences observed in financial markets across various time periods. Through this index were able to compare markets over different periods and analyze the impact of external factors, such as the COVID-19 pandemic, on market volatility and reaction.Their research successfully modeled the reaction of financial markets globally to the COVID-19 pandemic, shedding light on the intricacies of market responses during times of significant economic disruption. By employing innovative analytical techniques and introducing novel parameters like the proximity index provides valuable insights into the underlying dynamics of financial markets and their response to external shocks.Overall, their findings contribute to a deeper understanding of market behavior and offer valuable tools for analyzing and predicting market trends, particularly in the context of unprecedented events such as the COVID-19 pandemic.

Niroula(2021) evaluates on the factors influencing market share prices (MPS) in the context of banks, with a focus on various independent variables including Earning Per Share (EPS), Price-Earnings (PE) Ratio, Dividend Yield (DY) Ratio, Size, Return on Equity (ROE), Book Value Per Share, and Return on Assets (ROA). Employing a Descriptive and analytical research design, the study utilized a Convenience Sampling

Technique to gather data and applied both correlation and Multiple Regression analysis to explore the relationships between the variables.The results of the investigation provided some key discoveries.Firstly, the analysis uncovered a positive and statistically significant effect of EPS, PE ratio, and the size of banks on MPS. This suggests that investors tend to favor stocks of banks with higher EPS and PE ratios, as well as larger market capitalization, reflecting a preference for profitability and perceived stability.However, the study found that the effects of other variables such as DY and ROA on MPS were positive but insignificant. This implies that while these factors may exert some influence on MPS, their impact is not statistically significant within the context of the study.Interestingly, the study also revealed that the effects of ROE and book value per share on MPS were negative and negligible. This suggests that, contrary to expectations, higher ROE and book value per share may not necessarily translate to higher market share prices for banks in the analyzed context. This study contributes valuable insights into the complex dynamics of market share prices in the banking sector. By identifying the significant factors influencing MPS and highlighting the nuances of their impact, the study provides valuable information for investors, policymakers, and market analysts seeking to understand and predict market trends in the banking industry.

Budiharjo (2021) analyzed on the relationship between market share prices (MPS) and several key independent variables namely return on assets, company size, inflation, and foreign exchange rate. Employing MPS as the dependent variable, the study aimed to discern the impact of these factors on stock prices. To rigorously analyze this relationship, the researcher employed both the t-test and multiple linear regression analysis, preceded by classical assumption tests to ensure the validity of the statistical methods used.The findings of the study yielded several significant insights. Firstly, return on assets, company size, and foreign exchange rate were identified as factors exerting a significant positive influence on stock prices. This implies that investors tend to favor stocks of companies with higher returns on assets, larger market capitalization, and favorable foreign exchange rates, indicating preferences for profitability, stability, and economic conditions conducive to business growth.Conversely, the study revealed that inflation had no significant influence on stock prices. This finding suggests that, within the context of the study, fluctuations in inflation rates did not significantly impact market

share prices, highlighting the resilience of the market or potential mitigation strategies employed by investors and companies to counter the effects of inflation. This study contributes valuable insights into the determinants of market share prices, particularly in relation to return on assets, company size, inflation, and foreign exchange rates. By elucidating the factors that drive stock prices, the study provides investors, policymakers, and market analysts with valuable information for making informed decisions and understanding the complexities of market dynamics.

Singh and Setiawan(2021) investigated the study impact of stock price, relationship between various independent variables, such as Return on Assets (ROA), Capital Adequacy Ratio (CAR), Bank Size, GDP Growth Rate, and Inflation, and the dependent variable, Non-Performing Loan (NPL). Employing multiple regression analysis as the method for data analysis, the researchers utilized secondary data sourced from annual reports of individual banks, as well as GDP and inflation data from the World Bank database.The findings of the study unveiled several significant insights. Firstly, the analysis revealed that ROA, Bank Size, GDP, and Inflation had a significant effect on NPL, indicating the importance of these factors in influencing the performance of commercial banks in managing non-performing loans. Specifically, higher ROA, larger bank size, GDP growth, and inflation were associated with increased levels of NPL.However, interestingly, the study found that CAR did not exhibit a significant effect on the NPL of banks. This implies that, within the context of the study, capital adequacy ratio did not play a significant role in determining the level of non-performing loans. This finding suggests that other factors may have a more pronounced impact on NPL, overshadowing the influence of capital adequacy ratio.Moreover, the study highlighted a noteworthy finding regarding the effect of GDP growth rate on NPL. While common knowledge would indicate a negative association between GDP growth and NPL, the data demonstrated a positive and substantial effect. This shows that, in the context of their investigation, GDP growth had a beneficial impact on the number of non-performing loans in commercial banks.

In light of these findings, the study underscores the importance of carefully considering GDP growth when making decisions related to non-performing loans for bankers and policymakers. By recognizing the factors that significantly influence NPL, stakeholders can develop more effective strategies for managing and mitigating risks associated with non-performing loans in the banking sector.

Kizysa et al. (2020) study on understanding investor behavior in international stock markets, particularly in relation to the presence of herding behavior. They employed various statistical methods including Descriptive Statistics, Panel Data Regression, Quantile Regression, and Two Stage Least Square Regression to analyze the data.The key findings of their study are threefold; firstly, they discovered evidence of investor herding in international stock markets. This suggests that investors tend to follow the actions of others, rather than making independent decisions, leading to clustering of trades.Secondly, the study found that the Oxford Government Response Stringency Index, which measures the stringency of government responses to events such as the COVID-19 pandemic, has a mitigating effect on investor herding behavior. This suggests that government intervention and clarity in regulatory responses help reduce uncertainty in the market, thereby dampening herding behavior among investors.Thirdly, the researchers observed that short-selling restrictions, imposed by regulatory authorities in the European Union, also play a role in mitigating investor herding. By limiting short-selling activities, regulators can potentially reduce the likelihood of extreme price movements driven by herd behavior. This study contributes valuable insights into the dynamics of investor behavior in international stock markets. By identifying factors that influence herding behavior and exploring the effectiveness of regulatory measures in mitigating it, their findings provide important considerations for policymakers, investors, and market analysts seeking to understand and manage market dynamics effectively.

Thapa (2019) conducted a study to examine the factors influencing share prices, with a focus on various independent variables including Stock Dividend, Right Share, Earning Per Share (EPS), Dividend Per Share (DPS), Price to Earnings Ratio (PER), General Strike, Credit Facility, Interest Rate (IR), Political Instability, Effective Rules and Regulations, and Cash Dividend Per Share. The study utilized a simple linear regression model to analyze the data collected from annual reports and financial statements of

relevant organizations.The findings of the study revealed several significant associations between independent variables and share prices:EPS and DPS showed a significant positive association with share price. This implies that higher earnings per share and dividend per share tend to correlate with higher share prices, indicating investor preference for profitable companies that distribute dividends.Effective rules and regulations were found to have a significant positive association with share price. This suggests that well-defined regulatory frameworks contribute to investor confidence and positively impact share prices.Factors such as market whims and rumors, as well as favorable company profiles and success dependent upon luck, also showed significant positive associations with share price.This demonstrates the impact of market mood and perception on share prices. Interest rate (IR) and Price to Earnings Ratio (PER) exhibited significant inverse associations with share price. This suggests that higher interest rates and price to earnings ratios are associated with lower share prices. Higher interest rates may increase borrowing costs for companies, impacting their profitability and thus reducing share prices. Similarly, a high price to earnings ratio may indicate overvaluation, leading to a decrease in share prices. This study provides valuable insights into the factors influencing share prices. By identifying variables with significant associations, the study offers important considerations for investors, policymakers, and market analysts in understanding and predicting share price movements.

Pandey (2019) explained on the focus was on understanding the dynamics of stock prices by examining the relationship between the dependent variable, "Organization Stock Price," and various internal and macroeconomic independent variables. The internal independent variables included Return on Equity (ROE), Earnings Per Share (EPS), Dividend Per Share (DPS), Dividend Payout Ratio (DPR), Price-Earnings (PE) ratio, and the firm's assets. Additionally, several macroeconomic variables such as corporate tax, inflation rate, GDP, and exchange rate were considered. To investigate these relationships employed an explanatory and comparative research design, aiming to corroborate the statistical outcomes obtained. The statistical analysis was conducted using EViews 10, a statistical software package, allowing for a robust examination of the data. The key findings of the study challenged the notion that stock price movements are independent and follow a random walk. Instead, the study revealed that various factors, including

investor sentiment, social, economic, and environmental factors, as well as the operational and financial situation of organizations, significantly influence stock price movements. By considering a range of internal and external variables, the study provided a comprehensive understanding of the factors driving stock prices in both emerging and emerged markets. Overall, this study contributes valuable insights into the complexities of stock price movements, highlighting the multifaceted nature of factors influencing stock prices. By identifying and analyzing these factors, the study offers important implications for investors, policymakers, and market participants in navigating and understanding stock market dynamics in both emerging and established markets.

Bajracharya and Sawagvudcharee (2019) conducted a study on determinants of Market Price per Share (MPS) in Nepalese commercial banks. They considered several independent variables including Earnings per Share (EPS), Dividend per Share (DPS), Price Earnings Ratio (PE), Inflation rate (INF), Bank Rate (BR), and Log of market capitalization (Ln MC). The banks were selected using cluster and convenient sampling methods and a regression model was employed for analysis.The findings of the study revealed significant insights into the factors influencing MPS in Nepalese commercial banks. Among the external factors examined, inflation rate (INF) was found to have a negative and significant relationship with MPS. This suggests that higher inflation rates may negatively impact MPS, potentially reflecting investor concerns about eroding purchasing power and economic instability.Furthermore, the study found that external factors such as Bank Rate (BR) and Log of market capitalization (Ln MC) did not exhibit a significant relationship with MPS. This indicates that variations in these factors may not have a discernible impact on MPS in Nepalese commercial banks, at least within the context of the study.Importantly, both internal and external factors considered in the study were found to explain a significant percentage of variability in market share prices. Specifically, EPS, DPS, PE, and INF emerged as the main factors influencing MPS in Nepalese commercial banks. This underscores the importance of profitability indicators such as EPS and DPS, as well as market sentiment reflected in factors like PE and inflation rate, in determining MPS.In this study provides valuable insights into the determinants of MPS in Nepalese commercial banks. By identifying the key factors driving MPS, the study offers important implications for investors, policymakers, and

market participants in understanding and predicting market dynamics in the Nepalese banking sector.

Chhipa and Nabi(2018) focused on investigating the relationship between several independent variablesEarning Per Share (EPS), Dividend Yield, Return on Assets, and Assets Growth and the dependent variable, Share Price. The researchers utilized simple regression analyses, specifically employing the Panel Least Square Technique, to analyze the data.The findings of the study revealed several important insights into the relationship between these variables and Share Price. The analysis indicated that Earning Per Share (EPS) had a positive relation with Share Price. This suggests that higher earnings per share were associated with higher share prices, indicating investor preference for companies with stronger earnings performance.However, the study found that the variables Return on Assets, Dividend Yield, and Assets Growth did not have any significant impact on Share Price. This implies that, within the context of the study, these variables were deemed insignificant in relation to Share Price. In other words, variations in Return on Assets, Dividend Yield, and Assets Growth did not correspond to significant changes in Share Price. This study provides valuable insights into the factors influencing Share Price. By identifying EPS as a significant predictor of Share Price and highlighting the insignificance of other variables such as Return on Assets, Dividend Yield, and Assets Growth, the study offers important considerations for investors and market analysts in understanding the drivers of Share Price movements.

Bayrakdaroglu et al. (2017) investigated the association between several financial performance criteria and lags in stock prices. The study considered Gross Profit Margin, Operating Profit Margin, Net Profit Margin, Return on Assets, and Return on Equity as independent explanatory variables, while also incorporating Firm Size as a control variable. The researchers employed panel data regression analysis to analyze the data.The key finding of the study revealed a positive linear relationship between firms' Net Profit Margin and their stock prices. This suggests that companies with higher net profit margins tend to have higher lagged stock prices.The Net Profit Margin, which is a measure of a company's profitability, represents the percentage of revenue that turns into profit after all expenses is deducted. A positive linear relationship between Net Profit Margin and lagged stock prices indicates that investors value companies with higher

profitability, as reflected in their ability to generate profits relative to their revenue.Overall, the study provides valuable insights into the factors influencing lagged stock prices, particularly highlighting the significance of Net Profit Margin as a predictor of stock price performance. By understanding the relationship between financial performance metrics and stock prices, investors and analysts can make more informed decisions regarding investment strategies and stock valuation.

Nurfadilah and Samidi (2017) examined the study on stock price behavior, the relationship between various independent variables Net Income, Earning per Share, Dividend, and Sharia Complianceand the dependent variable, Stock Market Volatility. The researchers utilized multiple regression methods to analyze the data and draw conclusions.The findings of the study revealed several important insights into the relationship between these variables and stock market volatility, the strong significant relationship. The analysis indicated that Earning Per Share (EPS) and Dividends had a strong significant relationship with Stock Market Volatility. This implies that variations in EPS and Dividends were associated with changes in stock market volatility. Investors may perceive higher EPS and dividend payments as signs of financial health and stability, leading to reduced volatility in stock prices.However, the study found that Net Income and Sharia Compliance were not significant predictors of Stock Market Volatility. This suggests that, within the context of the study, variations in Net Income and adherence to Sharia principles did not correspond to significant changes in stock market volatility. This study provides valuable insights into the factors influencing Stock Market Volatility. By identifying EPS and Dividends as significant predictors of Stock Market Volatility and highlighting the insignificance of Net Income and Sharia Compliance, the study offers important considerations for investors and market analysts in understanding and managing stock market dynamics.

