

INVESTORS ATTITUDE AND INVESTMENT DECISION IN STOCK MARKET REFERENCE TO KAILALI DISTRICT

A Dissertation submitted to the office of the Dean, Faculty of management in partial
fulfillment of the requirements for the Master's Degree

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CERTIFICATION OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled. "**Investor attitude and investment decision in stock market in Kailali District**". The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor has it been proposed and presented as part of 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

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We have examined the dissertation **Investor attitude and investment decision in stock market in Kailali District** presented by Om Raj Upadhyay for the degree of **Master of Business Studies (MBS)**. We hereby certify that the dissertation is acceptable for the award of degree.

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ABBREVIATIONS

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

ABSTRACTS

Investment in stock market helps to mobilize which in turns helps in development of the economy. Investment in shares will be started from primary market through the purchase of Initial Public offering and further will be traded in secondary market. The investors can buy and sell the existing share at the market price in the stock exchange. An equity share is considered as the ownership capital of the company. Equity instruments are traded based on the movement of price which will be depended on the demand and supply. Investment will generally done by investors through their direct control on buy and sell of the securities or will be managed by fund managers like brokers The main aim of investors is to get capital appreciation and returns. The capital appreciation occurs when shares are sold more than purchase price. The returns will be in the form of dividend. The study concentrates on Investors' attitude towards investment decisions in equity market and their risk bearing attitude based on their gender, age, income, education and occupation. This study analyses and concludes by classifying investors as conservative, moderate and aggressive.

Keywords: Equity instruments, capital appreciation, dividend, risk bearing attitude.

CHAPTER 1: INTRODUCTION

1.1 Background of the study

Stock market has become an attractive investment avenue for most of the investors, and stock market has enormously grown over the years. But lot of investors fear to invest in stock market due to the volatility often seen in share market. The risk often undertaken by the investors in share market huge and there exist fear among the investors of losing their hard earned income. Even though the return, the investors receive in stock market is high, the investors need to bear an equal amount of risk as well as moreover the investors must sure of which investment avenue, they are selecting in order to ensure high returns. This study was undertaken to understand the different personal factors affecting their investment decision and the different factors influencing various categories of investment. That was also conducted to know the source of investor's awareness regarding stock market. Questionnaire and personal interview of the investors was conducted to understand the view point, behavior and attitude of the investors as well as their level of awareness. Chi square test was used as a tool to arrive at a decision regarding the association between the two variables. It was that there are many factors influencing the investor's decision such as risk return, tax benefits, maturity period, capital appreciation and safety of principal. But majority of the investors believed returns is the most important factor influencing their decision. The highest number of investors preferred to invest in stocks, when compared to mutual funds and derivatives. The study also revealed that majority of the investors took their own decision to invest, whereas some of the investors were influenced by Workshops, Seminars, Advertisements and newspapers. Thus, study attempted to learn the behavior of the investors towards stock market. (Yadav2015)

Investment in stock market helps to mobilize which in turns helps in development of the economy. Investment in shares will be started from primary market through the purchase of Initial Public offering and further will be traded in secondary market. The investors can buy and sell the existing share at the market price in the stock exchange. An equity share is considered as the ownership capital of the company. Equity instruments are traded based on the movement of price which will be depended on the demand and supply. Investment will generally done by investors through their direct

control on buy and sell of the securities or will be managed by fund managers like brokers. The main aim of investors is to get capital appreciation and returns. The capital appreciation occurs when shares are sold more than purchase price. The returns will be in the form of dividend. The study concentrates on Investors' attitude towards investment decisions in equity market and their risk bearing attitude based on their gender, age, income, education and occupation. This study analyses and concludes by classifying investors as conservative, moderate and aggressive. (Poudel 2018).

Investors have a number of investment alternative in which some of them are traditional investments like bank deposits, gold and so on which have been used from generations' time whereas few are relatively new options which have become popular like Equity, mutual fund, commodity and derivatives and so on. The present study concentrates only on equity investment. The total capital of the company will be divided into smaller units known as Equity share. When Investors purchase equity share he becomes shareholder of that company, In turn Company will be liable to pay dividend to shareholder out of their profits. Equity Investors will get returns in the form of dividend and capital appreciation. Along with this benefit, the holder of equity shares will get voting rights in the company. Moreover, investors in equity shares will be treated as owners of the company and the ownership is limited to the extent of the shares held by investors. A company issues shares primarily when there are in need of funds for growth of the business or for the expansion. It initially approaches the investors in primary market through Initial Public Offering (IPO). In IPO, equity shares of the company will be offered to the general public for subscription for the first time. Once, the shares get listed on a particular stock exchange and exchange provides for frequent trading. General public can subscribe to the IPO and these shares can be sold on a stock exchange like NEPSA .Once allotments of shares are done, (Yashaswini 2019).

Financial market is concerned with accumulation and mobilization of capital resources, which act as a lifeblood for any productive activities. Financial market plays a fundamental role in the economic development of a country. They are the intermediary link in facilitating the flow of funds from savers to investors. By providing an institutional mechanism for mobilizing domestic savings and efficiently channeling them into productive investments, they lower the cost of capital to investors and accelerate economic growth of the country. The financial market in Nepal is relatively

undeveloped. Limited people of urban area have only access to the financial market and most of the people are not familiar with the financial market. Few financial instruments are available in which to invest in Nepal.

Financial market refers to a marketplace, where creation and trading of financial assets, such as share, debentures, bonds, derivatives, currencies, etc. take place. It plays a crucial role in allocating limited resources, in the country's economy. It acts as an intermediary between the savers and investors by mobilizing funds between them. The financial market provides a platform to the buyers and sellers, to meet, for trading assets at a price determined by the demand and supply forces. Financial market is broadly classified in to two types on the basis of maturity- money market and capital market. The money market where monetary assets such a commercial paper, certificate of deposits, treasury bills etc. which mature within a year, are traded. It is the market for short term funds. No such market exists physically; the transactions are performed over the virtual network, i.e. fax, internet or phone. Capital market where medium- and long-term financial assets are traded. It is divided in to two types- primary market and secondary market. Primary market is a financial market where company listed on an exchange, for the first time, issues new security or already listed company brings the fresh issues. Secondary market is an organized marketplace, where in already issued securities are traded between investors, such as individuals, merchant bankers, stock brokers and mutual funds.

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

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

liquidity, i.e., an easy mechanism for entry and exit by investors. This requires sufficient volume and size of transactions in the market.

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

Institutional investors and individual investors, both are equally important from the investment point of view. As to the general meaning, the organized financial institutions that have substantial funds investment in the securities of others are known as institutional investors. Institutional investors play decisive role in the mobilizing the financial resources from small savers to large units of industrial investors through collecting funds from small savers by issuing own securities in large volume through direct placement in primary market as well as they trade on securities in large volume in the secondary market provide liquidity and competitive market provide to the listed securities among various companies.

Institutional investors are the active financial intermediaries involved in the securities market as investors. Generally, they are less restricted in buying and selling securities. They buy and sell in bulk and have significant impact on the securities market in respect of resource mobilization, stock market price movement, market liquidity and so on. Especially, institutional investors do not hold securities for financial securities in order to control over the management of the corporation instead they hold securities for financial benefits that may be generated from these investments on a day to day transaction basis.

1.1.2 History of security market in Nepal

The history of capital market in Nepal dates back to 1936 in which year the shares of Biratnagar Jute Mills Ltd. were floated. In 1937, Tejarath was set up to facilitate loans to the government employees and was converted into Nepal Bank Ltd. Government of Nepal introduced the Company Act in 1964 and the first issue of government bonds made in the same year through Nepal Rastra Bank (NRB) to collect the developmental expenditures. It carried 6 percent rate of interest and had the maturity period of five years (Shrestha, 2038).

Government of Nepal announced the Industrial Policy in 1974 and under this policy, an institution named Securities Marketing Center (SMC) was established to deal in government securities-development bonds and national savings bonds, and corporate securities of few companies. The government had the virtual monopoly over the security market. Then, Securities Exchange Center (SEC) was established in 1976 under the ownership of the government, Nepal Rastra Bank (NRB) and Nepal Industrial Development Corporation (NIDC) - a government owned industrial development bank. The main function of SEC was to assist in the development of a capital market by performing the role of a broker, underwriter and share issuer, and to sell government bonds. It was the only capital market institution in Nepal. Securities Exchange Act came into force in 1984. Since then, SEC started to operate under this act. The purpose of this act was to provide systematic and favorable market environment for securities ensuring and protecting the interest of individuals and institutional investors as well as to increase the public participation in various firms and companies (Gurung 1999). After the inception of the Securities Exchange Center, shares of various manufacturing, trading and banking companies became listed. Interestingly, the listed shares were dominated by public enterprises during this stage.

