

THE PERCEIVED BOND MARKET DEVELOPMENT IN NEPAL

A Thesis

By

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Certificate of Authorship

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled “The perceived of Bond Market Development 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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RECOMMENDATION LETTER

It is certified that thesis entitled **THE PERCEIVED OF BOND MARKET DEVELOPMENT IN NEPAL** submitted by Devi khadka is an original piece of research work carried out by the candidate under my supervision. Literary presentation is satisfactory and thesis is in a form suitable for publication. Work evinces the capacity of the candidate for critical examination and independent judgment. Candidate has put in at least 60 days after registering the proposal. The thesis is forwarded for examination.

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APPROVA LETTER

We, the undersigned, have examined the thesis **THE PERCEIVED OF BOND MARKET DEVELOPMENT IN NEPAL** presented by Devi Khadka, a candidate for the degree of **Master of Business Studies** (MBS) semester, and conducted the viva voce examination of the candidate. We hereby certify that the thesis is worthy of acceptance.

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Abbreviations

ANOVA	:	Analysis of variance
CRA	:	Credit Rating Agency
et al.	:	And others
G-20	:	Group of 20 countries
GDP	:	Gross Domestic Product
HMG	:	His Majesty's Government
IOSCO	:	International Organization of Securities Commissions
MANOVA	:	Multivariate analysis of variance
NEPSE	:	Nepal Stock Exchange
NRB	:	Nepal Rastra Bank
S&P	:	Standard and Poor's
SEBON	:	Securities Board of Nepal
SIFMA	:	Security Industry and Financial Markets Association
SPSS	:	Statistical Package for the Social Science

Abstracts

The objective of this study is to investigate the impact of independent variables: interest rate, inflation, credit rating, banking industry and economic growth, with dependent variable, bond market. Economic growth variable analysis is based upon secondary data, whereas apart from that variable, all other variables are based upon secondary data. Number of respondents selected for primary data are 100 respondents. They are distributed and collected by personal visit from researcher and by using online google sheets. As per the secondary data, reports from Nepal Rastra Bank and Security Board of Nepal for real gross domestic product and listed value of bond from 2001/02 to 2017/18. This study is based on quantitative analysis by converting the qualitative data into quantitative data form for primary data. Two major statistical tools, i.e. Pearson's correlation and simple linear regression approach, is used for measuring the relationship between the independent variables and dependent variables. Pearson's correlation coefficient concluded that there is a positive and significant relationship between decrease in interest rate, decrease in inflation rate, credit rating and banking industry for primary data analysis and moreover, all have significant and positive beta coefficient. As per secondary data, Pearson's correlation coefficient concludes that there is significant and positive correlation between real gross domestic product and listed value of bond. And likewise, regression model shows there is positive and significant beta coefficient of real gross domestic product with respect to listed value of bond. Hence, this study concludes that there is positive relationship between credit rating, banking industry and economic growth with respect to bond market. While, interest rate and inflation are inversely related with respect to bond market. Such that, government, issuer and investors plays a vital role in bond market. In essence, least developed country like Nepal has still undeveloped bond market. If these above variables managed appropriately by relevant regulator, development of bond market in Nepal does not take long. Hence, above five determinants perceived the development of bond market in Nepal.

Key word: Bond market, interest rate, inflation rate, banking industry, economic growth rate.