Grace et al. (2016) focused into understanding the determinants of Market Price per Share (MPS) using a set of independent variables including Earnings Per Share (EPS), Dividend Per Share (DPS), Gross Domestic Product (GDP), Consumer Price Index (CPI), Interest rate, and Oil Prices. The study relied entirely on secondary data sourced from the Rwanda Stock Exchange (RSE) and the National Bank of Rwanda (BNR) database.The researchers employed co-integration analysis to investigate the long-run relationships

among the variables. Specifically, they utilized trace statistics and maximum Eigen statistics to test the null hypothesis of co-integration relationships between the variables.The results of the investigation gave substantial insights into the correlations between the variables.The trace statistics exceeded the critical value, indicating the presence of three co-integrating relationships among the variables employed in the study. This shows that there are long-term links between the variables.Additionally, the maximum Eigen statistics indicated that there are two co-integrating relationships among the variables, further confirming the existence of long-run relationships between the explained variable (MPS) and one of the explanatory variables.Overall, the study's findings provide valuable insights into the long-run relationships between MPS and the selected explanatory variables. By identifying the presence of co-integrating relationships, the study offers important implications for understanding the dynamics of MPS in the context of Rwanda's stock market and its relationship with various economic indicators such as GDP, CPI, interest rates, and oil prices.

Poudel (2016) investigated the determinants of Market Price Per Share (MPS) using a range of independent variables including Book Value Per Share (BVPS), Dividend Per Share (DPS), and Earnings Per Share (EPS). The study employed arithmetic mean, correlation, simple and multiple regression analysis, and T-tests as statistical tools to analyze the data. In terms of research design, a combination of descriptive, analytical, inferential, and explanatory approaches was adopted.The findings of the study revealed several important insights into the relationship between the independent variables and MPS. Collectively, DPS, BVPS, and EPS were found to have a significant effect on MPS. However, individually, their relationships with MPS were not consistent. This suggests that while each of these variables may influence MPS positively, their combined impact is more significant.The study also identified several other internal and external factors that affect MPS, including company performance indicators (such as EPS, BVPS, DPS, and risk), information disclosure, changes in management, timely Annual General Meetings (AGMs), and various political and economic factors (such as political stability, national economy, peace, strikes, and demand and supply dynamics).Furthermore, the study highlighted that MPS is significantly affected by company performance metrics such as earnings, interest rates, cash dividend payments, book value, company risk, and

growth rate at a 95% level of significance.Overall, this study provides valuable insights into the complex determinants of MPS. By considering a range of internal and external factors, the study offers important implications for investors, policymakers, and market analysts in understanding and predicting MPS movements in the context of the broader economic and business environment.

Sindhu et al. (2014) analyzed onthe determinants of Market Price per Share (MPS) using various independent variables including Liquidity, Leverage, Profitability, Growth, Market Capitalization, and Dividend Rate (DR). The study utilized a five-point Likert scale to analyze data collected from three sample companies: Wyeth Pakistan Limited, Muslim Commercial Bank Ltd., and EFU Insurance. Secondary data were gathered from the library of the Karachi Stock Exchange (KSE) and the annual reports of the sample enterprises.The findings of the study revealed several important insights into the factors influencing stock prices. The study identified a range of internal and external factors that affect stock prices, including dividend, market capitalization, price/earnings ratio, earnings per share (EPS), net income, return on investment, retained earnings, merger, stock split, margin loan, demand and supply of stock, inflation, interest rates, and exchange rates.Among these factors, the price/earnings ratio, stock price rumors, demand for the share, changes in government policies, and economic conditions were found to be the most influential internal, external, economic, political, and environmental factors, respectively, regarding stock prices.Additionally, the study found that liquidity, leverage, profitability, size of the firm, and dividend rate influence stock prices, while growth has a positive influence on stock prices.Furthermore, the study revealed that 65.0 percent of the variation in stock prices can be explained by cash flows, leverage, profitability, growth, market capitalization, and dividend.Overall, the study provides valuable insights into the complex determinants of stock prices, considering a wide range of internal and external factors. By understanding these factors, investors, policymakers, and market analysts can make more informed decisions regarding stock investments and market dynamics.

Rathnayaka et al. (2014) explored on the relationship between various economic indicators and the stock market, using Gross Domestic Product (GDP), Inflation, Unemployment Rates, Average Consumer Spending Rate, Crude Oil Import Rates, Government Revenue, Total Investment Percentage of GDP, Gross Income, Net

Revenue, and Net Assets Value Per Share as independent variables, and Stock Market as the dependent variable. The study employed multivariate statistical methods, economic data forecasting, econometric statistical techniques, and descriptive statistical techniques.The research findings provided valuable insights into the relationship between economic indicators and the stock market in the Colombo Stock Exchange. The study revealed that sectors such as Bank Finance and Insurance, Beverage Food and Tobacco, and Investment Trust were identified as the most suitable sectors for investing capital in the future. This suggests that investors may find better opportunities and potential returns in these sectors.Additionally, the findings indicated that GDP rates, inflation, and consumer spending rates directly influence changes in stock market prices and trade volume rates in the Colombo Stock Exchange. This highlights the significant impact of macroeconomic indicators on stock market dynamics.Moreover, the study emphasized the importance of the political situation and political stability of the country in affecting market fluctuations, particularly in developing markets such as the Colombo Stock Exchange. Political stability plays a crucial role in investor confidence and market sentiment, influencing investment decisions and market performance. This study contributes valuable insights into the interplay between economic indicators and the stock market in the context of the Colombo Stock Exchange. By understanding these relationships, investors and policymakers can make more informed decisions and strategies to navigate the dynamic landscape of the stock market.

Ray(2012) explained on the relationship between various economic indicators and stock prices in India. The study considered a wide range of independent variables, including balance of trade (BoT), call/notice money rate (CNMR), consumer price index (CPI) as a proxy for inflation, foreign direct investment (FDI), foreign exchange reserve (FOREXREV), gross domestic product (GDP), gross fixed capital formation (GFCF), gold price (GLD), Index of Industrial Production (IIP), broad money supply (M3), crude oil prices (OIL), exchange rate (REER), and wholesale price index (WPI). To examine the data, multiple regression analysis was utilized. The study's conclusions shed light on the links between causes and effects of several economic variables on Indian stock prices.

The study revealed that there is no causal association between stock price and interest rate, as well as stock price and the index of industrial production. However, unidirectional causality was observed between stock price and inflation, stock price and foreign direct investment, stock price and gross domestic product, stock price and exchange rate, and stock price and gross fixed capital formation. Additionally, bi-directional causality was found between stock price and foreign exchange reserve, stock price and money supply, stock price and crude oil price, and stock price and wholesale price index.Furthermore, the multiple regression results indicated that oil price and gold price negatively affect stock prices, while balance of trade, interest rate, foreign exchange reserve, gross domestic product, industrial production index, and money supply have a positive influence on Indian stock prices. However, inflation rate, foreign direct investment, exchange rate, and wholesale price index did not appear to have any significant effect on stock prices.Overall, this study provides valuable insights into the complex relationship between economic indicators and stock prices in India.Understanding these links enables investors and policymakers to make better judgments about stock investments and market dynamics in India.

Ali (2011) aimed to explore the relationship between several independent variables and Market Price per Share (MPS) in the context of Bangladesh. The independent variables considered were Inflation (INF), Industrial Production Index (IND), Foreign Remittance (REMIT), Market Price/Earnings (MKTPE), and Monthly Percent Average Growth in Market Capitalization (PAGMCAP), while MPS served as the dependent variable. The study employed a Multivariate Regression Model computed on the Standard Ordinary Least Squares (OLS) Formula to estimate the relationship between these variables.The findings of the study revealed insights into the causal relationships between stock prices and the selected predictor variables. Unidirectional Granger Causality was found between stock prices and all the predictor variables under study, except for one unidirectional causal relation from stock price to market price/earnings ratio (MKTPE).This lack of Granger causality between stock price and selected micro and macro variables indicates evidence of an informational inefficient market. In other words, the study suggests that the stock market in Bangladesh may not fully incorporate all available information into stock prices, leading to inefficiencies in price determination.All things considered, this

research offers insightful information about the characteristics of the Bangladeshi stock market and the variables impacting MPS. By identifying the presence of unidirectional Granger causality between stock prices and certain predictor variables, the study highlights the need for further research and attention to market efficiency in Bangladesh's stock market.

Al-Tamimi et al. (2011) examined the relationship between various independent variables and stock prices in the context of the UAE financial markets. The study considered Earnings per Share (EPS), Dividend per Share, Oil Price, Gross Domestic Product (GDP), Consumer Price Index (CPI), Interest Rate, and Money Supply as independent variables, with Stock Price as the dependent variable. The regression model was initially constructed with all seven independent variables, but due to multicollinearity issues, Oil Price and 15 Dividend per Share variables were dropped from the analysis, resulting in a model with five independent variables. The findings of the study revealed several important insights into the relationship between the independent variables and stock prices in the UAE financial markets. The coefficient value of EPS was as expected, positive, and statistically significant at the 1% level, confirming the hypothesis of a positive and significant relationship between stock price and earnings per share. EPS was identified as the most influential factor on UAE stock prices. Additionally, the results indicated a positive relationship between stock price and both Money Supply and GDP across the three models. However, the significance levels varied among the models. Overall, the study provides valuable insights into the factors influencing stock prices in the UAE financial markets. By identifying EPS as the most influential factor and highlighting the positive relationships between stock prices, Money Supply, and GDP, the study offers important implications for investors and policymakers in understanding and predicting stock price movements in the UAE.

Alam and Uddin (2009) study aimed to explore the relationship between interest rates and share prices using both time series and panel regression analysis. Here's a breakdown of their findings across different countries. The study observed no significant relationship between interest rates and share prices in Malaysia. It also found that changes in interest rates were adversely associated to fluctuations in share values. In Japan, there was a positive relationship between interest rates and share prices. However, changes in interest

rates were negatively related to changes in share prices.In four countries, both interest rates and changes in interest rates exhibited a negative relationship with share prices and changes in share prices. This implies a consistent negative impact of interest rates on share prices across these countries.Interest rates have a substantial negative link with share values in eight nations.However, there was no clear relationship between changes in interest rates and changes in share prices.Overall, the study highlights the varied relationships between interest rates and share prices across different countries. While some countries demonstrate positive relationships between interest rates and share prices (e.g., Japan), others exhibit negative relationships or no significant relationship at all. These findings emphasize the importance of considering country-specific factors and economic conditions when analyzing the impact of interest rates on stock markets.

Table 1

Summary of Empirical Review

S.N.	Author (s)	Variables	Methodology	Findings
1	Dharmawan, et al. (2024)	Dependent: Share Price Independent: Earning Per Share, Return on Equity, Debt-Equity Ratio	Purposive sampling method is used to determine sample size and Eviews 10 was applied to analyze the data. Classical assumption testing, model feasibility analysis, panel regression analysis, and determination coefficient use to test data.	The results of the study, stock prices are strongly influenced by EPS and ROA, but stock prices are not influenced by DER. Financial sector companies that have below-average EPS ratio and negative values should realize that increased profits aim to improve investor welfare through dividends and/or capital gains.
2	Chhetri (2023)	Considering the internal and external factors like size, EPS, P/E Ratio, BVPS ROA, Inflation, broad money supply and gross domestic product are independent variables where stock price is dependent variables.	The Descriptive and casual relationship research design has been used using secondary data. The multiple regression models were estimated to test the impact of firm-specific factors on the share price of Nepalese joint venture commercial banks.	Regression analysis shows the relationship between the internal and external factors influencing the share price of listed commercial banks of Nepal. The results of this study uncovered new evidence from the Nepalese perspective, which is considered to be valuable to the market participants. Thus, the findings of this study seem to be particularly useful for equity investors and fund managers as they can watch out for these significant factors while estimating stock returns and predicting share prices.
3	Siang and Rayappan (2023)	Dependent: Stock Market Performance Independent: Inflation rate, Effective Exchange Rate, M2 Money Supply, Short Term Interest Rate	Johansen Co integration Test has been utilized if the variables have long term impact on Malaysian stock market performance; whereas	The results show that the real effective exchange rate has a moderate positive effect on KLCI index. Secondly, the inflation rate and overnight-policy rate have long-term positive effect on the KLCI

			regression analysis is used to quantify the impact.	index. M2 money supply has a long-term negative effect on the KLCI index.
4	Abdulrasool& Othman (2022)	Stock market anomalies, Behavioural finance theories, Investor biases (e.g., conservatism bias, representativeness bias),Value premium anomaly, Short-term momentum anomaly, Long-term reversal anomaly, Weekend anomaly, Fama-French five-factor model, Excess returns, Market efficiency, Arbitrage process, Market balance.	Regression and correlation analysis were used. This study aims to review and establish the global research trend in behavioral finance examining stock market anomalies vis-à-vis its opposing paradigm (i.e., the efficient market hypothesis).	The analyses revealed that authors prefer to disseminate their research on stock market anomalies in refereed journals and also attempt to unravel the contrast between rational and behavioral dynamics of investor decision-making based on short-term observations. Also, most of the studies fall under the general economics and business subject groups, indicating authors' preoccupation with general rather than specific matters on stock market anomalies.
5	Al-Dwiryet al.(2022)	Earnings per share (EPS), dividend per share (DPS), price-earnings ratio (PE), book value per share (BV), return on assets (ROA), and size (S). Similarly, gross domestic product (GDP), inflation (INF), and money supply (MS) were chosen as independent variables for the macroeconomics whereas the MPS is dependent Variables.	This paper has investigated the influence of bank-specific and macroeconomic factors on the share price of Jordanian commercial banks using multiple regression models.	Based on the regression results, the coefficient of EPS is positive at the 1% level of significance. Implying that the greater the EPS, the higher the MPS. The same positive impacts for DPS, ROA, and S are considered major predictors of stock prices in Jordan. Volume was discovered to be the most important determining variable impacting stock price among the factors
6	Singh (2022)	Dependent: Share Price Independent Efficient Market Hypothesis (EMH): Firm Size, Dividend Payout, Earning Per Share, Debt ratio, PE Ratio, First Lag of Stock Prices Independent Arbitrage Pricing theory (APT): Oil Price, Growth Rate on GDP, Consumer Price Index	Panel Data Regression Using Random Effect Model	EPS, debt ratio and first lag of stock prices are significant and positive determinants of stock prices. Dividend payout, firm size and PE ratio are insignificant variables.
7	Gupta and Shaju (2021)	Stock Market Indices, Time Period,, Fractal analysis variables, Modified Chaos game representation, Proximity Indices	Descriptive and casual research design has been applied. There were correlation and regression analysis used.	This modified driven IFS approach is used to generate compact fractal portraits of the financial markets in form of percentage CGR (PC) plots and subtraction percentage (SP) plots. The markets over different periods are compared and the difference is quantified through a parameter called the proximity (Pr) index. The reaction of the financial