1.1.3 Nepal stock exchange (NEPSE)

Nepal Stock Exchange, in short NEPSE, is a non-profit organization, operating under Securities Exchange Act, 1983. The basic objective of NEPSE is to impart free marketability and liquidity to the government and corporate securities by facilitating transactions in its trading floor through member, market intermediaries, such as broker, market makers etc. Government of Nepal, Nepal Rastra Bank, Nepal Industrial Development Corporation and members are the shareholders of NEPSE. NEPSE opened its trading floor on 13th January 1994. The Nepalese securities market still could not take its height. The further improvement of this market is very crucial. It helps in accumulating even small savings for development activities of the economy otherwise, which would have spent in unproductive areas. But it is true that there is no presence even of organized money market in rural areas, which covers more than 80 percent of the total area of the country. Thus, the securities market is only confined to the very limited urban areas of Nepal.

1.2 Problem statement.

Most of the people from rural areas are almost illiterate to securities. Also in urban areas, very few people with business and intellectual family backgrounds bear some knowledge on it. Concentration of wealth in a few hands is also one of the major reasons behind backwardness of societies. This is a nationwide problem. On the basis of disparity in income, living standard, and educational status, we can out rightly categorize people living in the country under lower, medium and upper class. There is a wide economic gap between rich and bourgeois. Investing on various financial instruments forming efficient portfolios helps in reducing such gap by generating sufficient passive income to the small investors.

Investors in Nepal have been found relating it to gambling and speculation. However, it is very different from speculation and gambling. It is the process of rational decision-making. The investment process begins from setting investment policy to portfolio construction, revision and performance evaluation. Choice of securities for investors is extremely limited and confined to a few securities to construct and evaluate efficient portfolios. Due to state of utopia and over-expectation of getting rich overnight, people (mid-class) hesitate to invest in securities at first. Also if they invest in securities, they don't behave rationally. Instead, they invest in without proper analysis and judgment of the risk and return leading their decision to adhocism. There is presence of information gap, misguided attitude, and suspicious authenticity of the financial statements published by the institutions. Guided by these, the investors are seemed selecting the securities without proper guidance and analysis. As a result, they may incur losses or reap profits beyond their expectations.

In this competitive world, various investment alternative are available but majority of investors consider equity as their investment option because investment in equity require less amount minimal time to trade its liquidity . So this study will help us to find how investors' attitude will have an impact on investment decisions and its reasons behind to take such decisions depending on the situation.

The study aims at answering the following research questions:

- i. What are the investor's attitudes towards equity investment in securities?
- ii. What forms of return does the investors' desire?
- iii. What are the various factors influencing equity investment?

1.3 Objectives of the study

The main objective of this research is to know how to awareness of investor influences behaviors of investor while trading in the stock market. To achieve this objective following specific objective will be set:

- i. To identify investors attitude towards equity investment.
- ii. To analyze the forms of return desired by Nepalese investors on securities investment.
- iii. To analyze various factors influences equity market.

1.4 Rational of the study

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

1.6 Limitations of the study

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

- i. This study is based on primary data. Accordingly, investors may not give the authentic and needed information as much as they are expected to be. They may not even respond to some questions. In such cases, certain intuitions will have to be made.

- ii. Most of the data are on common stock investors and NEPSE is the prime study area.
- iii. This is a descriptive research where the behavior and attitude of investors have been studied. So, qualitative rather than the quantitative techniques of analysis is used. Thus, the use of statistical tools is limited.
- iv. All deciding factors for the investment in securities have not been incorporated.
- v. Stipulated time and resources are also limitation of this study.
- vi. Reliability of this study depends upon the accuracy of published data and the genuineness of respondent.

1.6 Chapter plan

The research will be organized into five chapters which have been presented in such a way that the research objective has been easily met and research questions will be answered properly. The results and findings of the study will depict systematic manner. Each chapter's content is further described as follows:-

Chapter 1: Introduction

This chapter deals with the major issues related to the Investor attitude toward the investment in stock market, background of the study, problem statement and research questions, objective, rationale, limitations of the study and organization of the study.

Chapter-2: Literature review

Literature review chapter deal with the finding of previous researches related for the current study. Different research work related to investor attitude will be discussed in order to prepare a base for the study. It includes a discussion on the conceptual framework and review of major studies.

Chapter-3: Methodology

This chapter explains about research methodology have been used for the study. It will cover research design, population and sample, sources of data, data analysis and software used.

Chapter 4: Results and discussion

This chapter has presents all collected data in systematic manner and analysis of such data by using various tools. This chapter has divided into three divisions: demographics profile, descriptive analysis.

Chapter-5: Summary and Conclusion

This chapter finally summarizes the study in few paragraphs and tries to conclude the whole study; that is the result of the research. And finally depending upon the summary and conclusion has been given.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

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

2.2 Theoretical review

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

2.1.1 Investment

The word 'investments' is one that most of us are familiar with hearing in financial context. For many of us, it may make us think of big business and vast sums of money, but there is much to the world of investments than multi-million dollar deals.

Although it is true that, at the top level, investments may run into many millions, it is possible for the average person in the street to invest smaller amounts of money and to invest it wisely.

In truth, investments can cover a wide range of options. One of the most traditional types of investing is in the stock market. This has been viewed by some as being a difficult type of investment to get into, but times are changing. The new range of online stockbrokers available mean that it's now easy (and fairly inexpensive) to get involved in buying and selling shares.

An alternative type of investment, which has become particularly popular in the UK, is that of property. Putting money into residential properties and then taking a rental income is seen by many as a win-win situation. The largest downside to this type of investing is that a large capital sum is needed to begin with, or else it is need to take out

a sizeable loan. As with the stock market, property should be looked at as a long-term investment.

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

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

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

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

2.1.2 Investment alternatives (Financial Instruments)

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

a) Equity securities:

Equities are probably the most familiar type of security. Stocks are shares of ownership of a public corporation which are sold to investors to allow the companies to raise a lot of cash at once. The investors profit when the companies increase their earnings which keeps the economy growing. It is easy to buy stocks, but takes a lot of knowledge to buy stocks in the right company. Equities are often termed as stocks or shares. Stocks represent a part ownership of a corporation (Hatch; 1983:165). Holding a stock certification means that the holder owns the part of the corporation. Thus there are only corporate stocks no government of state and local government stock, since individuals cannot own governments (at least not legally) (Ritter; 1993:29). Equities or stocks are basically the contracts that establish an ongoing relationship between borrower and lender and almost always bundling some combination of control "Control Rights" and rights to be a "residual claimant". In the establishment of the corporations of small and medium sizes, stock sales to the incorporators are usually the principal source of cash and other assets (Kent; 1972:264).

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

Equity securities or stocks come in two forms: common stock and preferred stock. Of these, common stock is much more important.

I) Common stock

Common stock is the first security of a corporation to be issued and in the event of bankruptcy, the last to be retired. Each share of common stock entitles its owner to one vote on any matters of corporate governance that are put to a vote at the corporation's annual meeting and to a share in the financial benefits of ownership. An investor in common stock receives certificate of ownership, stating the number of shares and par value of share. Common stock holders have the voting rights, they can vote for a board of directors and to vote on major issues that may be presented before them. Dividend is not a must for common stocks; some pay it but not all. Companies in early growth stage typically pay low or no dividends; rather, they retain as much earnings as possible to finance rapid growth. As companies become more established, they may pay a high percentage of profits as dividends (Santomero and Babbel; 1997:343).

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

ii) Preferred stock

The term preferred relates to the right of preference in payment of dividends when funds are scarce and preference in payment in the event of bankruptcy. In exchange for these preferences, the preferred shareholder generally accepts a fixed dividend as opposed to a common dividend which may increase as a company's profits increase. When a company is unable to pay dividends for several periods on cumulative preferred stock, all unpaid dividends must be paid before any common dividends may be paid. The voting rights of preferred stockholders may not be the same as those of common stockholders (Elli; 2001:218).

Preferred stock has features similar to both equity and debt. Like a bond, it promises to pay to its holder a fixed amount of income each year. In this sense preferred stock is similar to an infinite-maturity bond, that is, perpetuity. It resembles a bond in that it

does not convey voting power regarding the management of the firm. Preferred stock is an equity investment, however. The firm retains discretion to make the dividend payments to the preferred stockholders; it has no contractual obligation to pay those dividends.

b) Debt securities

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

i) Short term debt securities

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

Treasury bills

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

Certificates of deposits

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

Commercial paper

Commercial paper is an unsecured debt issued by large and well known corporations with high credit ratings to finance its short term needs. Very often, commercial paper is backed by a bank line of credit, which gives the borrower access to cash that can be used (if needed) to pay off the paper at maturity. Commercial paper is available in a variety of denominations and usually ranges in maturity from 2 to 270 days.

ii) Intermediate and long term securities

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

Government securities

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

Treasury notes:

Treasury note is a marketable government debt security with a fixed interest rate and a maturity between one and 10 years. Treasury notes can be bought either directly from the government or through a bank.

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

Treasury bonds

Treasury bonds (T-Bonds, or the long bond) have the longest maturity, from ten years to thirty years. They have interest payment every six months like T-Notes, and are commonly issued with maturity of thirty years. The secondary market is highly liquid, so the yield on the most recent T-Bond offering was commonly used as a proxy for

long-term interest rates in general. Treasury bond issues that are callable may be called anytime during the last 5 years of the life of the issue.

Saving bonds

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

Agency securities

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

Municipal securities

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

General obligation bond

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

Revenue bonds

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

Corporate bond

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

c) Derivate securities

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

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

2.1.3 Types of investors

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

a) Individual investors

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

b) Institutional investors

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

2.3 Empirical review

2.3.1 Review of journal and articles

Gnawali & Niroula (2021) examined examine the perception of investors towards initial public offering (IPO), to analyze the relationship between different factors (quality management, company goodwill, company performance, company sector and market

information) and investment decision to examine the factors that impact in IPO to making investment decision. This research used primary data. The data was collected from 290 respondents which were related to five different brokerage firms at Kathmandu district. The inferential analysis was preferred in SPSS by using statistical tools such as correlation and regression analysis to analyze the relationship between variables and the impact of different factors on investment decision. The study revealed that quality management, company goodwill, company performance, company sector and market information are the highly considerable factors before making investment decision in IPO.

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

Komalasari, Elshadai & Eko, (2020) examined that the investors' behavior before and during Covid-19 Pandemic in Indonesia Stock Market. The data was analyzed using the paired sample t-test, total 239 sample collected through questionnaire. The results stated that investor's investment behavior significantly changes in a period of before Covid-19 Pandemic and during Covid-19 Pandemic. It happened because of any information obtained about the instability of the current stock market, the influence of people around who began to reduce investment activity in the stock market, a lack of self-control in an individual, and a greater risk of losing money. On the other side, decreasing on investors' attitude, subjective norm, and perceived behavior; and increasing on

perceived risk may cause the decreasing on behavior intention. This research concluded that the investors' investment behavior significantly different between before and during Covid-19 Pandemic.

Yashaswini (2019) examined that identify the investor attitude toward equity investment and to analyze various factor influencing toward equity investment. This study based on primary data and descriptive methodology was used, sample size was 200. Study area was the Karnataka India. Finding of this study is concentrates on Investors' attitude towards investment decisions in equity market and their risk bearing attitude based on their gender, age, income, education and occupation. This study analyses and concludes by classifying investors as conservative, moderate and aggressive.

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

Rao (2018) examined that impact of demographic factors on the investor's choice of investment and to analyze the decision of the investors towards various investment avenues across gender followed by an attempt to elucidate the factors that influences

the investor's preferential selection of various investment options. This research used Regression and correlation analysis methodology. The study was conducted in Vijayawada city of Andhra Pradesh with a sample size of 120 respondents. Descriptive research design was adopted for the study and the primary data was collected through schedule method with the help of a structured questionnaire and direct interview method and the sampling technique adopted was Convenience sampling technique. Data was analyzed and interpreted with the help of statistical tools like Mean, Standard Deviation, Chi-square test, ANOVA, Mann-Whitney U test and Kruskal-Wallis test. The study concludes that investments by the investors towards various investment avenues. Were done with the expectation of capital appreciation and earnings comprising both short term and long term periods.

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

Wadha , vashisht & Kaur (2018) Examine to analyze the impact of various demographic variables on investors' attitude towards mutual funds; and to study and rank the factors responsible for the selection of mutual funds as an investment option. The study is primarily based upon primary data collected from questionnaire. The survey was administered on 300 respondents of Delhi NCR and the collected data was analyzed through simple statistical tools like chi-square test. To measure the reliability of the data Cronbach Alpha test has been employed. After that Bartlett's Test and factor analysis has been used to reduce the width. The result founded that demographic

variable age is most influencing factor for investor attitude creator. Study was conducted managers in understanding the attitude of investors towards their investments into Mutual funds. With the help of this fund managers would be able to come with different schemes of Mutual funds as per investors' needs and preferences. Further analysis of the study reveals that financial literacy of respondents is very important for making investment in Mutual funds.

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

Khatri (2017) Examine the purpose of investment in IPO and to study the factor that influencing the investor to go for IPO. The analysis of data both distractive and analytical analysis methodology was used, a research design is an overall framework that indicates what information to be collected from which sources and by which procedures. The present study is descriptive research and the primary data is collected for the purpose of the study. Primary data is collected through structured questionnaire to obtain relevant information. The survey respondents are those investors who are investing in IPO. Study was concluded that the primary drive for an IPO is generally either to raise capital or to offer an exit strategy.

Sebastion (2017) examine the problems faced by the investors in Futures and Options trading. The exploratory research methodology was used in this article and the population consists of regular stock market investors spread over different places in Ernakulum District. Here, stock market investors refer to those who have a DEMAT account to operate and invest in stock market. The study was concluding that a close

examination of the derivative market brings out the fact that the retail investors are ready to invest in the derivatives with a support extended by a third party. Therefore it is very important to have an insight into derivative market from the perspective of the investors in Kerala. This study will be very beneficial for the brokers, traders, financial economists, financial consultants and Authorities concerned.

Raju & Patra (2016) analyze the investor's preference towards various investment avenues in Visakhapatnam District and to analyze the factors influencing investment decision. The data collected is compiled and described using tables and percentages. The data is analyzed using statistical tools such as Chi-square test and Weighted Average Ranking Method and the result of the study found that Indian stock market is considered to be highly volatile, sensitive and reactive to unanticipated shocks and news and it takes no time to impact the market activities and there is no association between the age of the investor and the preference of investment. Conclusion of the study is Indian stock market is considered to be highly volatile, sensitive and reactive to unanticipated shocks and news and it takes no time to impact the market activities. However at the same time, Indian stock market is resilient and recovers soon after shocks. From this research study it is found that majority of the investors in Visakhapatnam took into consideration all the 22 factors before selecting the stocks to invest.

Priti (2016) Examine the demographic characteristics of individual investor's behavior in stock market and to segment investors on the basis of selected lifestyle characteristics and to develop their profiles on the base of their association with demographic Investment characteristics and the pattern of their investments. Descriptive research methodology was used in this research. The research adopted simple random investors like student, IT employees, retired salaried class, businessmen, stock brokers, and investment advisors residing in Chennai. 300 questionnaires were distributed to the investors spread over in Chennai city. Among them 250 questionnaires was composed. In which 50 questionnaires were found unusable. Hence, the precise sample of the study is 250. The result of the study and recommendation of this study was that mutual fund linked with share market and investors are not taking advice from authority advisor to lead them for their investment in mutual fund so it creates the difficulty to select the mutual fund plan favorable for them.

Shukla (2016) examine that identify the investor attitude and analytical research design is used in this research and The Population of the sample is based on people working in the Kingdom of Bahrain. The population of the sample size for this study is based on 55 employees out of whom five are holding managerial level positions. The research instrument used in this study is questionnaire. Likert scale is used to rate the study which helps the respondent's to precise it as favorable or not. Rating Scale, T-test will be used to test significant difference of perceptions of the respondents on their investment decisions by the managers and employees. The result of this research found that investor has a three types of attitude founded. To the Problems and recommendations that will be identified by the study the frequency, percentage and ranking will be used as the parameters.

Kadariya (2012) Examine to Factors affecting investor decision making this research paper aims at identifying the factors that influences the Pakistan's individual investor behavior. Data collection is made with the help of structured questionnaires. Sample size of 125 was considered for the study out of which 40 were finance students of University of Gujarat, 30 were finance teachers from different colleges and 55 were bank employees of Sialkot, Gujranwala, Lahore and Gujarat. The statistical tools that were used for data analysis were mean, standard deviation, frequency distribution table of variables that have significant influence on decision making and frequency distribution table of variables that have least influence on decision making. Results of the calculated mean shown that all the variables are somewhat affecting the decision making behavior of investor and accounting information category of variables is most influencing while advocate recommendation is the least influencing category.

Singh & Yadav (2016) examine the factors Influencing Investors decision in Investing in Equity shares in Jaipur and Moradabad with special reference to Gender tries to find out the factors that have major influence on the share investment decisions of a sample. Investors hardly act rationally in taking decisions while investing. The study tries to find out the perception of male and female investors regarding various factors to be kept in mind while investing equity market. The present study tries to find out the factors that have major influence on the share investment decisions of a sample of 100 investors in Moradabad city of Uttar Pradesh. The paper concludes that investors should as far as possible try to make fundamental, technical and financial analysis before

investing in the shares. Investors whether male or female, should look in all avenues while investing their funds in different assets. Investors should look in all avenues while investing their funds. Some investments are risky and some are not, so as per the age of investors they should decide about risky or less risky investments.