				market across the globe and volatility to the current pandemic of COVID-19 is studied and modeled successfully.
8	Niroula (2021)	Dependent: Market Share Price Independent: Earning Per Share, PE Ratio, Dividend Yield Ratio, Size, Return on Equity, Book Value Per Share, Return on Assets	Descriptive and analytical research design is used. Convenience Sampling Technique, Correlation and Multiple Regression analysis is used	The result indicates that there is a positive and statistically significant effect of EPS, PE ratio and size of banks on MPS. Other variables have negligible effects. The market price is influenced by DY and ROA in a positive but insignificant way. The effects of ROE and book value per share are negative and negligible.
9	Budiharjo (2021)	MPS is dependent variables where return on assets, company size, inflation, foreign exchange rate, are independent variables.	The statistical test was carried out with the t test and multiple linear regression analysis, before this test was conducted; the classical assumption test was done first.	The results of the study indicated that: return on assets, company size and foreign exchange rate have a significant positive influence on stock price and inflation has no influence on stock price.
10	Singh and Setiawan (2021)	Dependent: Non - Performing Loan Independent: Return on Assets, Capital Adequacy Ratio, Bank Size, GDP Growth Rate, Inflation	The method used for data analysis in this study is multiple regression analysis. This research used secondary data and it is collected from each bank's annual report and GDP and Inflation taken from the World Bank database.	The result of this research shows that ROA, Bank Size, GDP, and Inflation have a significant effect on NPL but CAR does not have a significant effect on the NPL of banks. In other words, the GDP effect on NPL in this study shows a positive and significant effect while most studies show a negative effect. Therefore, GDP growth has a positive and significant effect on the NPL of commercial banks. Thus, the bankers and policymakers need to consider GDP growth carefully while taking NPL-related decisions.
11	Kizysa et al. (2020)	Stringency Index (Index): Measure of government response stringency R i : Individual stock market returns R m : Market return	Descriptive Statistics, Panel Data Regression, Quantile Regression, Two Stage Least Square Regression	Results show evidence of investor herding in international stock markets. Second, document that the Oxford Government Response Stringency Index mitigates investor herding behavior, by way of reducing multidimensional uncertainty. Third, short-selling restrictions, temporarily imposed by the national and supranational regulatory authorities of the European Union, appear to exert a mitigating effect on herding.
12	Thapa (2019)	Dependent: Share Price Independent: Stock Dividend, Right Share, Earning Per Share, Dividend Per Share, Price to Earnings Ratio, General Strike, Credit	The information was collected from Annual report and financial statement of concerned organizations and analyzed using simple linear regression model.	Findings of the study shows that earning per share (EPS), dividend per share (DPS), effective rules and regulations, market whims and rumors, company profiles and success depend upon luck have the significant positive association with

		Facility, Interest Rate, Political Instability, Effective Rules and Regulations, Cash Dividend Per Share		share price while interest rate (IR) and price to earnings ratio (PER), showed the significant inverse association with share price.
13	Pandey (2019)	The dependent variable "Organization Stock Price" and several internal independent variables such as Return on Equity (ROE), EarningsPer Share (EPS), Dividend Per Share (DPS), Dividend Payout Ratio (DPR), PE ratio, firm's asset as well as fewMacroeconomic level independent variables such as corporate tax, inflation rate, GDP and exchange rate.	An explanatory and comparative research design has been applied to corroborate the statistical outcome. For statistical analysis, EViews 10 student version, statistical software has been used	Price movement of stocks is not independent in nature and doesn't follow a random walk. There are several factors responsible for the stock price movement such as investor sentiment, social, economic, environment and organization's operational and financial situation etc. This study shows how the aforementioned factors affect the stock prices of sample companies of emerging and emerged markets.
14	Bajracharya and Sawagvudcharee (2019)	Dependent variables is Market Price per Share (MPS), where Earnings per Share (EPS), Dividend per Share (DPS), Price Earnings Ratio (PE), Inflation rate (INF), Bank Rate, Log or market capitalization are independent variables.	The banks were selected on the basis of cluster and convenient sampling methods. Regression model has been used.	The findings also revealed that among the external factors, INF was negatively significant with the MPS of Nepalese commercial banks. Also, the external factors such as BR and Ln MC didn't have significant relationship with MPS. Both internal and external factors considered in the study explain huge percentage of variability in the market share prices. This study concludes that EPS, DPS, PE and INF are the main factors influencing the share prices of Nepalese commercial banks.
15	Chhipa and Nabi (2018)	Dependent: Share Price Independent: Earning Per Share, Dividend Yield, Return on Assets, Assets Growth	Simple regression analyses (Panel Least Square Technique) were used.	EPS has a positive relation with Share Price and rest of the variables like Return on Assets, Dividend Yield and Assets Growth does not have any impact on Share Price which means they are insignificant variables in relation to Share Price.
16	Bayrakdaroglu et al .(2017)	Dependent: Lagged Stock Price Independent (Explanatory): Gross Profit Margin, Operating Profit Margin, Net Profit Margin, Return on Assets, Return on Equity Control Variables: Firm Size	Panel data regression analysis was applied.	It was determined that there is a positive linear relationship between firms' net profit margin and their stock prices.
17	Nurfadilah and Samidi (2017)	Dependent: Stock Market Volatility	Multiple regression methods have been	The result found that earning per share and dividends have a strong

		Independent: Net Income, Earning Per Share, Dividend, Sharia Compliance	applied to the data.	significant relationship, while net income and Shariah-compliance are not significance towards stock price volatility.
18	Grace et al. (2016)	The dependent variable is MPS where EPS, DPS, GDP, CPI, Interest rate, Oil Prices are independent variables.	The study used entirely secondary data from the Rwanda Stock Exchange (RSE), the National Bank of Rwanda (BNR) data base.	In other words, a rejection of the null hypothesis means that there is more than r co integrating relationships. The null hypothesis of two co integrating relationships is Rejected given that the trace statistics exceeds the critical value. The trace statistics (72.20544) exceeds the critical value of 69.81889 at 95 percent confidence level. The result confirms that there is three co integrating relationship among the variables employed for the use of this study. The results from Maximum Eigen Statistics indicate that the Eigen value test statistics (43.29838) exceeds the critical value (40.07757) at 95 percent confidence level. Hence, the failure to reject the alternative hypothesis indicates that there is two co integrating relationship among the variables. These results confirm the presence of a long-run relationship between the explained variable and one of the explanatory variables.
19	Poudel (2016)	Dependent: Market Price Per Share Independent: Book Value Per Share, Dividend Per Share, Earning Per Share,	Arithmetic mean, correlation and simple and multiple regression analysis has been used. T-test is the major statistical tools that have been used for the study. In order to conduct this study, descriptive, analytical, inferential ad explanatory research design has been adopted.	DPS, BVPS and EPS jointly have significant effect on the share price; individually they do not have consistent relationship with MPS. Even though DPS, BVPS and EPS affect the MPS positively, there is several other factors i.e. internal as well as external environment that affects the market price of stock. Company performance (EPS, BVPS, DPS, risk), information disclosed, change in management, timely AGM, other political and economic factors such as political stability, national economy, peace, strikes, demand and supply situation of the share are some factor they have direct impact on share prices. MPS is significantly affected by company's performance such as earnings, interest rate, cash dividends payment, book value, risk associated with the company and growth rate at 95 % level of significance.

20	Sindhu et al. (2014)	Dependent variables MPS where Liquidity Leverage Profitability Growth, Market Capitalization and Dividend Rate (DR) is independent variables.	Five point Likert scale is used to analyze the collected data. Three companies, namely Wyeth Pakistan Limited, Muslim Commercial Bank Ltd., and EFU Insurance are selected as the sample organization. Secondary data are collected from the library of Karachi Stock Exchange (KSE) and the annual reports of the sample enterprises.	The study reveals the dividend; market capital; price/earnings ratio; EPS; net income; return on investment; retained earnings; merger; stock split; margin loan; demand & supply of stock; inflation; interest rates; exchange rates affect the stock price. This study also finds that price earnings ratio; stock price rumor; demand for the share; changes in government policies; economic conditions are the most influential internal; external; economical; political; and environmental factors respectively regarding stock price. This paper also reveals liquidity, leverage, profitability, size of the firm, and dividend influence stock price, whereas growth has positive influence on stock price. It is also found that 65.0 percent of the variation in stock price is explained by cash flows, leverage, profitability, growth, market capitalization, and dividend.
21	Rathnayaka et al(2014)	Dependent: Stock Market Independent: Gross Domestic Product, Inflation, Unemployment Rates, Average Consumer Spending Rate, Crude Oil Important Rates, Government Revenue, Total Investment Percent of GDP, Gross Income, Net Revenue and Net assets Value Per Share	Multivariate statistical methods economic data forecasting, econometric statistical techniques, descriptive statistical techniques	The research findings reveals that, Bank Finance and Insurance, Beverage Food and Tobacco, and Investment Trust sectors are most suitable sectors for investing capitals in the future.GDP rates, inflation and consumer spending rates directly involve changing stock market prices and trade volume rates in the Colombo Stock exchange. Political situation and political stability of the country also directly affect the market fluctuations in developing markets such as Colombo Stock Exchange.
22	Ray (2012)	Dependent: Share Independent: balance of trade (BoT), call / notice money rate (CNMR), consumer price index as proxy for inflation (CPI), foreign direct investment (FDI), foreign exchange reserve (FOREXREV), gross domestic product(GDP), gross fixed capita formation(GFCF), gold price(GLD), Index of	Multiple Regression Analysis	The estimates of multivariate Granger causality indicate that there is no causal association between stock price and interest rate, stock price and index of industrial production, but unidirectional causality exist between stock price and inflation, stock price and foreign direct investment ,stock price and gross domestic product, stock price and exchange rate, stock price and gross fixed capital formation. However, bi- directional causality exist between stock price

		Industrial Production(IIP) [base:2004-05],broad money supply(M3) representing money with public, demand deposit of bank, demand deposit with RBI, crude oil prices(OIL), exchange rate(REER), wholesale index ofprices[base:2004-05](WPI)		and foreign exchange reserve, stock price and money supply, stock price and crude oil price and stock price and whole price index. The multiple regression results of the study indicate that oil price and gold price have a significant negative effect on stock price, while balance of trade, interest rate, foreign exchange reserve, gross domestic product, industrial production index and money supply positively influence Indian stock price. On the other hand, inflation rate, foreign direct investment, exchange rate and wholesale price index do not appear to have any significant effect on stock price.
23	Ali (2011)	MPS is dependent variables where Inflation (INF), Industrial Production Index (IND) Foreign Remittance (REMIT), Market Price/Earnings (MKTPE) and Monthly Percent Average Growth in Market Capitalization (PAGMCAP) as independent variables.	A Multivariate Regression Model computed on Standard OLS Formula has been used to estimate the relationship.	Unidirectional Granger Causality is found between stock prices and all the predictor variables under study except one unidirectional causal relation from stock price and market P/Es. In a nut shell, lack of Granger causality between stock price and selected micro and macro variables ultimately reveals the evidence of informational inefficient market.
24	Al-Tamimi et al(2011)	The dependent variables is stock price where Earnings per share; Dividend per share; Oil price; Gross domestic product; Consumer price index; Interest rate; Money supply are independent variables	The regression model was run for the UAE financial markets sample with five independent variables after dropping oil price and 15 Dividend per share because of multicollinearity problems.	For the UAE financial markets model and for the two groups of the sample, The results indicate that the coefficient value of EPS was as expected, positive and statistically significant at the 1% percent level, the hypothesis of the positive and significant relationship between the level of stock price and earnings per share is confirmed. The results also indicate that EPS was the most influencing factor on the UAE stock prices. Furthermore, the results of the three models report the positive relationship between stock price and money supply and GDP, although the significant level was not the same in the three models.
25	Alam and Uddin (2009)	Dependent: Share Price Independent: Interest Rate	Time Series and Panel Regression	In Malaysia, Interest Rate and Share Price has no relation and change in interest rate has negative relation with change in share price. In Japan, Interest Rate has positive relation with share price and change in interest rate has negative relation with change in share price.

	In four countries both the interest rate and change in interest rate has negative relation with share price and change in share price. In eight countries interest rate has significant negative relation with share price and has no relationship between change in interest rate and change in share price.

2.4 Research Gap

In the previous studies, it was found that the most researches (Silwal and Napit, 2019) have been done on the determinants of stock prices of commercial banks which are listed in NEPSE in Nepal. And it was merely found that no research has been conducting with this sample microfinance's and data before.