Vaidehi (2016) Examine that identifying the behavior of investor and factor influencing the investor behavior. Analytical research design is used in this study. The study has collected primary data from 400 randomly selected individual investors of stock market from various districts of West Bengal using a structured questionnaire on five point Likert scale Finding of this study was friend and relative influencing the investor's behavior that because of different investment strategies as motives and styles by different needs. The result founded that factors the investment motives, attained the long-term gain, which established to an essential factor chased by dividend and growth prospects and balancing of short-term and long-term gain. Educational qualification, occupation, age, income and amount of equity investments choose the investing styles of the investors particularly.

Paudel & Pant (2015) examine that identifying the factors which influence and affect retail investor's trading behavior in Indian equity market. Primary data collected from retail investors belonging to different age group, professional backgrounds and demographics of India and use analytical methodology. Using primary data collected from retail investors belonging to different age group, professional backgrounds and demographics of India. The results of the study suggest that factors like broker's advice, personal analysis, current price of the equity stock, financial analyst's recommendations, inclination towards online trading; investor's confidence in advice given by his/her financial advisor plays a major role in influencing and affecting trading behavior of retail investors. The result of the study gives insights to firms offering financial services in developing nation like India to keep these factors in mind while offering products/services or in their marketing campaigns while targeting retail investors of Indian equity market.

Mishra (2015) Examine the different perception of investor in portfolio selection. Data for the study were collected form 136 sample respondents residing in Balasore city of Odessa using a structured questionnaire and analyzed by exploratory factor analysis and t-test. As a result of factor analysis 14 items were reduced to three factor namely

service quality, performance and portfolio were explored and through t-test it was proved that there is a difference of perception among the small and large investors with respect to 'Performance' and 'Portfolio' aspects of mutual fund. It examined difference of perception of large and small investors based on explored factors. Small investors focused on tax returns and savings but large investors expect future return. Thus mutual fund companies must give due significance to these size for their survival and growth in Indian context. The result found that Majority of the small investors are favorable to the perception about service quality and performance whereas large investors these factors are portfolio and performance. Implication of this study was Investor's attitude towards any particular mutual fund is not analyzed. Investor's perception towards particular type of funds like sector funds, tax funds, index funds etc. is not analyzed. Furthermore, this study does not include the study of perception of institutional investors.

Selvi (2015) Examine that investors' attitude towards investment avenues attempt was made in their Coimbatore District. Analytical research design is used in this study. The study has collected primary data from 280 randomly selected individual investors of stock market from various districts of West Bengal using a structured questionnaire on five point Likert scale towards making investments and to assess the investors' attitude towards the investment avenues. The demographic variables and objectives of the investors have been obtained from the respondents and the relationship between these variables and objectives has been computed. The result founded that attitude of the respondents towards the select investment avenues has been ranked. The study also offers suggestions to the investors to make investments.

Munivel (2015) Examine to measure the impact of demographic factors on the investor's choice of investment and to analyze the decision of the investors towards various investment avenues across gender followed by an attempt to elucidate the factors that influences the investor's preferential selection of various investment options. The study was conducted in Vijayawada city of Andhra Pradesh with a sample size of respondents. Descriptive research design was adopted for the study and the primary data was collected through schedule method with the help of a structured questionnaire and direct interview method and the sampling technique adopted was Convenience sampling technique. Data was analyzed and interpreted with the help of

statistical tools like Mean, Standard Deviation, Chi-square test, ANOVA, Mann-Whitney U test and Kruskal-Wallis test. The study concludes that investments by the investors towards various investment avenues. We did with the expectation of capital appreciation and earnings comprising both short term and long term periods.

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

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

3.4 Research gap

In order to find out the research gap in the area of investor attitude toward investment decision inequity market in Nepal. In this area very few researches had done in different time period and the entire researcher had take population and sample in Kathmandu valley also. But this research is different from them in the area gap because this research is focus on out of Kathmandu valley another research gap is time period because every research related to this topic done in 8 to 10 year ago no latest research done in Nepal another research gap is situational gap because other research done in normal environment but now the situation is very complex due to covid-19. And other research gap is sect oral gap because different researcher done research in Mutual fund, Portfolio management and investor attitude toward decision on insurance but attitude toward decision in equity market is not so that it is important for doing research for the is the fact on equity market about investor.

CHAPTER: 3

Research Methodology

3.1 Introduction

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

3.2 Research design

A research design is a plan, structure, and strategy to obtain the objectives of the study. The research is based on the primary data and information. The descriptive research design will be use. The focus is on investor's attitude and Investment decision on stock market various factors that influence and analyzes the .For this study, 150 investors are examined in Kailali District. These methods were found appropriate because the research intended to explore the cause-and- effect relationship between the different variables. The collected information is presented and analyzed using SPSS. The study has covered a wide range of factual questions about investor attitude and investment decision in stock market.

3.3 Population, sample and sampling design

There are millions of investors involving in stock market. For the purpose of examining the attitude of investors and investment decision in stock market, it was not practical to study the entire population of the individual investors owing to a number of constraints which include: time shortage, huge cost involved, human effort required to collect information among others. So, the target population for this study includes all the investors who invested in stock market of in Kailali District. As a result, researcher selected 150 investors to represent the population the target population for this study will be all the investors who invested in Stock market or securities in Kailali District. As a result, researcher will be selected 150 investors to represent the population. Total 150 samples selected continece together data on the various issue through questionnaire likes scale was used to know the investors attitude towards stock market from various perspective.

3.4 Nature and source of data

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

1 – Strongly Dis- Agree

2 – Disagree

3 – Neutral

4 – Agree

5 – Strongly agree

3.5 Data collection procedure and instrument

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

3.6 Data processing procedure and data analysis method

Various statistical tools like mean, median, standard deviation and correlation have been used to analyze and interpret the data collected through primary source. SPSS used for the analysis of collected data. The data were processed through tabulated frequency

distribution using SPSS software. A correlation statistical technique was then used to test and establish the strength of the relationship among the variables.

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

a) Multiple Bar- diagrams and graphs

Diagrams and graphs are visual aids which give a bird's eye view of a set of numerical data which show the information in a way that enables us to make comparison between two or more than two sets of data. Diagrams are in different types. Out of these various types of diagram one of the most important form of diagrammatic presentation of data is multiple bar diagram which is used in cases where multiple characteristics of the same set of data have to be presented and compared.

b) Pie- diagram

A pie- diagram is a widely used aid that is generally used for diagrammatic presentation of the values differing widely in magnitude. In this method all the given data are converted into 360 degree as the angle of a circle is 360 degree and all components of the data are presented in terms of angles that total 360 degree for one set of data.

c) Percentage

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

d) Mean

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

e) Standard deviation

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

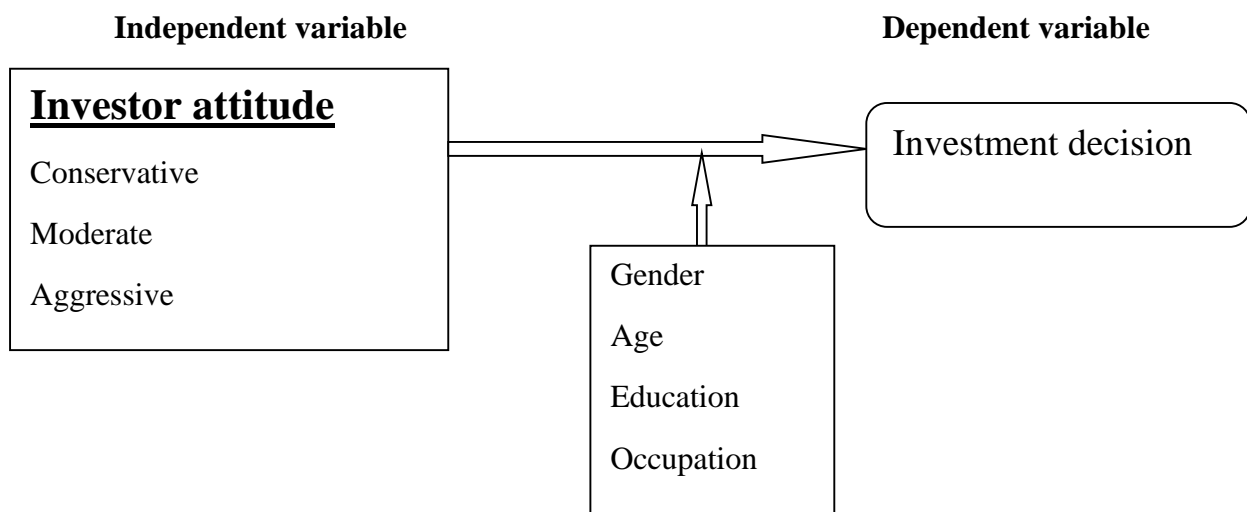
f) Correlation analysis

Correlation is one of the most useful statistics. In other words, correlation is the statistical tool measures the degree of relationship of one variable with another variable. Two or more variables are said to be correlated if change in the one variable appears to be related or linked with the change in the other variables value. Correlation says just degree of relationship between two or more variables. It does not tell us anything about cause and effect relationship. Correlation may be positive or negative. Correlation lies between -1 & +1. When Pearson's correlation(r) is close to 1 then there is strong relationship between two variables. This means that change in one variable are strongly correlated with change in second variable. When correlation(r) is close to zero then there is weak relationship between two variables.