Research gap is the difference between the earlier research and the current research. As the world is growing faster, the rapid changes and new developments may not be adequate to explain the current phenomena. Though many affiliated researches have been conducted in this area but there are very significant number of research has been done on the topic "Factors affecting the share price of microfinance in Nepal". There must be comparative study among the different microfinance's. If it is remaining indifferent towards the other microfinance's relevant information, in long run it will give negative impact. Most of the customers, they are attractive towards such microfinance's; who provides well and efficient service (Bhattarai, 2020). Similarly, investor invest their money those microfinance's, who provide high dividend, high profit as well as high amount, customer needs pre-information about the ability of payment whereas they needed. This study providing important information to the policy makers of the banking industry which can be used in planning programmers for future improvement and effectives of its operations in customer retention (Poudel, 2020). More efforts are required to be taken by the microfinance industry especially employees for the quick resolutions of the problems which are very known by employee for them to suggest appropriated solution (Pradhan, 2019). Total microfinance 55 and sampled analysis 3 microfinance there should be well equipped resources available during solving the limitations of the customer retention in the institution. Employees and the government both have to play their role in practicing

the strategies that will retain customersifmicrofinance needs to survive in competitive market for a long run, it should be consider; liquidity position, profitability position, market position as well as other positions. Causal research is used to identify the cause-and-effect relationship between variables and provides conclusive results that can answer the research problem. There are various studies on the banking sector's financial performance in Nepal, but no broad study has been done about microfinance's which are listed in security board of Nepal. This study concerns to analyze the financial position of three microfinance's, which are operated in Nepal.

CHAPTER III
RESEARCH METHODOLOGY

This chapter deals with some methods that are used in the period of research and also brief introduction to financial parameters used in this study. Research design, sources and nature of data, sampling method, and statistical and financial tools for data analysis are explained in this chapter.

3.1 Research Design

The research design includes specification of the method of the proposed study and detailed plan for carrying out the study with various empirical data for the analysis of the problem. A descriptive and causal research design has been used to make the analysis more conclusive. Causal research identifies the cause-and-effect relationship between variables and produces clear data that may be utilized to answer research questions. Descriptive research and causal research used to gain a deeper understanding of the problem itself.

3.2 Population, Sample and Sampling Design

The stock market is divided into numerous industries, including microfinance, insurance, banking, hotels, trade, manufacturing, and processing. This research only examines microfinance. 55 listed microfinances (2080/12/31) are taken as a population of the study. Only listed three microfinances are chosen as a sample based on yearly trading volume to find the trend of market price of microfinance and illustrate capital market performance by using Purposive Sampling Method. This analysis is based on 10 years of data from the selected firm from 2013/014 to 2022/023.

The sample micro finances are as follows:

- Chhimek Laghubitta
- Nadep Laghubitta
- Grameen Bikash Laghubitta

3.3 Nature and Sources of Data Collection and Data Collection Instruments

The relevant information and data are gathered from several sources.This study is based on the secondary data. The data are taken from the annual report, trading report and official record of stock exchange and the annual reports of the specific Microfinance's as well as internet website (www.nepalstock.com). Other data pertaining to NRB, ministry of finance, national and international journals, and samplemicrofinances are reviewed through concerned website. The method of collecting data is secondary. All models are tested for individual effects by running correlation and regression using statistical package for social science (SPSS 27). This study covers the annual report from fiscal year 2013/014 to 2022/023.

3.4 Method of Analysis

Mere presentation of data is not enough to analyze Factors Affecting the share price of microfinance in Nepal unless it is further processed. Many mathematical and statistical tools have been developed to process relevant data to reach a conclusion. In this study, both statistical and financial tools have been used to analyze and interpret the relevant data so that meaningful conclusions can be drawn.

Financial Tools

The financial parameter is used to assess the organization's financial position. The parameter is found from financial statement and financial disclosure. Some of the financial variables, stated below, have been employed to analyze market capitalization, market price of share, earnings price per share and dividend per share.

Market Price Per Share

Market value per share is the price at which a share of company stock can be acquired in the marketplace, such as on a stock exchange. This price varies throughout the day, based on the level of demand for the stock.

$$\text{Market Price per Share} = \frac{\text{Total Market Capitalization}}{\text{No.of stocks outstanding}}$$

Dividend per Share

Dividend is the portion of profit that is ready to be available for shareholders. A part of the net profits belonging to equity shareholders is retained in the business and the balance is paid them as dividends. The dividend paid to the shareholders on a per share basis is the DPS.

$$\text{Dividend per Share} = \frac{Dividend\ available\ to\ ordinary\ shareholders}{No.of\ stocks\ outstanding}$$

Price Earnings Ratio

Price earning multiple is the relationship between earning per share and market price of the stock. Earnings per share shows the company's performance in the sense that how well the company has managed its material as well as human resources to satisfy the interest of stockholders. So, P/E multiple reflects the price currently being paid by the market for each rupee of currently reported EPS.

$$\text{P/E ratio} = \frac{Market\ Price\ of\ a\ Share}{Earning\ Price\ of\ a\ Share}$$

Book Value per Share

Book value per share (BVPS) takes the ratio of a firm's common equity divided by its number of shares outstanding. Book value of equity per share effectively indicates a firm's net asset value (total assets - total liabilities) on a per-share basis.When a stock is undervalued, it will have a higher book value per share in relation to its current stock price in the market.

$$\text{Book Value per Share} = \frac{Common\ Equity}{No\ of\ Share\ Outstanding}$$

Return on Total Assets

Here, the profitability ratio is measured in terms of the relationship between the net profits and assets. The ROA may also be called profit-to-assets ratio. It measures the overall effectiveness of management in generating profits with its available assets. The higher the firms return on total assets, the better. The return on total assets is calculated as follows.

Return on Total Assets = $\frac{Net\ Profit\ after\ Tax}{Total\ Assets}$

Return on Common Equity

The return on common equity measures the return earned on the common stockholders' investment in the firm. Generally, the higher these returns, the better off are the owners. Return on common equity is calculated as follows;

Return on Common Equity = $\frac{\boldsymbol{Net\ Profit\ after\ Tax}}{\boldsymbol{Shareholders\ Equity}}$

Statistical Tools

Statistical tools such as arithmetic Mean, S.D, C.V, Correlation Coefficient and Regression are the main tools applied in this study. Other statistical tools are also applied where necessary.

Mean

Mean or arithmetic average of a series is the figure obtained by dividing the total values of the various items by their number. In general if X_1X_2 ...Xn are the given 'n' observation then their mean, usually denoted by X is given by:

$$\overline{X} = \frac{\Sigma X}{n}$$

Standard deviation (σ)

The standard deviation (σ) measures the absolute description. It is defined as the positive square root of the mean of the square of the deviations taken from the arithmetic mean. If the standard deviation is greater, the magnitude of the deviations also is greater. A small standard deviation means a higher degree of true/ fact and vice-versa. This can be symbolically as:

$$\text{S.D } (\sigma) = \sqrt{\frac{1}{n}\sum(X - \overline{X})^2}$$

σ = Standard deviations

n= number of observations

$\overline{X}$ = Arithmetic mean

Coefficient of variation (C.V.)

Coefficient of variation (C.V.) is a relative measure of dispersion, which can be obtained by expressing the standard deviation as a percentage of mean. The CV is applicable for the comparison of variability of two or more distributions. It is a relative measure and is independent of units. The greater the value of CV, the higher the variability and the smaller the value of CV, the lower will be the variability. This is given by:

Coefficient of variation (C.V.) = $\frac{\sigma}{\overline{X}} \times 100$

Where,

CV= Coefficient of Variation

σ = Standard deviations

$\overline{X}$ = Arithmetic mean

Correlation Coefficient

Correlation analysis establishes the closeness of relationship between the two and more variables. It measures the degree of relationship or association between variables. Karl Person's Coefficient of correlation is used to measure the degree of association among the variables.

$$\text{Correlation Coefficient (r)} = \frac{n\sum XY - \sum X \sum Y}{\sqrt{n\sum X^2 - (\sum X)^2}\sqrt{n\sum Y^2 - (\sum Y)^2}}$$

Coefficient of Determination (r^2)

Coefficient of correlation between two variables series is a measure of linear relationship between them and indicates the amount of variations of one variable which is associated with or is accounted for by another variable. A more useful and readily comprehensible measure for this purpose is the coefficient of determination which gives the percentage variation in the dependent variable that is accounted for by the independent variable. The coefficient of determination is given by the square of the correlation coefficient i.e., r^2.

Symbolically,

$$r^2 = \frac{\text{Explained Variance}}{\text{Total Variance}}$$

Regression Analysis

Regression is the statistical tool, with the help of which we can predict the unknown value of one variable from known value of any other variable. Assuming that the two variables are closely related, it can estimate the value of one variable from the value of another. The variable, whose value is given, is called independent variable and the variable whose value is to be predicted is called "dependent variable". Hence, regression determines the average probable change in one variable based on a certain amount of change in another. It is a statistical tool for determining relationship between the variables by the establishment of an approximate functional relationship between them. It is used to determine that whether the dependent variable is influenced by the given independent variable or not. Regression analysis is a branch of statistical theory that is widely used in almost all the scientific disciplines. One of the most frequently used techniques in economics and Business research, to find a relation between two or more variables that are related casually is regression analysis. The regression analysis can be classified as follows:

In this study, the following regression equitation has been analyzed.

The model (1) is: Projected (MPS) (Ÿ) = α + β1*DPS + β2*ROE + β3*BVPS + β4 * P/E + β5*ROA+ β6*BR + β7*IR + β8*L + β9 * GDP + tn

MPS= (α) Market Price Per Share: Dependent Variable

DPS= (β1) Dividend per Share: Independent Variable

ROE= (β2) Return on Equity: Independent Variable

BVPS= (β3) Book Value per Share: Independent Variable

P/E = (β4) Price Earnings Ratio: Independent Variable

ROA = (β5) Return on Assets Ratio: Independent Variable

BR= (β6) Bank Rate: Independent Variable

IR= (β7) Inflation Rate: Independent Variable

L= (β8) Log (Market Capitalization): Independent Variable

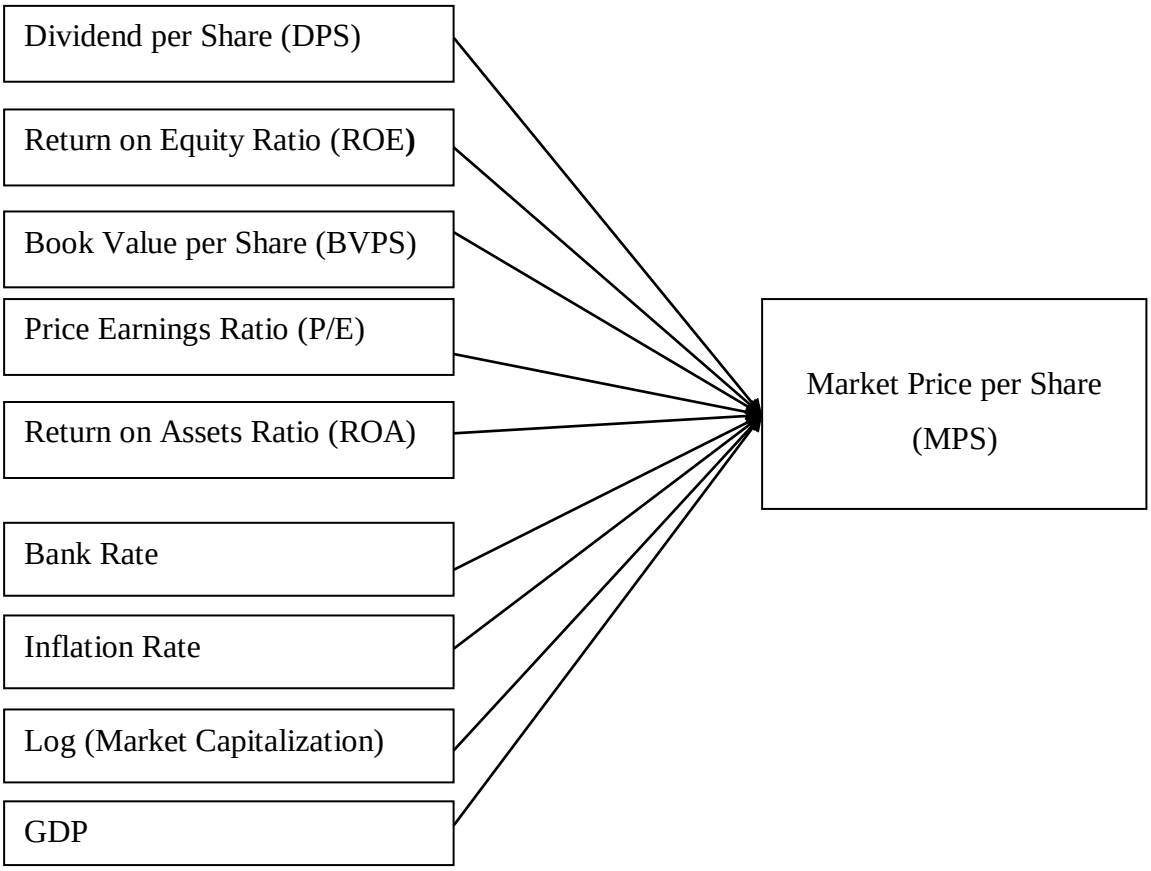
GDP = (β9) Gross Domestic Product: Independent Variable

tn = others

β_1 are the parameters of the models. In addition, itnote that i = 1, 2…….10 since there are analyzing 3 micro finances while n = 1, 2….10 since that the analysis captures 10 years from 2013/014 - 2022/023.

3.5 Research Framework and Definition of the Variables

In the regression coefficient for respective variables i.e. the slope which represents the degree with which market price of share change as the independent changes by one-unit variables. There were used the variables macro variables and micro variables or internal and external which is influenced on stock price.