3.7 Research framework and definition of variables

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

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



Sources: Yashaswini (2019)

CHAPTER 4:

RESULT AND DISCUSSION

4.1 Results

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

4.1.1 Data presentation and analysis

The main objective of this research study is fulfilled with the outcomes derived from the analysis of the data. The section is mainly based on the analysis of the data collected through the primary sources i.e. through questionnaires. This section has been sub-divided into four parts. The first parts deal with the respondent's profile. It gives detail information regarding the respondent's gender, age, education, occupation, faculty of education etc. the second part analysis and interprets the collected data through descriptive analysis and third section deals and interprets the collected data through mean, median, standard deviation and correlation analysis between dependent and independent variables.

4.1.2 Demographic characteristics of respondents

This subsection focuses on different characteristics of respondents such as gender, age, education stream, occupation, marital status, types of investor. The researcher included

the demographic characteristics of the participants so as to examine how it is related to the Investor attitude and investment decision in equity market in Kailali District. The researcher administers 150 questionnaires for the study and the information about the respondents is summarized below.

Table no 4.1

Demographical profile of the investors

Gender	Frequency	Percentage
Male	119	79.33%
Female	60	20%
Other	1	0.67%
Age	Below 30	78
	31-40	27
	41-50	32
	50 above	13
Marital status	Unmarried	100
	Marred	49
	Other	1
Education level	SLC	13
	Intermediate	35
	Graduate	70
	Post graduate	32
Occupations	Government employee	39
	Private employee	25
	Business	12
	Student	74

Sources: Field survey 2021

Table 4.1 explains the gender of investor. There are three types of gender such as male 79.33 percent, female is 20 percent and other is 0.67 percent. It shows majority of investor are male gender.

Age group of the investors, there are four groups of age such as below 30, 30 to 40 age groups, and 40 to 50 age groups and above 50 age groups investors .52 percent is below

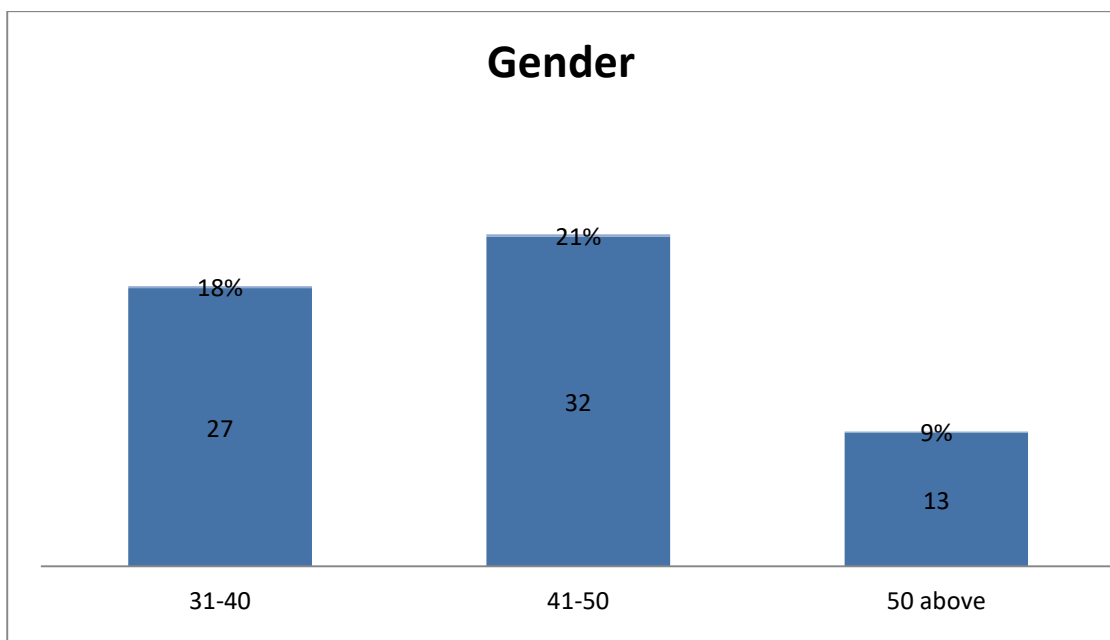
30 age groups, 21 percent are 30-40 age groups, 18 percent are 40-50 age group and 9 percent are above 50 age groups. It is indicative that majority of the investors belong to below 30 age group.

In connection with the educational qualification of the investors, there are four groups such as SLC, intermediate, graduates and post graduate. In the population mentioned above 8.67 percent are SLC level, 23.33 percent are intermediate, 47.67 percent are graduate and 21.33 percent are having Post graduate qualifications. The result of this study is that the Graduate is the ones who have highly participated at 47.67 percentages.

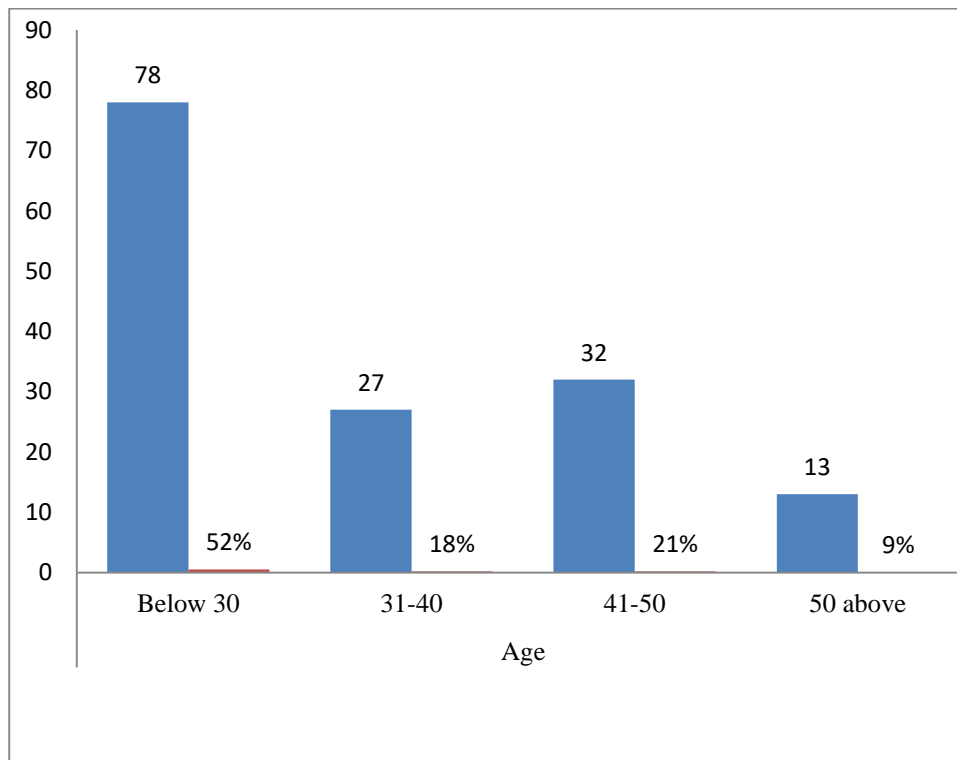
In case of occupation group, 26 percent are government employee, 16.67 percent of private employee, 8 percent of business and 49.33 of student involve in stock market.

Figure 4.1

Respondent of Gender



There are three types of gender investor such as male 79.33 percent, female is 20 percent and other is 0.67 percent. It shows majority of investor are male gender.

Figure 4.2*Age respondent*

Age group of the investors, there are four groups of age such as below 30, 30 to 40 age groups, and 40 to 50 age groups and above 50 age groups investors. 52 percent is below 30 age groups, 21 percent are 30-40 age groups, 18 percent are 40-50 age group and 9 percent are above 50 age groups. It is indicative that majority of the investors belong to below 30 age group.