(Source: Bajracharya &Sawagvudcharee, 2019)

Figure 1: Research Framework

The financial parameter helps to measure the financial status of the organization. The parameter is found from financial statement and financial disclosure. Some of the financial variables, stated below, have been employed to analyze market capitalization, market price of share, earnings price per share and dividend per share. DPS (Dividend per

Share): This is the amount of dividend paid for each share.ROE (Return on Equity) measures a company's profitability by showing how much profit it generates with the money shareholders have invested. BVPS (Book Value per Share) represents the equity value of each share.P/E (Price Earnings Ratio)ratio measures the valuation of a company's stock.ROA (Return on Assets Ratio)shows how profitable a company is relative to its total assets.BR (Bank Rate) interest rate at which a nation's central bank lends money to domestic banks.IR (Inflation Rate)could refer to the rate at which the economy or a specific market is changing direction. L (Log (Market Capitalization) is representing the logarithm of a company's market capitalization, which is the total value of its outstanding shares.GDP (Gross Domestic Product) shows that the total monetary value of all finished goods and services produced within a country's borders and it refers the other factors not explicitly mentioned but considered in the regression model.

Market Price per Shares

Market value per share is the price at which a share of company stock can be acquired in the marketplace, such as on a stock exchange. This price varies throughout the day, based on the level of demand for the stock.

Dividend per Share

Dividend is the portion of profit that is ready to be available for shareholders. A part of the net profits belonging to equity shareholders is retained in the business and the balance is paid them as dividends. The dividend paid to the shareholders on a per share basis is the DPS. In other words, DPS is the net distributed profit belonging to the shareholder's dividend by the number of ordinary shares outstanding.

Price Earnings Ratio

Price earning multiple is the relationship between earning per share and market price of the stock. Earnings per share shows the company's performance in the sense that how well the company has managed its material as well as human resources to satisfy the interest of stockholders. So, P/E multiple reflects the price currently being paid by the market for each rupee of currently reported EPS. Constand, Freitas, and Sullivan (1991) explained P/E ratio as a common measure used to indicate market assessment of a

company’s appraisal of share value.It determines how much investors are prepared to pay for each rupee of the firm's income. The higher the P/E ratio, greater the investor confidence.

Book Value per Share

Book value per share (BVPS) is the ratio of a company's common equity to its number of outstanding shares. The book value of equity per share effectively represents a company's net asset worth (total assets minus total liabilities) on a per-share basis. Aiyabei, Tobias, and Macharia (2019) defined the concept as the accounting value of a publicly traded share. The amount per share of common stock that would be obtained if all of the firm's assets were sold for their accounting value, with the proceeds remaining after paying all liabilities. According to Sharma (2006), book value per share has a considerable influence on the stock price.

Return on Total Assets

Here, the profitability ratio is measured in terms of the relationship between the net profits and assets. The ROA may also be called profit-to-assets ratio. It measures the overall effectiveness of management in generating profits with its available assets. The higher the firms return on total assets, the better.Emekekwue (2008) found return on assets as a ratio which seeks to measure the amount of profit generated from the entire assets of the firm.

Return on Common Equity

The return on common equity measures the return earned on the common stockholders' investment in the firm. Generally, the higher these returns, the better off are the owners.

Bank Rate

This variable represents the interest rate at which a nation's central bank (such as the Federal Reserve in the United States or the European Central Bank in the Eurozone) lends money to domestic banks or financial institutions. The central bank sets this rate as a monetary policy tool to influence economic activity, particularly to control inflation and stimulate or restrain economic growth.

Inflation Rate

The Inflation Rate represents the rate at which the economy or a specific market is changing direction, particularly in terms of growth or contraction. It captures the acceleration or deceleration of economic activity and serves as an indicator of the overall health and direction of the economy or market segment.

Log (Market Capitalization)

Market capitalization is the total value of a company's outstanding shares of stock. Taking the logarithm of market capitalization is a common transformation used in financial analysis. It helps to normalize the data and address issues related to extreme values or outliers.

Gross Domestic Product

GDP represents the total monetary value of all finished goods and services produced within a country's borders over a specific period, typically annually or quarterly. It serves as a key indicator of a country's economic health and performance.

CHAPTER-IV

RESULTS AND DISCUSSION

This chapter provides the systematic presentation and analysis of data to deal with various issues associated with determinants of share price of Nepalese microfinance. This chapter also presents the result of data analysis obtained by applying the various financial and statistical, econometric tools and methodologies described in chapter three Research Methodology. The chapter four consists of two segments. The segments of the chapter deals with the presentation and analysis of data collected from various sources while the second part deals with major findings and discussions of the study.

4.1 Presentation and analysis

The performances of individual companies that are listed in the stock exchange have direct impact on capital market. A company having a good performance has highest market price, high volume of transaction, higher demand of stock, lower risk and low cost of capital.Various indicators are used to analyze the company performance. The used indicators are earning price per share, market price per share, dividend price per share, book value per share, price earnings ratio, and dividend payout ratio, market price to book value ratio, dividend yield, earning yield, liquidity ratio, return on assets and return on equity.

Market price per share

Investors view a market price that is considerably above average, regardless of other circumstances. Any drop in the market price will have a negative impact on the business. Bankruptcy may result from a particular company's market price declining very steeply and continuously. From the perspective of the investor, who prioritizes a greater market price over other indications, the market price of the share is the most significant aspect.

$$\text{Market Price per Share} = \frac{Total\ Market\ Capitalization}{No.\ of\ stocks\ outstanding}$$

Table 2

Market Price Per Share

Years	CBBL	GBLBS	NLBSL
2013/014	242	2140	3142
2014/015	260	2045	2420
2015/016	536	1950	2945
2016/017	380	2340	3240
2017/018	341	2510	2510
2018/019	327	2535	2799
2019/020	199	1910	1943
2020/021	220	2344	3600
2021/022	186	1523	2295
2022/023	371	921	755

Source: Annual Report of Sample Companies

Table 2 shows the position of market price per share of sampled microfinance companies. The MPS of CBBL is in fluctuating trend with the highest value Rs. 536 in the year 2015/016 and lowest value 186 in the f/y 2021/022. The mean, standard deviation and coefficient of variance of MPS of CBBL are 306.2, 107.35 and 35.06% respectively.

Similarly, the MPS of GBLBS is in fluctuating trend with the highest value Rs. 2535 in the year 2018/019 and lowest value 921 in the f/y 2022/023. The mean, standard deviation and coefficient of variance of MPS of GBLBS are 2021.8, 494.36 and 24.45% respectively.

In the same way the MPS of NLBSL is also fluctuating trend with the highest value Rs. 3600 in the year 2020/021 and lowest value 755 in the f/y 2022/023. The mean, standard deviation and coefficient of variance of MPS of NLBSL are 2564.9, 804.08 and 31.35% respectively.

In overall NLBSL has highest mean ratio whereas CBBL has lowest mean ratio. NLBSL has highest standard deviation which indicated that high risk high gain for the investors. In the consistency view has lesser C.V. than other two sampled organizations as GBLBS has lesser C.V. then other two sampled organization.

Dividend Per Share (DPS)

Dividends are given to equity owners from the remaining net profits, with a portion kept in the firm. The DPS is the dividend that is distributed to shareholders on a per-share

basis. Stated differently, DPS is the net dispersed profit that belongs to the shareholders divided by the total number of outstanding ordinary shares.

Dividend per Share = $\frac{Dividend\ available\ to\ ordinary\ shareholders}{No.of\ stocks\ outstanding}$

Table 3

Dividend Per Share

Years	CBBL	GBLBS	NLBSL
2013/014	12.26	52.12	57.18
2014/015	11.72	56.30	56.39
2015/016	10.19	57.14	51.30
2016/017	8.81	58.12	54.20
2017/018	8.56	62.12	48.23
2018/019	12.75	65.00	51.50
2019/020	8.50	36.84	44.21
2020/021	10.00	45.00	35.09
2021/022	10.85	48.00	105.26
2022/023	6.00	34.00	17.50

Source: Annual Report of Sample Companies

Table 3 shows the position of dividend per share of sampled microfinance companies. The DPS of CBBL is in fluctuating trend with the highest percent 12.75 in the year 2018/019 and lowest dividend percent 6.00 in the f/y 2022/023. The mean, standard deviation and coefficient of variance of DPS of CBBL are 9.96, 2.05 and 20.58% respectively.

Similarly, the DPS of GBLBS is in fluctuating trend with the highest percent 65.00 in the year 2018/019 and lowest percent 34.00 in the f/y 2022/023. The mean, standard deviation and coefficient of variance of DPS of GBLBS are 51.46, 10.38 and 20.17% respectively.

In the same way the DPS of NLBSL is also fluctuating trend with the highest percentage 105.26 in the year 2021/022 and lowest percent 17.50 in the f/y 2022/023. The mean, standard deviation and coefficient of variance of DPS of NLBSL are 52.08, 22.20 and 42.62% respectively.

In overall NLBSL has highest mean ratio whereas CBBL has lowest mean ratio. NLBSL has highest standard deviation which indicated that high risk high gain for the investors.

In the consistency view has lesser c.v. than other two sampled organizations as GBLBS has lesser c.v. then other two sampled organization.

Return on Common Equity (ROE)

The return on common equity measures the return earned on the common stockholders' investment in the firm. Generally, the higher these returns, the better off are the owners. Return on common equity is calculated as follows:

Return on Common Equity = $\frac{\textbf{\textit{Net Profit after Tax}}}{\textbf{\textit{Shareholders Equity}}}$

Table 4

Return on Equity

Years	CBBL	GBLBS	NLBSL
2013/014	1.52	26.30	17.20
2014/015	1.45	24.30	18.10
2015/016	1.50	29.26	18.25
2016/017	1.46	24.30	25.10
2017/018	2.38	25.12	21.30
2018/019	1.29	27.97	26.27
2019/020	1.67	22.73	21.69
2020/021	1.62	25.61	17.18
2021/022	1.01	26.65	11.98
2022/023	1.38	27.78	18.66

Source: Annual Report of Sample Companies

Table 4 shows the position of return on equity of sampled microfinance companies. The ROE of CBBL is in fluctuating trend with the highest times 2.38 in the year 2017/018 and lowest ROE 1.01 in the f/y 2021/022. The mean, standard deviation and coefficient of variance of ROE of CBBL are 1.52, 0.35 and 23.02% respectively.

Similarly, the ROE of GBLBS is in fluctuating trend with the highest ratio 29.26 in the year 2015/016 and lowest ratio 22.73 in the f/y 2019/020. The mean, standard deviation and coefficient of variance of ROE of GBLBS are 26.00, 1.98 and 7.61% respectively.

In the same way the ROE of NLBSL is also fluctuating trend with the highest ratio 26.27 in the year 2018/019 and lowest ratio 11.98 in the f/y 2021/022. The mean, standard deviation and coefficient of variance of ROE of NLBSL are 19.57, 4.17 and 21.30% respectively.

In overall GBLBS has highest mean ratio whereas CBBL has lowest mean ratio. NLBSL has highest standard deviation which indicated that high risk high gain for the investors. In the consistency viewas GBLBS has lesser c.v. then other two sampled organization.

Book Value Per Share (BVPS)

Book value per share (BVPS) takes the ratio of a firm's common equity divided by its number of shares outstanding. When a stock is undervalued, it will have a higher book value per share in relation to its current stock price in the market.

Book Value per Share = $\frac{Common\ Equity}{No\ of\ Share\ Outstanding}$

Table 5

Book Value Per Share

Years	CBBL	GBLBS	NLBSL
2013/014	3.69	8.12	6.23
2014/015	4.12	6.47	8.14
2015/016	7.45	4.15	8.28
2016/017	6.28	5.66	10.23
2017/018	4.12	4.12	12.36
2018/019	3.89	5.78	11.23
2019/020	7.65	4.54	7.34
2020/021	4.91	5.56	13.46
2021/022	4.67	4.38	7.75
2022/023	3.16	2.63	4.34

Source: Annual Report of Sample Companies

Table 5 shows the position of book value per share of sampled microfinance companies. The BVPS of CBBL is in fluctuating trend with the highest 7.65 in the year 2019/020 and lowest BVPS3.16 in the f/y 2022/023. The mean, standard deviation and coefficient of variance of BVPS of CBBL are 4.99, 1.59 and 31.77% respectively.

Similarly, the BVPS of GBLBS is in fluctuating trend with the highest ratio 8.12 in the year 2013/014 and lowest BVPS 2.63 in the f/y 2022/023. The mean, standard deviation and coefficient of variance of BVPS of GBLBS are 5.14, 1.52 and 29.55% respectively.

In the same way the BVPS of NLBSL is also fluctuating trend with the highest BVPS 13.46 in the year 2020/021 and lowest BVPS 4.34 in the f/y 2021/022. The mean, standard deviation and coefficient of variance of BVPS of NLBSL are 8.94, 2.84 and 31.78% respectively.

In overall NLBSL has highest mean whereas CBBL has lowest mean ratio. NLBSL has highest standard deviation which indicated that high risk for the investors. In the consistency viewhas lesser C.V than other two sampled organizations as GBLBS has lesser C.V. then other two sampled organization.

Price Earnings Ratio (P/E)

Price earning multiple is the relationship between earning per share and market price of the stock. The P\E ratio measures investor's expectations and the market appraisal of the performance of the firm. Security analyst to assess a firm's performance as expected by the investors popularly uses this ratio.

$$\text{P/E ratio} = \frac{\text{Market Price of a Share}}{\text{Earning Price of a Share}}$$

Table6

Price Earnings Ratio

Years	CBBL	GBLBS	NLBSL
2013/014	14.09	30.21	48.57
2014/015	14.31	28.30	55.12
2015/016	28.68	27.19	49.28
2016/017	23.41	29.20	42.12
2017/018	0.00	32.15	45.20
2018/019	24.61	30.29	42.75
2019/020	13.68	33.37	33.86
2020/021	14.85	39.55	78.33
2021/022	15.39	25.44	64.67
2022/023	26.13	18.60	27.62

Source: Annual Report of Sample Companies

Table 6 shows the position of price earnings ratio of sampled microfinance companies. The P/E ratio of CBBL is in fluctuating trend with the highest ratio 28.68 in the year 2015/016 and lowest P/E ratio 0.00 in the f/y 2017/018. The mean, standard deviation and coefficient of variance of P/E ratio of CBBLare 17.51, 8.42 and 48.08% respectively.

Similarly, the P/E ratio of GBLBS is in fluctuating trend with the highest ratio 39.55 in the year 2020/021 and lowest ratio 18.60 in the f/y 2022/023. The mean, standard deviation and coefficient of variance of P/E ratio of GBLBS are 29.43, 75.43 and 18.47% respectively.

In the same way the P/E ratio of NLBSL is also fluctuating trend with the highest ratio 78.33 in the year 2020/021 and lowest ratio 27.62 in the f/y 2022/023. The mean, standard deviation and coefficient of variance of P/E ratio of NLBSL are 48.75, 14.64 and 30.03% respectively.

In overall NLBSL has highest mean ratio whereas CBBL has lowest mean ratio. GBLBS has highest standard deviation which indicated that high risk for the investors. In the consistency view has lesser c.v. than other two sampled organizationas GBLBS has lesser c.v. then other two sampled organization.

Return on Assets

The profitability ratio is measured in terms of the relationship between the net profits and assets. The ROA may also be called profit-to-assets ratio. The higher the firms return on total assets, the better. The return on total assets is calculated as follows.

$$\text{Return on Total Assets} = \frac{\text{Net Profit after Tax}}{\text{Total Assets}}$$

Table 7

Return on Assets

Years	CBBL	GBLBS	NLBSL
2013/014	1.54	3.45	3.26
2014/015	1.30	2.24	2.66
2015/016	1.34	2.14	2.06
2016/017	1.94	3.20	2.32
2017/018	2.03	2.36	2.70
2018/019	1.67	2.30	2.61
2019/020	2.21	1.90	2.11
2020/021	1.79	2.00	1.58
2021/022	1.68	2.10	1.71
2022/023	1.09	2.10	1.27

Source: Annual Report of Sample Companies

Table 7 shows the position of return on assets of sampled microfinance companies. The ROA of CBBL is in fluctuating trend with the highest times 2.21 in the year 2019/020 and lowest ROA1.09 in the f/y 2022/023. The mean, standard deviation and coefficient of variance of ROA of CBBL are 1.66, 0.35 and 21.14% respectively. Similarly, the ROA of GBLBS is in fluctuating trend with the highest ratio 3.45 in the year 2013/014 and lowest

ratio 1.90 in the f/y 2019/020. The mean, standard deviation and coefficient of variance of ROA of GBLBS are 2.38, 0.52 and 21.85% respectively.

In the same way the ROA of NLBSL is also fluctuating trend with the highest ratio 3.26 in the year 2013/014 and lowest ratio 1.27 in the f/y 2022/023. The mean, standard deviation and coefficient of variance of ROA of NLBSL are 2.23, 0.60 and 27.08% respectively. In overall GBLBS has highest mean ratio whereas CBBL has lowest mean ratio. NLBSL has highest standard deviation which indicated that high risk for the investors. In the consistency view has lesser C.V. than other two sampled organizations as GBLBS and CBBL are slightly similar, they are more consistency than NLBSL.

Log Market Capitalization

Market capitalization is the total value of a company's outstanding shares of stock. Taking the logarithm of market capitalization is a common transformation used in financial analysis. It helps to normalize the data and address issues related to extreme values or outliers.

Table 8

Log Market Capitalization

Year	Economic Growth	Market capitalization	Market capitalization to GDP
2013/014	3.40	989.40	52.37
2014/015	0.01	1,890.13	84.05
2015/016	6.94	1,435.07	71.44
2016/017	6.66	1856.83	47.68
2017/018	6.80	1,567.50	45.24
2018/019	2.30	1,792.76	47.59
2019/020	-2.12	4,010.74	94.00
2020/021	0.00	2,869.45	59.14
2021/022	0.00	3,082.52	57.00
2022/023	3.87	3,314.63	62.00

Source: Annual Report of Sample Companies

Table 8 log market capitalization shows that the data provided offers a comprehensive view of economic indicators and stock market performance over the period from

2013/014 to 2022/023. Economic growth rates exhibited fluctuation, with most years showing positive growth except for a notable decline of -2.12% in 2019/020. These growth rates serve as critical barometers of economic health, influencing investor confidence and market dynamics.

In terms of market capitalization, there were significant variations observed. The peak market capitalization occurred in 2019/020, reaching 4,010.74 million, indicating a surge likely driven by favorable market conditions and investor optimism. Subsequent years saw fluctuations in market valuation, reflective of changing economic landscapes and possibly company-specific factors impacting market sentiment.

The market capitalization to GDP ratio also provided insights into the stock market's impact relative to the overall economy. This ratio ranged from a low of 45.24% in 2017/018 to a high of 94.00% in 2019/020, underscoring periods of heightened market influence on economic indicators. The sharp increase in 2019/020 suggests a robust market performance relative to GDP, possibly driven by increased investor participation and favorable economic conditions.

Overall, these trends highlight the dynamic nature of financial markets and their integral role in economic systems. Investors and policymakers can leverage this data to monitor trends, assess market risks, and formulate informed strategies for economic management and investment decisions. Understanding these dynamics provides valuable insights into the interconnectedness of financial markets and broader economic landscapes over the analyzed period.

Inflation Rate

The Inflation Rate represents the rate at which the economy or a specific market is changing direction, particularly in terms of growth or contraction. It captures the acceleration or deceleration of economic activity and serves as an indicator of the overall health and direction of the economy or market segment.

Table 9

Inflation Rate

Year	CBBL	GBLBS	NLBSL
2013/014	7.1	8.04	13.39
2014/015	7.57	8.82	13.75
2015/016	9.95	10.41	12.24
2016/017	12.22	12.50	14.01
2017/018	12.30	12.85	13.64
2018/019	10.49	11.64	12.52
2019/020	10.11	10.16	12.16
2020/021	8.76	8.50	9.59
2021/022	6.94	8.08	9.86
2022/023	8.19	8.27	9.73

Source: NRB Reports

The table 9 depicts that, the inflation rate data for CBBL, GBLBS, and NLBSL from 2013/014 to 2022/023 reveals fluctuating trends across different fiscal years. Each bank experienced varying levels of inflation, with CBBL ranging from a low of 6.94% in 2021/022 to a peak of 12.30% in 2017/018, GBLBS ranging from 8.08% in 2021/022 to 12.85% in 2017/018, and NLBSL fluctuating between 9.59% in 2020/021 and 14.01% in 2016/017.

The years 2016/017 to 2018/019 stood out with generally higher inflation rates across all banks, indicative of potentially challenging economic conditions during those periods. In contrast, inflation rates showed a trend of moderation in more recent years (2020/021 to 2022/023), reflecting efforts to stabilize prices and manage economic volatility.

These fluctuations underscore the dynamic nature of inflationary pressures and their broader implications. Higher inflation can impact banks differently, influencing their interest rates, lending practices, and overall financial strategies to mitigate risks. Inflation rates also serve as vital economic indicators, influencing consumer purchasing power, investor sentiments, and overall economic stability.

Policymakers and stakeholders use this inflation data to assess economic health, formulate policies, and make informed decisions regarding investments and financial strategies. Understanding these inflation trends provides valuable insights into the economic environment and its effects on financial institutions operating within the economy over the analyzed period.

Bank Rate

This variable represents the interest rate at which a nation's central bank (such as the Federal Reserve in the United States or the European Central Bank in the Eurozone) lends money to domestic banks or financial institutions. The central bank sets this rate as a monetary policy tool to influence economic activity, particularly to control inflation and stimulate or restrain economic growth.

Table 10

Bank Rate

Year	CBBL	GBLBS	NLBSL
2013/014	10.25	11.20	8.25
2014/015	11.56	8.20	11.20
2015/016	11.64	9.23	9.23
2016/017	12.38	15.20	10.25
2017/018	12.71	13.20	13.20
2018/019	12.06	14.20	15.20
2019/020	12.30	8.20	9.88
2020/021	12.91	12.00	10.27
2021/022	11.9	11.39	12.30
2022/023	14.02	15.20	14.25

Source: NRB Reports

The table 10 presents the bank rates for CBBL, GBLBS, and NLBSL from 2013/014 to 2022/023, providing insights into interest rate policies across these banks over the years. CBBL's rates ranged from a low of 10.25% in 2013/014 to a peak of 14.02% in 2022/023, reflecting adjustments made in response to economic conditions and monetary policy objectives. GBLBS displayed varying rates, with fluctuations between 8.20% in 2014/015 and 15.20% in multiple years, indicating potentially more volatile rate adjustments compared to CBBL and NLBSL. NLBSL's rates were relatively stable, ranging from 8.25% in 2013/014 to 15.20% in 2018/019, showing a strategic approach to monetary policy management over the period.

The fluctuations in bank rates across all three banks reflect efforts to manage inflation, stimulate economic growth, and maintain financial stability. Higher rates often correlate with periods of economic tightening or inflationary pressures, while lower rates may signify stimulus measures to encourage borrowing and investment. The differences in rate movements among CBBL, GBLBS, and NLBSL highlight varying approaches to

monetary policy and responses to economic challenges such as inflation and economic growth targets.

Understanding these trends in bank rates is crucial for businesses, consumers, and policymakers alike, as they influence borrowing costs, investment decisions, and overall economic activity. By analyzing these data points, stakeholders can gain valuable insights into the monetary policy landscape and its impact on financial markets and the broader economy over the examined period.

Gross Domestic Product

GDP plays a crucial role around the world its importance to the global economy such as developing countries like Nepal. The percentage wise impact on GDP is presented in to the table.

Table 11

Gross Domestic Product

Year	CBBL	GBL	NLBSL
2013/014	62.55	12.37	0.506
2014/015	91.00	12.72	0.715
2015/016	10.05	15.77	0.637
2016/017	17.38	18.58	0.384
2017/018	19.81	18.93	1.046
2018/019	20.10	19.02	1.057
2019/020	22.18	21.82	1.017
2020/021	23.74	22.41	1.059
2021/022	23.49	23.42	1.003
2022/023	27.59	23.54	1.172

Source: NRB Reports/Economic Survey

The table 11 depicts that provides Gross Domestic Product (GDP) data for CBBL, GBL, and NLBSL from 2013/014 to 2022/023, reflecting the economic output of these entities over the years. CBBL's GDP figures started at 62.55 in 2013/014 and showed consistent growth, reaching 27.59 by 2022/023. GBL's GDP began at 12.37 in 2013/014 and increased steadily to 23.54 in 2022/023. NLBSL started with a GDP of 0.506 in 2013/014 and saw substantial growth to 1.172 by 2022/023.

The trends highlight each entity's economic performance and their contributions to overall GDP over the years. CBBL and GBL demonstrated steady growth trajectories,

with varying annual increases reflecting their operational expansions or market impacts. NLBSL, starting from a smaller base, showed notable growth over the period, indicative of its increasing economic influence.

These GDP figures are crucial indicators of economic health and performance, offering insights into sectoral contributions to national output. They reflect changes in productivity, investment levels, and economic activity within each sector represented by CBBL, GBL, and NLBSL. Policymakers and analysts use this data to assess sectoral dynamics, economic growth patterns, and potential areas for policy intervention or support.

Overall, the data underscores the dynamic nature of economic growth among these entities, highlighting their evolving roles within the broader economy. Understanding these GDP trends enables stakeholders to make informed decisions regarding investments, policy formulation, and economic strategies aimed at fostering sustainable growth and development.

Analysis of descriptive statistics

Descriptive statistics shows and describes the basic features of a dataset found in a given study, presented in a summary that describes the data sample and its measurements. It helps analyst to understand the data better and presents the descriptive statistics of both dependent variable i.e. MPS and independent variables which are DPS, ROE, P/E Ratio, BVPS, ROA, Bank Rate, Inflation, Log (Market Capitalization) and Gross Domestic Product.

Table 12

Descriptive Statistics of Variables

Variables	N	Minimum	Maximum	Mean	Std. Deviation
DPS	30	6.00	105.26	41.40	23.26
MPS	30	186	36.00	18.52	11.19
BR	30	12.23	35.20	19.00	9.25
BVPS	30	15.20	25.23	18.20	30.20
P/E Ratio	30	45.00	83.94	35.64	18.86
ROA	30	46.20	85.26	15.23	16.20
ROE	30	1.01	29.26	17.08	10.14
IR	30	2.30	25.30	15.20	26.00
LMC	30	15.20	17.20	13.00	25.20
GDP	30	16.30	16.39	14.00	10.02

Source: SPSS Output, (Appendix II)

Table 12 depicts that the descriptive statistics presented offer a comprehensive view of key financial and economic indicators across a dataset encompassing 30 observations. These metrics include Dividend Per Share (DPS), Market Price per Share (MPS), Bank Rate (BR), Book Value Per Share (BVPS), Price-to-Earnings Ratio (P/E Ratio), Return on Assets (ROA), Return on Equity (ROE), Inflation Rate (IR), Market Capitalization (LMC), and Gross Domestic Product (GDP). Each metric provides crucial insights into different facets of economic and financial performance.

DPS, MPS, and BVPS reflect shareholder value and market sentiment, showing variability in dividends paid, share prices, and asset valuations. The wide ranges and standard deviations underscore the fluctuations and diverse market conditions impacting these measures. BR's moderate variation suggests responsive monetary policies affecting borrowing costs over time, crucial for economic stability and investment decisions.

P/E Ratio, ROA, and ROE illuminate market valuation, asset efficiency, and profitability. Their means and standard deviations indicate varying investor expectations and operational efficiencies across different sectors or firms. Meanwhile, IR's wide range highlights significant fluctuations in inflation rates, influencing consumer purchasing power and economic policy-making.LMC and GDP provide perspectives on market size and economic output. Their narrower ranges suggest relative stability in market valuations and consistent economic performance observed over the dataset. These

statistics collectively enable stakeholders to gauge trends, assess risk exposures, and devise strategies aligned with economic conditions and financial market dynamics.