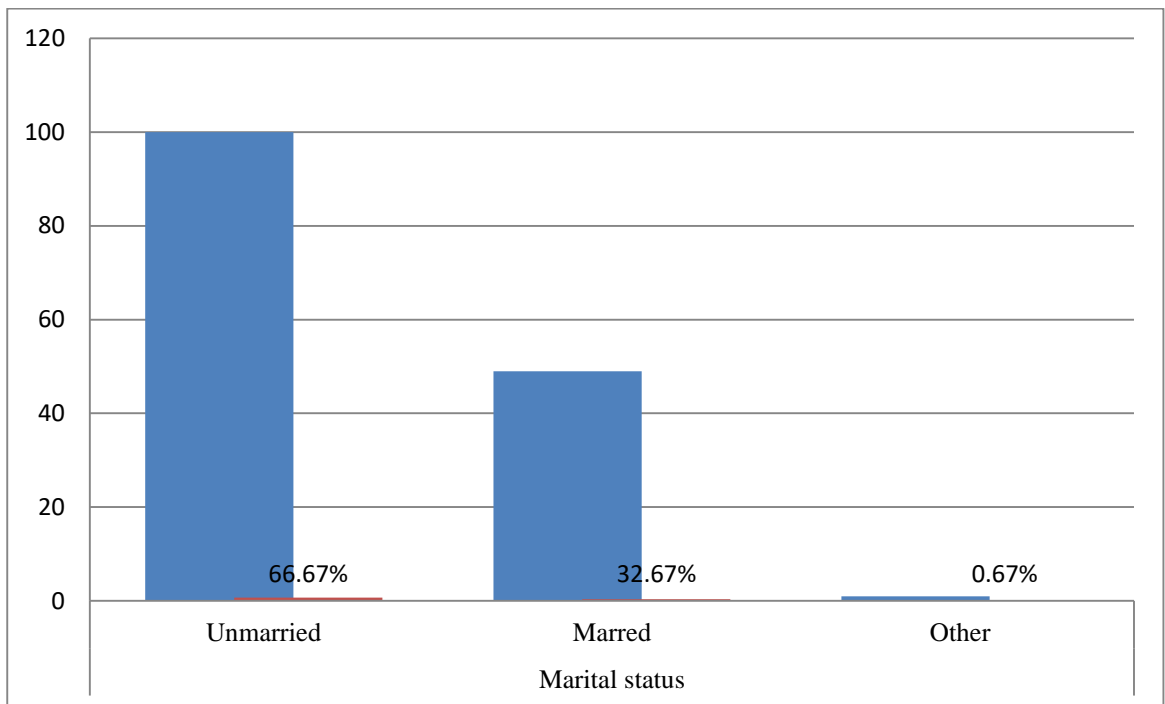
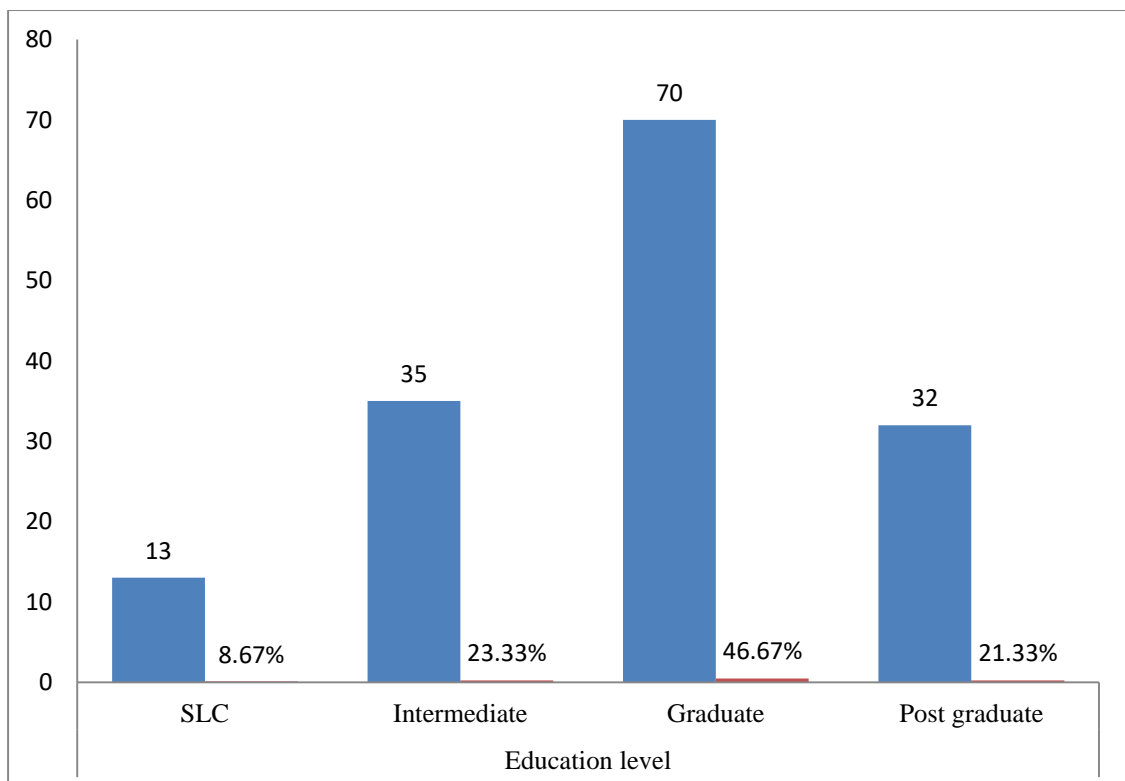
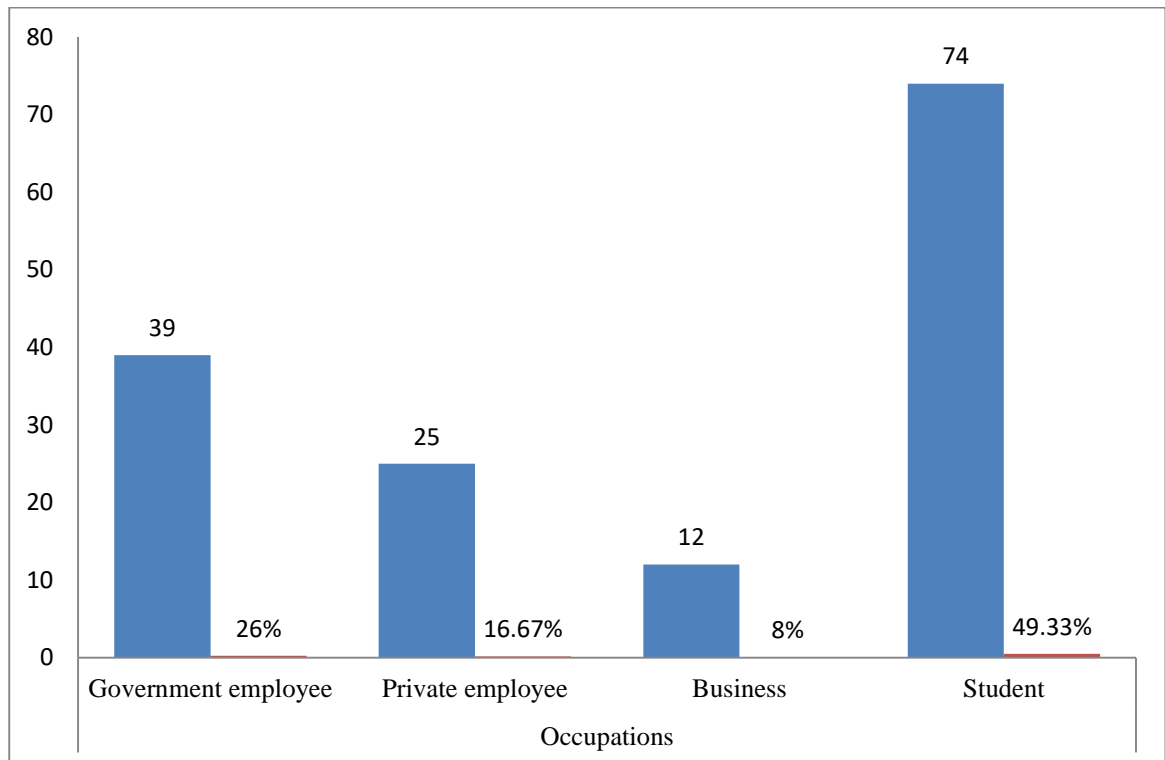
Figure 4.3*Response of Marital Status***Figure 4.4***Educational level responses*

Figure 4.5*Occupation response*

In case of occupation group, 26 percent are government employee, 16.67 percent of private employee, 8 percent of business and 49.33 of student involve in stock market.

4.1.3 Descriptive statistics

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

4.1.4 Investor attitude

Investor attitude is one of the independent variables of the research. Nine factors related to investor attitude were analyzed to find its relationship with investment decision. The nine factors are IA1= I consider, = IA2= new risk, IA3= I fell, IA4= I accept, IA5= I shift my investment, IA 6= Risky market, IA7= Stock market, IA8= Market information and IA9= Primary market. The rating of the factors was scaled from 1(Strongly Agree), 2(Disagree), 3(Neutral), 4(Agree), 5(Strongly Agree).