Correlation Analysis

Correlation analysis presents the correlation matrix of dependent variable i.e. MPS with independent variables which are DPS, BVPS, P/E ratio ROA and ROE where the macro variables are bank rate, inflation rate, log market capitalization and GDP. In this correlation matrix MPS is taken as a dependent variable.Pearson's correlation model is used to show the relationship among the variables and 2- tailed test is used to measure the significance.

Table 13

Correlations Matrix of Variables

Variables	**MPS**	**BR**	**DPS**	**IR**	**ROE**	**BVPS**	**P/E**	**ROA**	**GDP**	**MC**
MPS	1									
BR	.364**	1								
DPS	.838**	0124*	1							
IR	.985*	.007*	.001	1						
ROE	.703**	.0178*	.774*	.475	1					
BVPS	.777**	.889**	.722**	.367	.447*	1				
P/E	.659**	.624**	.397*	.502	.040	.546**	1			
ROA	.459*	.324	.628**	.245**	.849**	.279	.159*	1		
GDP	002	002*	.006	.007	.362	.475	.523*	.003*	1	
LMC	004	009	007*	003*	.456	.632*	.452*	006*	2678	1

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

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

Source: SPSS Output (Appendix II)

Table 13 shows that the correlations matrix reveals significant relationships among key financial and economic variables based on the dataset analyzed. Market Price per Share (MPS) shows strong positive correlations with Dividend Per Share (DPS), Book Value Per Share (BVPS), and Return on Equity (ROE), indicating that higher market prices tend to align with increased dividends, stronger asset bases, and higher returns on equity.

These connections underscore investor preferences for profitable companies with robust asset values. Moderate positive correlations between MPS and Price-to-Earnings Ratio (P/E) further highlight investor willingness to pay higher prices relative to earnings, signaling market confidence in growth prospects. The strong correlation between BVPS and Bank Rate (BR) suggests that higher interest rates positively influence book values, likely due to enhanced interest income or improved asset valuation under higher rate environments. Conversely, the negligible correlation between Inflation Rate (IR) and Gross Domestic Product (GDP) suggests minimal impact of inflation on overall economic output within the dataset. These insights are pivotal for stakeholders, enabling informed investment strategies and policy decisions based on comprehensive understanding of financial dynamics and their implications for broader economic trends.

Regression analysis

Regression analysis shows the relation between MPS and predictors DPS, ROE, P/E Ratio, BVPS, ROA, Bank Rate, Inflation, Log (Market Capitalization) and Gross Domestic Product. The objective of this study is to explore certain predictors which significantly affect the MPS of the sample microfinance. Following table shows the result of study. The dependent variable is used as MPS and independent variables used are BVPS, ROA, DPS, P/E ratio, ROE, Bank Rate, Inflation, Log (Market Capitalization) and Gross Domestic Productof the sample microfinance. The SPSS software model is used to find out the results of our collected data of the research.

Table 14

ANOVA Table

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	16149598.55	5	3229919.710	61.479	<.001[b]
	Residual	1260896.148	24	52537.339		
	Total	17410494.70	29			

Source: SPSS Output (Appendix III)

From the ANOVA statistics in Table 14 shows that the processed data which is the population parameters had a significance level of 0. 001[b]% which shows that the data is ideal for making a conclusion on the population's parameters as the value of significance (p- value) is less than standard (5%). The Fisher's ratio (i.e., the F- statistics) which is the proof of the validity of the estimated model as reflected in the table. 10, indicates that, the F values is about 61.479 and a P- value or F (sig) that is equal to 0.001[b] this invariably suggests clearly that simultaneously the explanatory variables are significantly associated with the dependent variable. That is, they strongly determine the behavior of the market values of share prices. The regression results for the independent effect of ROE, DPS, P/E ratio, BVPS, ROA, Bank Rate, Inflation, Log (Market Capitalization) and Gross Domestic Product on MPS.

Table 15

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.963[a]	.928	.912	229.21025

Source: SPSS Output (Appendix III)

Regression model with ordinary least square (OLS) can be used. Similarly, the R-Square which is often referred to as the coefficient of determination of the variables is 92.8%. The R-Square which is also a measure of the overall fitness of the model indicates that

the model is capable of explaining about 92.8% of the variability the Return on Assets of sample microfinance companies. This means that the model explains about 92.8% of the systematic variation in the dependent variable. In other word, finding the coefficient of multiple determinations R Square shows that 92.8% changes in MPS of Nepalese Microfinance could be accounted to changes in DPS, ROE, BVPS, P/E ratio and ROA and remaining7.2% are contributed by other factors. R is the correlation coefficient which shows the relationship between the study variables, from the findings shown in the table above there was a highly significantly positive relationship between the study variables as shown by 0.963[a]. This result is complimented by the adjusted R- square of about 92.8 %, which is essentially the proportion of total variance that is explained by the model.

The regression results for the independent effect of DPS, ROE, P/E ratio, BVPS,ROA BR, Inflation Rate, Log (Market Capitalization) and GDP on MPS is shown in Table 16 below.

Table 16

Coefficients Table

Model	**Unstandardized Coefficients**		**Standardized Coefficients**	**T**	**Sig.**
	B	**Std. Error**	**Beta**		
(Constant)	-1654.700	319.268		-5.183	.001
DPS	4.887	5.699	.106	.858	.004
ROE	72.678	16.179	.577	4.492	.001
BVPS	3.407	1.416	.211	2.406	.024
PE	26.476	4.343	.466	6.097	.001
ROA	-115.651	159.296	-.083	-.726	.075
BR	45.200	1.25	-.014	.005	.363
IR	25.475	3.214	-.0123	.004	.003
LMC	25.101	1.367	-0123	.002	.024
GDP	-3.02	1.054	.035	.039	.002

Source: SPSS Output (Appendix III)

Table 16 shows that the significance levels of the coefficients in the regression model provide insights into the impact of each variable on the dependent variable.The significant impact of the variables are as ROE (Return on Equity), P/E (Price-to-Earnings

Ratio), and DPS (Dividend Per Share), these variables show statistically significant impacts on the dependent variable ($p < .05$). Higher ROE indicates stronger profitability and efficient use of equity, which positively influences the dependent variable. Similarly, a higher P/E ratio and DPS are associated with increased values of the dependent variable, reflecting investor confidence and favorable market perceptions. Similarly, the variables BVPS (Book Value Per Share), IR (Inflation Rate), LMC (Log Market Capitalization), and GDP (Gross Domestic Product) are also demonstrate statistical significance ($p < .05$). BVPS suggests that companies with higher book values per share tend to have higher values for the dependent variable. IR and GDP show both positive and negative impacts, indicating their nuanced effects on the dependent variable.

In this study the variables with insignificant impact are ROA (Return on Assets) and BR (Bank Rate). These variables do not reach statistical significance ($p > .05$). ROA's impact on the dependent variable is inconclusive based on the provided data, while BR's influence appears minimal. This result is influenced with the world economic crises, current scenario of bankrupt, Russian Ukraine war, oil market fluctuation, impact of earthquake, effect of covid 19 etc.

4.2 Discussion

The key insights into financial and economic indicators results are like DPS, MPS, and BVPS vary significantly, reflecting changing investor sentiment and asset valuations. BR shows moderate variation, influencing borrowing costs and impacting economic stability. P/E Ratio, ROA, and ROE highlight diverse investor expectations and operational efficiencies. IR fluctuates widely, affecting purchasing power and economic policy decisions. LMC and GDP show stable valuations and consistent economic growth trends. These findings support strategic decision-making by stakeholders, emphasizing the need to understand and adapt to dynamic market conditions.

The correlations table shows the significant relationships among key financial and economic variables, offering valuable insights into market dynamics. Market Price per Share (MPS) exhibits strong positive correlations with Dividend Per Share (DPS), Book Value Per Share (BVPS), and Return on Equity (ROE), indicating that higher share prices

often align with increased dividends, stronger asset bases, and higher returns on equity. Bhattarai (2020) study was also consistency with this finding.

Similarly, this investors favor companies that demonstrate profitability and robust asset management, reflecting optimism in the market. Understanding these correlations allows stakeholders to gauge investor sentiment and make informed decisions regarding investment strategies and corporate valuation based on financial health indicators. Shrestha, Acharya and Dhakal (2023) study was consistency with the findings.

Based on the comprehensive regression analysis presented it is clear that Market Price per Share (MPS) is significantly influenced by a variety of economic and financial variables. Key findings reveal that Return on Equity (ROE), Price-to-Earnings Ratio (P/E), and Dividend Per Share (DPS) exert substantial impacts on MPS, underscoring their roles in reflecting profitability, investor confidence, and market sentiment. Similarly, variables such as Book Value Per Share (BVPS), Inflation Rate (IR), Log Market Capitalization (LMC), and Gross Domestic Product (GDP) also demonstrate significant statistical associations with MPS, each contributing uniquely to market valuation dynamics. There was found significant measures in their investment portfolio management during crises and pandemics. This finding was contrast with the findings of Richard, Eric, Frimpong and Sasu, (2023). The robustness of the regression model, highlighted by a high Fisher's ratio (F-statistic) and low p-value, reaffirms the model's efficacy in explaining variations in MPS based on the included factors. These insights are invaluable for stakeholders, offering clear guidance for investment decisions and policy formulation aimed at fostering economic stability and enhancing shareholder value in dynamic market environments where Richard, Eric, Frimpong and Sasu, (2023) has studied on the topic of investigation of covid-19 effects on hearing behavior in USA and UK stock markets using a quintile regression approach.

Similarly, Ben Zeev and Nathan, (2022) has found significant results, in the same way, Burcu and Mehmet, (2022), Rahman and Siddilcee, (2020), Francis, (2019), Arkan, (2018), Martikainen (2018), Ray, (2018), Sharpe, (2018), Fuss, (2017) have found significant relationship between the variables. Ojha, (2021) had also found the significant relationship between the variables.

In this study, the regression analysis reveals that variables such as Return on Assets (ROA) and Bank Rate (BR) have insignificant impacts on Market Price per Share (MPS), with p-values exceeding 0.05. This suggests that ROA's effect on MPS remains inconclusive, likely influenced by sector-specific operational efficiencies, while BR shows minimal influence amid broader economic challenges like global crises and geopolitical tensions. Conversely, variables like Return on Equity (ROE), Price-to-Earnings Ratio (P/E), Dividend Per Share (DPS), Book Value Per Share (BVPS), Inflation Rate (IR), Log Market Capitalization (LMC), and Gross Domestic Product (GDP) significantly influence MPS, highlighting their importance in market valuation. These insights underscore the complexity of market dynamics and the critical role of understanding both internal financial metrics and external economic factors for effective decision-making in volatile market conditions. Bhattarai, (2020), Shrestha, (2021) and KC, (2019) has found the insignificant relationship between the dependent and independent variables. It’s affected through the condition of national economy, impact of covid-19, Russian Ukraine war and economic crises.

In the study Hunjara and Muhammad (2021) has found significant relationship between the variables dividend payout ratio and stock price, but dividend yield is negatively related with the stock prices which means the results are against dividend irrelevance theory.

The analysis of financial and economic indicators reveals significant insights into market dynamics and their impact on Market Price per Share (MPS). Variables such as Dividend Per Share (DPS), Market Price per Share (MPS), and Book Value Per Share (BVPS) exhibit considerable variability, reflecting shifts in investor sentiment and asset valuations. Meanwhile, the Bank Rate (BR) shows moderate variation, influencing borrowing costs and economic stability. Metrics like Price-to-Earnings Ratio (P/E), Return on Equity (ROE), and Return on Assets (ROA) highlight diverse investor expectations and operational efficiencies, with ROE, P/E, and DPS demonstrating significant impacts on MPS, indicating their roles in reflecting profitability and investor confidence.

Moreover, correlations among these variables underscore strong positive relationships between MPS and DPS, BVPS, and ROE, affirming investor preference for profitable companies with robust asset management. The regression analysis further confirms that variables including BVPS, Inflation Rate (IR), Log Market Capitalization (LMC), and Gross Domestic Product (GDP) significantly influence MPS, contributing uniquely to market valuation dynamics. Despite findings of insignificant impacts from variables like ROA and BR, likely influenced by sector-specific efficiencies and broader economic challenges such as global crises and geopolitical tensions, the robustness of the regression model emphasizes the importance of understanding both internal financial metrics and external economic factors in navigating volatile market conditions.

The studies by Bhattarai (2020), Shrestha (2021), KC, (2019) and others highlight varying impacts of economic conditions and global crises on market behaviors, underscoring the complexities involved in financial analysis. Hunjara and Muhammad (2021), for instance, find significant relationships between dividend payout ratio and stock price, contrary to dividend irrelevance theory, illustrating nuanced findings within financial theory and practice. These insights are critical for stakeholders, providing a foundation for strategic decision-making amidst dynamic market environments and emphasizing the need for adaptive strategies aligned with prevailing economic conditions.

CHAPTER-V
SUMMARY AND CONCLUSIONS

5.1 Summary

This study determinant of share price of Nepalese microfinance was conducted to examine the current status of determinants of share price, analyze the relationship between determinants of share price and value of share and analyze the impact of DPS, ROE, BVPS, ROA, P/E, IR, LMC, GDP and BR on Market price per share of sampled microfinance in Nepal. In the first chapter there were analyzed the background of the study, statement of the problems, objectives of the study, rationale of the study and limitation of the study. In the second chapter there were included the literature review. In first section theoretical review is presented with theoretical review. In the second section, there wereconceptual reviews. In third section there is empirical reviews with national and international context. In last or fourth section there the research gap is presented. Similarly, third chapter discussed about the research methodologies which included the research design, population, sample and sampling design, nature of data collection, tools and techniques and research variables. In the fourth chapter there were explained about the data analysis and discussion. Finally, in fifth chapter there were included the summary, conclusion and implication of the study.