Table 4.2*Descriptive statistics of Investor attitude*

Code	Opinion statement	N	Mean	Std. Deviation
IA1	I consider taking high level of risk	150	1.6621	0.7473
IA2	I like to involve in new risky market	150	2.0828	.9242
IA3	I feel cannot learn new tactic if I avoided risky investment	150	1.9724	.8411
IA4	I accept any loss arising out risky investment	150	2.400	.9159
IA5	I shift my investment when I get new information	150	1.9517	0.9450
IA6	Market information is very important for investment	150	2.0138	1.0671
IA7	I'm always want to invest in IPO only	150	2.321	1.014
IA8	I cannot invest secondary market	150	1.003	.8765
IA9	I m interested to invest preferred stock also	150	0.675	1.4657
Investor attitude		150	2.1432	.8808

Sources: Field Survey, 2021

Table 4.2 shows descriptive statistics of the investor attitude that investor considers while making investment decision on Stock market. All means value is less than 3 which means that investor highly consider investor attitude while investing in stock market. IA9 has the lowest mean of 0.675 and standard deviation 1.4657 which means that investors have strongly disagree. I m interested to invest preferred stock also Similarly mean value of IA2, IA3, IA5 , IA6 , IA7,IA8 and IA9 are almost similar to each other which indicate that investors give highly consideration on these factors. Similarly, IA7 is also highly considered factor where mean is 2.321. The standard deviation of all the factors range between 0.74 73to 1.04657 which indicates that all the investors have nearly almost same opinion. Similarly, the overall mean value for quality management is 2.1432 with standard deviation of .8808. This indicates that the investor attitude is highly considerable factor while investing in the stock market.

4.1.5 Investor behavior

Investor behavior is one of the independent variable of the research. Five factors related to were investor behavior analyzed to find its relationship with investment decision. The five factors are IB1= Very active, IB2= Short term trading, IB 3= Diversify, IB 4= Short term profit and IB 5= irrespectively. The rating of the factors were scaled from 1(Strongly Disagree), 2(Disagree), 3(Neutral), 4(Agree), 5(Strongly Agree).

Table 4.3

Descriptive Statistics of Investor behavior

Code	Opinion statement	N	Mean	Std. Deviation
IB1	I trade very actively in market	150	1.6414	0.7788
IB2	I prefer short term trading then long term trading	150	1.8828	1.017
IB3	I diversify the trading portfolio to spread the risk	150	1.7862	1.008
IB4	I make short term profit in the market	150	1.1889	.9288
IB5	I trade in the market irrespectively of the market movement	150	1.6090	1.1453
Investor behaviors		150	1.5655	.7053

Source: Field survey 2021

Above Table 4.3 shows descriptive statistics of Investor behaviors the investor consider while making investment decision on stock market. All the mean values are near about 2 which means that investor highly consider Investor behaviors while investing in stock market. The mean value of every indicator between 1.64 to 1.88 which shows that investor give high consideration to each indicator of Investor behaviors before investing in stock market. The standard deviation of all the factors range between 0.77 to 1.1 which indicates that all the investors have nearly almost same opinion. Finally the overall mean value for Investor behaviors is 1.5655 with standard deviation of .705. This indicate that the Investor behaviors is highly considerable factor while investing in the stock market.

4.1.6 Risk

Risk is also one of the independent variable of the research. Five factors related to Risk were analyzed to find its relationship with investment decision. The five factors are R1=Careful, R2= Feel regret, R3= Worry, R4= Hopeful, and R5= Positive attitude. The rating of the factors were scaled from 1(Strongly Disagree), 2(Disagree), 3(Neutral), 4(Agree), 5(Strongly Agree).

Table 4.4

Descriptive Statistics of Risk

Code	Opinion statement	N	Mean	Std. Deviation
R1	I'm worry about stock price suddenly change	150	1.8138	.9573
R2	I feel regret of a fall the price of stock	150	1.8069	.6486
R3	I have worry investing in stock that have had a past negative performance in trading	150	1.5241	0.9058
R4	I hopeful when undertaking investing in stock that have exhibited a sure loss	150	1.7448	1.0526
R5	I am often not afraid to invest in stock that have shown a past positive performance in trading	150	1.9448	1.091
	Risk	150	1.7379	.60116

Source: Field survey 2021

Table 4.4 shows descriptive statistics of the risk that investor consider while making investment decision on stock. All the mean values are less than 2 which means that investor highly consider risk while investing stock. R3 has a lowest mean of 1.5241 which means that investors more consider worry about investing stock then other dimension before investing in stock. Similarly, mean value of R1,R2,R4 and R5 have almost similar mean values between the range 1.74 to 1.98 which mean that investor give highly consideration to each of four factors. The standard deviation of all the factors range between 0.64 to 1.0 which indicates that all the investors have nearly almost same opinion. The overall mean value for Company performance is 1.7379 with

standard deviation of 0.60116. This indicates that the risk is highly considerable factor while investing in the stock market.

4.1.7 Returns

The return is one of the five independent variable, which relates with investment decision, dependent variable. Five factors related to return were analyzed to find its relationship with investment decision. The five factors are RE1= bonus, RE2= Capital gain, RE3=Right share, RE4= Cash dividend, and RE5= gain sharing. The rating of the factors were scaled from 1(Strongly Disagree), 2(Disagree), 3(Neutral), 4(Agree), 5(Strongly Agree).

Table 4.5

Descriptive statistics of returns

Code	Opinion statement	N	Mean	Std. Deviation
RE1	I want to return in the form of bonus	150	1.593	.8374
RE2	I want to return in form of capital gain	150	1.469	.7934
RE3	I want to return in form of right share	150	1.745	.8562
RE4	I want to return in cash dividend	150	2.496	0.7328
RE5	I want to return in forms of gain sharing	150	1.821	1.028
Returns		150	1.979	.7309

Sources: Field Survey, 2021

Above Table 4.5 shows descriptive statistics of the return that investor consider while making investment decision on stock market. The mean of each question are less than 2 (>2) except (RE5). Which means that investors highly consider the entire sector before making investment decision except RE5. The mean value of RE5 is 2.496 with standard deviation of 1.028 for the statement “Do you consider that investment in return of stock market is better”, shows that investors have moderate consideration with this sector. Investors very highly consider on capital gain where 1.469 is the lowest mean value with 0.7934 standard deviation. The overall mean value for company sector is

1.979 with the standard deviation of 0.7309, which means that investors highly consider company sector while investing in stock market in kailali District.

4.1.8 Investment decision

Investment decision of investor in this research is considered to be the dependent variable and various other concepts have been considered as independent variables. The relationship between such independent variable is explained above separately with the dependent variable. Respondents were asked four questions in order to examine their perception in making investment decision. The questions are D1= Do you ready any time buying / selling of stock, D2 = Do you consider that individual investor have more risk in stock investment, D3 = Do you consider that stocks are risk free form of investment, D4 = Do you consider that stocks are guaranteed way of making money and D5= It is important to look capital structure. The rating for the questions scaled form 1(Strongly Disagree), 2(Disagree), 3(Neutral), 4(Agree), 5(Strongly Agree).

Table 4.6

Descriptive statistics of investment decision of respondent in Stock market

Code	Opinion statement	N	Mean	Std. Deviation
D1	Do you ready any time buying / selling of stock	150	1.483	.8827
D2	Do you consider that individual investor have more risk in stock investment	150	2.758	1.209
D3	Do you consider that stocks are risk free form of investment	150	1.765	1.054
D4	Do you consider that stocks are guaranteed way of making money	150	2.173	.861
D5	It is important to look capital structure	150	1.931	.171
Investment decision		150	1.8138	.8659

Source: Field Survey, 2021

Table 4.6 shows descriptive statistics of the investment decision of respondent in stock market. All the mean values are less than 3(>3), except D2 which means that respondents are highly consider all the dimensions of investment in stock except D2. The mean value of D2 is 2.758 with standard deviation of 1.209 for the statement

“Do you consider that individual investor have more risk in stock market investment.”, shows that investors have moderate level of consideration with this dimension. The overall mean value is 1.8138 with the standard deviation of 0.8659 which means that respondents have high level of consideration with above five dimensions while making investment decision in stock market.

4.1.9 Correlation analysis

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

Table 4.7:

Correlation analysis

		Investment Decision
Investor Attitude	Pearson Correlation	.466**
	Sig. (2-tailed)	.005
	N	150
Investor behavior	Pearson Correlation	.719**
	Sig. (2-tailed)	.000
	N	150
Risk	Pearson Correlation	.573**
	Sig. (2-tailed)	.000
	N	150
Return	Pearson Correlation	.751**
	Sig. (2-tailed)	.000
	N	150
Investment Decision	Pearson Correlation	1
	Sig. (2-tailed)	
	N	150

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

Sources: Field Survey, 2021

4.3.1.1 Relationship between investor attitude and investment decision

The Pearson Correlation coefficient between the independent variable investor attitude and dependent variable Investment Decision is .466, which implies that the two variables are positively correlated and there is correlation between investor attitude and

perception in investment decision. The positive coefficient of correlation is .466 at 1% significant level.

4.3.1.2 Relationship between investor behavior and investment decision

The Pearson Correlation coefficient between the independent variable investor behavior and dependent variable investment decision is .719, which implies that the two variables are positively correlated and there is correlation between investor behavior and investment decision. The positive coefficient of correlation is .719 at 1% significant level.