A descriptive and causal research design has been used to make the analysis more conclusive. The diagnostic analysis mainly highlights to find out the actual position of the sampled companies using different statistical and financial tools. This study covers the census data from fiscal year 2013/014 to 2022/023. Due to the unavailability of past data only ten years period is covered in this study. There are various sectors in the stock market such as microfinance, insurance, finance, hotels, trading, manufacturing and processing and others. This study includes only the microfinance. The data used for the purpose of the study are based on the microfinance that is listed in the stock market. There are 55 listed microfinance, but 3microfinance are taken as sample to represent the performance of the capital market. The sampling design method used is purposive sampling method.

The significant variables (ROE, P/E, DPS, BVPS, IR, LMC, GDP) highlight key drivers of the dependent variable, encompassing profitability metrics, market valuation ratios, financial health indicators, and economic factors. These findings underscore the importance of robust financial performance and economic stability in determining the dependent variable's outcomes. Understanding these impacts aids in strategic decision-making for stakeholders in financial analysis, investment strategies, and economic policy formulation. It enables them to leverage strengths, address weaknesses, and capitalize on opportunities in navigating market dynamics effectively.

5.2 Conclusions

This dissertation addressed determinants of share price of Nepalese microfinance. It concluded that the share prices are affected by different variables. The study is based on three sample microfinance whose stocks are listed in Nepal stock exchange and traded in stock market.The MPS, ROE, DPS, P/E, BVPS, ROA, IR, LMC, GDP and BR of microfinance are showing the fluctuating trend during the study period. The fluctuations of the variables are observed due to the affect of the selected variables as well as other qualitative factors such as government policies, COVID-19, Russian Ukraine war, global financial crisis, conflicts of powering and performance of the individual microfinance.

It is concluded that the understanding these descriptive statistics empowers analysts and decision-makers to navigate complexities in economic and financial landscapes effectively. By leveraging these insights, stakeholders can make informed decisions to optimize investments, manage risks prudently, and foster sustainable economic growth and corporate performance.

The correlations and regression analysis underscore the intricate relationships among financial and economic variables impacting Market Price per Share (MPS). Key findings highlight that variables like Return on Equity (ROE), Price-to-Earnings Ratio (P/E), and Dividend Per Share (DPS) significantly influence MPS, reflecting investor confidence in profitability and growth prospects. Book Value Per Share (BVPS), Inflation Rate (IR), Log Market Capitalization (LMC), and Gross Domestic Product (GDP) also play important roles, albeit with nuanced impacts on MPS. Meanwhile, variables such as Return on Assets (ROA) and Bank Rate (BR) show insignificant effects, suggesting

minimal direct influence on MPS in the observed context. These insights are pivotal for stakeholders in guiding strategic decisions and policy formulations, leveraging a comprehensive understanding of financial dynamics to navigate market complexities effectively.

The regression analysis concluded that the significant impacts of key variables on the dependent variable, likely Market Price per Share (MPS). Notably, Return on Equity (ROE), Price-to-Earnings Ratio (P/E), and Dividend Per Share (DPS) demonstrate statistically significant influences ($p < .05$). Higher ROE signifies stronger profitability and efficient equity use, positively impacting MPS. Similarly, elevated P/E ratios and DPS are associated with higher values of MPS, reflecting investor confidence and positive market perceptions. Additionally, variables such as Book Value Per Share (BVPS), Inflation Rate (IR), Log Market Capitalization (LMC), and Gross Domestic Product (GDP) also show statistical significance ($p < .05$). BVPS suggests that companies with higher book values per share tend to have higher MPS values, while IR and GDP exhibit nuanced impacts both positive and negative indicating complex relationships with MPS. Conversely, Return on Assets (ROA) and Bank Rate (BR) do not show significant impacts ($p > .05$). ROA's influence remains inconclusive within the dataset, and BR appears to have minimal effect. These findings underscore the importance of comprehensively analyzing various financial and economic factors. They provide valuable insights for stakeholders navigating market dynamics and making informed decisions amidst evolving global conditions.

5.3 Implications

Based on analysis of data, the following implications are made:

i. Explore additional variables: Investigate other potential factors beyond those studied (ROE, P/E, DPS, BVPS, IR, GDP) that could influence MPS, such as regulatory changes, technological advancements, or market sentiment indicators.
ii. Refine methodologies: Develop more sophisticated statistical models or conduct longitudinal studies to capture how these variables interact over different economic cycles.

iii. Analyze sector-specific dynamics: Conduct comparative studies across different segments of the microfinance sector to uncover sector-specific drivers of share prices.

iv. Formulate robust regulations: Based on insights into the impact of variables like ROE and BVPS on MPS, develop policies that encourage transparency in financial reporting and strengthen corporate governance standards.

v. Enhance market resilience: Implement policies that mitigate the effects of external shocks (e.g., global crises, geopolitical tensions) on microfinance institutions, ensuring market stability and investor confidence.

vi. Support sustainable growth: Promote policies that foster long-term sustainability in microfinance, incentivizing practices that enhance financial health metrics and investor trust.

vii. Optimize financial strategies: Use findings on the significant impact of P/E and DPS on MPS to guide financial decisions, aiming to maximize profitability and shareholder value.

viii. Manage risks effectively: Leverage insights into the nuanced effects of IR and GDP on MPS to develop risk management strategies that mitigate exposure to economic fluctuations.

ix. Enhance corporate performance: Focus on improving ROE and BVPS metrics to enhance market competitiveness and attract investor interest, aligning corporate goals with market expectations.

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APPENDIX- I

Chhimek Laghubitta Bittiya Sanstha Limited						
Year /Variables	MPS	DPS	ROE	BVPS	P/E	ROA
2013/014	242	12.26	1.52	3.69	14.09	1.54
2014/015	260	11.72	1.45	4.12	14.31	1.30
2015/016	536	10.19	1.50	7.45	28.68	1.34
2016/017	380	8.81	1.46	6.28	23.41	1.94
2017/018	341	8.56	2.38	4.12	0.00	2.03
2018/019	327	12.75	1.29	3.89	24.61	1.67
2019/020	199	8.50	1.67	7.65	13.68	2.21
2020/021	220	10.00	1.62	4.91	14.85	1.79
2021/022	186	10.85	1.01	4.67	15.39	1.68
2022/023	371	6.00	1.38	3.16	26.13	1.09
Nadep Laghubitta Bittiya Sanstha Limited						
2013/014	2140	52.12	26.30	8.12	30.21	3.45
2014/015	2045	56.30	24.30	6.47	28.30	2.24
2015/016	1950	57.14	29.26	4.15	27.19	2.14
2016/017	2340	58.12	24.30	5.66	29.20	3.20
2017/018	2510	62.12	25.12	4.12	32.15	2.36
2018/019	2535	65.00	27.97	5.78	30.29	2.30
2019/020	1910	36.84	22.73	4.54	33.37	1.90
2020/021	2344	45.00	25.61	5.56	39.55	2.00
2021/022	1523	48.00	26.65	4.38	25.44	2.10
2022/023	921	34.00	27.78	2.63	18.60	2.10
Grameen Bikas Laghubitta Bittiya Sanstha Limited						
2013/014	3142	57.18	17.20	6.23	48.57	3.26
2014/015	2420	56.39	18.10	8.14	55.12	2.66
2015/016	2945	51.30	18.25	8.28	49.28	2.06
2016/017	3240	54.20	25.10	10.23	42.12	2.32
2017/018	2510	48.23	21.30	12.36	45.20	2.70

2018/019	2799	51.50	26.27	11.23	42.75	2.61
2019/020	1943	44.21	21.69	7.34	33.86	2.11
2020/021	3600	35.09	17.18	13.46	78.33	1.58
2021/022	2295	105.26	11.98	7.75	64.67	1.71
2022/023	755	17.50	18.66	4.34	27.62	1.27

(Source: Annual Report of Concerned Company, 2013/014 to 2022/023)

Log Market Capitalization

Year	Economic Growth	Market capitalization	Market capitalization to GDP
2013/014	3.40	989.40	52.37
2014/015	0.01	1,890.13	84.05
2015/016	6.94	1,435.07	71.44
2016/017	6.66	1856.83	47.68
2017/018	6.80	1,567.50	45.24
2018/019	2.30	1,792.76	47.59
2019/020	-2.12	4,010.74	94.00
2020/021	0.00	2,869.45	59.14
2021/022	0.00	3,082.52	57.00
2022/023	3.87	3,314.63	62.00

Source: Annual Report of Sample Companies

Inflation Rate

Year	**CBBL**	**GBLBS**	**NLBSL**
2013/014	7.1	8.04	13.39
2014/015	7.57	8.82	13.75
2015/016	9.95	10.41	12.24
2016/017	12.22	12.50	14.01
2017/018	12.30	12.85	13.64
2018/019	10.49	11.64	12.52
2019/020	10.11	10.16	12.16
2020/021	8.76	8.50	9.59
2021/022	6.94	8.08	9.86
2022/023	8.19	8.27	9.73

Source: NRB Reports

Bank Rate

Year	CBBL	GBLBS	NLBSL
2013/014	10.25	11.20	8.25
2014/015	11.56	8.20	11.20
2015/016	11.64	9.23	9.23
2016/017	12.38	15.20	10.25
2017/018	12.71	13.20	13.20
2018/019	12.06	14.20	15.20
2019/020	12.30	8.20	9.88
2020/021	12.91	12.00	10.27
2021/022	11.9	11.39	12.30
2022/023	14.02	15.20	14.25

Source: NRB Reports

Gross Domestic Product

Year	CBBL	GBL	NLBSL
2013/014	62.55	12.37	0.506
2014/015	91.00	12.72	0.715
2015/016	10.05	15.77	0.637
2016/017	17.38	18.58	0.384
2017/018	19.81	18.93	1.046
2018/019	20.10	19.02	1.057
2019/020	22.18	21.82	1.017
2020/021	23.74	22.41	1.059
2021/022	23.49	23.42	1.003
2022/023	27.59	23.54	1.172

Source: NRB Reports/Economic Survey

Appendix II

Descriptive Statistics of Variables

Variables	N	Minimum	Maximum	Mean	Std. Deviation
DPS	30	6.00	105.26	41.40	23.26
MPS	30	186	36.00	18.52	11.19
BR	30	12.23	35.20	19.00	9.25
BVPS	30	15.20	25.23	18.20	30.20
P/E Ratio	30	45.00	83.94	35.64	18.86
ROA	30	46.20	85.26	15.23	16.20
ROE	30	1.01	29.26	17.08	10.14
IR	30	2.30	25.30	15.20	26.00
LMC	30	15.20	17.20	13.00	25.20
GDP	30	16.30	16.39	14.00	10.02

Source: SPSS Output,

Correlations Matrix of Variables

Variables	MPS	BR	DPS	IR	ROE	BVPS	P/E	ROA	GDP	MC
MPS	1									
BR	.364**	1								
DPS	.838**	0124*	1							
IR	.985*	.007*	.001	1						
ROE	.703**	.0178*	.774*	.475	1					
BVPS	.777**	.889**	.722**	.367	.447*	1				
P/E	.659**	.624**	.397*	.502	.040	.546**	1			
ROA	.459*	.324	.628**	.245**	.849**	.279	.159*	1		
GDP	002	002*	.006	.007	.362	.475	.523*	.003*	1	
LMC	004	009	007*	003*	.456	.632*	.452*	006*	2678	1

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

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

Source: SPSS Output

Appendix III

ANOVA Table

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	16149598.55	5	3229919.710	61.479	<.001[b]
	Residual	1260896.148	24	52537.339		
	Total	17410494.70	29			

Source: SPSS Output

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.963[a]	.928	.912	229.21025

Source: SPSS Output

Coefficients Table

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	-1654.700	319.268		-5.183	.001
DPS	4.887	5.699	.106	.858	.004
ROE	72.678	16.179	.577	4.492	.001
BVPS	3.407	1.416	.211	2.406	.024
PE	26.476	4.343	.466	6.097	.001
ROA	-115.651	159.296	-.083	-.726	.075
BR	45.200	1.25	-.014	.005	.363
IR	25.475	3.214	-.0123	.004	.003
LMC	25.101	1.367	-0123	.002	.024
GDP	-3.02	1.054	.035	.039	.002

Source: SPSS Output

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Abstracts This study explores the determinants of share prices in Nepalese microfinance, focusing on three selected firms listed on the Nepal Stock Exchange. Using a descriptive and causal research design,the study has focused the data from such Microfinances. Microfinance's are selected by a purposive sampling method. The result has been found the positively correlated with market price and other variables. The Vicariate

correlation and multiple regression analysis are **use to examine the relationship between independent and dependent** variables. **the study**

analyzes ten years of data (2013/014 to 2022/023) to investigate variables such as Return on Equity (ROE), Price-to-

Earnings Ratio (P/E), Dividend **Per Share (DPS), Book Value Per Share (BVPS**

), Inflation Rate (IR), Log Market Capitalization (LMC), and Gross Domestic Product (GDP). Purposive sampling was employed to select representative microfinance institutions, highlighting key drivers influencing market valuation and financial performance. The research findings underscore significant impacts of ROE, P/E, DPS, BVPS, IR, LMC, and GDP on Market Price per Share (MPS), crucial for stakeholders in strategic decision-making and policy formulation amidst economic complexities and global uncertainties. Key Words: market price per share, return on equity, return on assets, dividend per share, book value per share, price earning ratio, bank rate, inflation rate, log market capitalization, gross domestic product. CHAPTER-I INTRODUCTION 1.1 Background of the Study A Stock cost implies the sum it would taken a toll to purchase one share in a company amid a time period. It's a common wonder in the value advertise and measures the unexpected changes in the stock costs. Kanniainen (2007) expressed that stock cost instability is a degree of the entry rate of modern data. Financial specialists, brokers, merchants, scholastics and controllers all concern approximately instability in the stock costs. They do so not as it were since instability measures of hazard and influence the esteem of firm but moreover since changes in the stock costs reflect vital news approximately the firm. Guo (2002) moreover expressed that