4.3.1.3 Relationship between company performance and investment decision

The Pearson Correlation coefficient between the independent variable risk and dependent variable investment decision is .573. Which implies that the two variables are positively correlated. The positive coefficient of correlation is .573 at 1% significant level:

4.3.1.4 Relationship between company sector and investment decision

The Pearson Correlation coefficient between the independent variable Return and dependent variable investment decision is .751, which implies that the two variables are positively correlated. The positive coefficient of correlation is .751 at 1% significant level.

4.1.2 Findings

This study focuses on the investor's attitude and investment decision in stock market Kailali District. Research provides a lot the information about investor's attitude and investment in stock market under sub investor attitude, investor behavior, risk and return. The major finding or results of the study are summarized as below:

- i. Majority of the respondents (investors) are male (79.33%), Married (66.67%), Age group of below 30 years (52%), education level Graduate (46.67%) and occupation student is (49.33%).
- ii. Majority of investors are risk conservative, moderate and few of the investor are aggressive.
- iii. Majority of the investors preferred to allocate their fund in equity shares and in equity based investment in the way of Index based.

- iv. Primary objective of most of the investors was to generate maximum income with diffident asset growth
- v. Multiple goals pursued by most of the investors were High average return, Minimization of risk, Stability in return etc.
- vi. Majority of the investors willing to take Low to medium volatility in their investment.
- vii. Stock market in Kailali district are increasing day by day and people invest money in this sector to make a profit in a one night and they do not keep their investment for long term.
- viii. Majority of investor in Kailali District are illiterate and they are manipulated by the broker artificial transaction and friend circle.
- ix. Majority of the investors expected return on their portfolio on monthly basis.
- x. Majority of the investors' motive of portfolio selection was High return.
- xi. Majority of investors wanted gain from equity market is cash dividend.

4.2 Discussion

In investor attitude and investment decision there have been many researches entitled around the world. Many researches were contributed in different dimensions of this topic. D.M & S (2019) studied the investors attitude towards investment decision in equity market showed that stock market have different attitude towards risk and return, where some investors are risk bearer and some are risk avoider. The risk bearer attitude will be based on personal, economical, environment and situational factors such as income, family size expenditure pattern and age. But this study was not satisfied that statement because in this research investor attitude are not only base on demographic variable it also depend on return, market information, physiology of investor also. Singhi (2016) the study attempts to find the factors affecting the investment activity of individual investors such as their awareness level, duration of investment etc. The study analyses the rationality of the investors of Indore during different market expectations, dividend and bonus announcements, and the impact of age, income levels and other market related information on investment decisions of investors from Indore city. Singh & Yadav (2016) study helps to analyze the attitude of male and female investors .The paper concludes that investors in the shares. Investor whether male or female should look in all avenues while investing their funds in different assets. Investors should look Sin all avenues while investing their funds. Some investments are risky and some are

not so as per the age of investors they should decide about risky or less risky investments.

In above research all most variable are same result but some result are no supported by my research like my sample population is only 150, descriptive statistics is mean standard deviation and correlation among dependent variable and in-depend variable .Similarly my study focus on risk attitude of investor in three perspective like conservative, moderate and aggressive but above research focus on investor attitude in perspective like awareness, perceived risk and behavior pattern. Investor of kailali district is follow the advice and suggestion of their peer bus the base article shown that investor have their own attitude and they apply their knowledge on decision on stock market.

CHAPTER 5:

SUMMARY AND CONCLUSIONS

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

5.1 Summary

The general objective of this research was to gain insight in to investor's attitude and investment decision on stock market. Similarly, this study also examines the factors that affect investors to make investment decision on stock market. Among various factors that can influence investors to take decision on stock market, four factors such as investor attitude, investor behavior, risk and return were focused according to their importance realized from the literature. In order to meet the objectives like: to identify investor's attitude towards equity investment. Analyze the forms of return desired by Nepalese investors on securities investment. To analyze various factors influences toward equity market.

Primary data were collected from the investors, who were contacted personally at one brokerage houses in Kailali district. The questionnaire with 29 questions was adapted to answer research. 200 questionnaires were distributed among investors of stock market in Dipk shika broker. Finally, 150 valid questionnaires were selected and data analysis was applied to them. Finally, the researcher came to know that all the tested variables have impact on investment decision.

In order to determine the survey result, different statistical tests have been performed. At first, descriptive analysis was done to determine the average value and standard deviation of each variable. And second part of statistical test is correlation test between dependent variable and independent variable that show the positive relationship between depended variable and independents variable. Moderate variable like Age, Gender, Education level, faculty of education and occupation are also contribute the positive relationship on dependent and independents variable. The responses were collected and the data was arranged and analyzed using Microsoft Excel and SPSS software packages.

After analyze the data, research found that investor does no behave according to their knowledge and information most of investor follow the advice and suggestion of their

peer. Majority of investor do not stay in the market for long time. They believe stock market is a nice platform to make money in short period.

5.2 Conclusions

The study concluded that first objective of this research was to identify investors attitude towards equity investment. Major finding of this study was Stock market have different attitude towards risk and returns, where some investors are risk bearer and some are risk avoider. This risk bearing attitude will be based on personal, economical, environment and situational factors such as income, family size expenditure pattern and age. Investors tend to follow different investment attitude as they move through different stage of the life cycle. Majority of investors are risk conservative, moderate and few of the investor are aggressive.

The second objective of this research was to analyze the forms of return desired by Nepalese investors on securities investment. The descriptive methodology used and find that Primary objective of most of the investors was to generate maximum income with diffident asset growth. They want to short period return in form of capital gain and Primary objective of most of the investors was to generate maximum income with diffident asset growth.

The third objective of this research was to analyze various factors influences toward equity market. Result finding that Stock market in Kailali district is increasing day by day and people invest money in this sector to make a profit in a one night and they do not keep their investment for long term and Majority of investor in Kailali district are illiterate and they are manipulated by the broker artificial transaction and friend circle.

5.3 Implications

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

- i. So this study has been be useful for those who are seeking some knowledge regarding stock market and expected to be helpful for the general investor and organizations that are directly or indirectly related in share market.

- ii. This research is for to increase the level of knowledge in the area of awareness and it will give an insight on the fact that investment or trading can be driven by behavioral or attitude of the investor.
- iii. The research will also provide valuable information to the NEPSA, government bodies, institution, potential listed companies, researcher, students, and individual in Nepal.
- iv. This study has been be significantly know the crucial factors that affects investors perception and risk return in terms of investment in share market and it was helpful for all the student and researcher who want undergo a research in share market.
- v. The study is entirely based on primary data and does not include secondary data. Therefore, future studies can be based on using secondary data or both primary and secondary data.
- vi. The sample size taken for the study is limited so future study can be carried out by taking large sample size for longer time period and can be used some advance statistical tool.
- vii. This research basically the Kailali district and investor attitude only in future researcher can be take another district and other variable for research.
- viii. For local government bodies this research may be a guideline to set their plans and policies field of share market.

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www.sharesansar.com

www.unicodnepali.com

Questionnaire

Dear Sir/Madam,

I am Om Raj Upadhyaya student Central Department of Management, Tribhuban University and conducting my dissertation on “**Investors attitude and investment decision in equity market in Kailali District** ”as a partial fulfillment of the college requirement. I kindly request you to provide your response on the questions stated below as honestly as possible. I assure you that the responses will be kept confidential and used only for the academic purpose.

(Part A)

DEMOGRAPHIC INFORMATION

Please TICK [✓] appropriate option.

Name of the Respondent: _____

1. Gender: (a) Male (b) Female (c) Other
2. Age (in years): (a) Below – 30 years (b) 31 – 40 years (c) 41 – 50 years (d) Above 51 years
3. Marital Status: (a) Unmarried (b) Married (c) Other
4. Education : (a) SLC (b) Intermediate (c) Graduate (d) Post graduate (e) Professional Degree (f) Others
5. Occupation (a) Government Employee (b) Private Employee (c) Retired Employee (d) Business (e) Professional Services (g) Student
6. Type of Investor (a) Consultative (b) Moderate (c) Aggressive
7. Faculty of education
(a) Management (b) Education (c) Humanities (d) Science

Part (B)

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

Please TICK [✓] appropriate box.

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

1. Investor Attitude and 2. Investors behavior

	State your level of agreeableness to the following statements		1	2	3	4	5
A	I trade very actively in the market						
B	I prefer short term trading than long term trading						
C	I diversify the trading portfolio to spread the risk						
D	I make short term profit in the market						
E	I trade in the market irrespective of the market movement						
F	I consider taking chances can be fun						
G	I like to involve in new risky investment						
H	I feel cannot learn new tactics if I avoid risky investment						
I	I accept any loss arising out of risky investment						
J	I heavily rely up on one piece of information in investment decisions						
G	I always preferred risky market						
H	Market information is very important for investment						
I	I'm always want to invest in IPO only						

3. Risk

A	I am cautious about stock which show sudden changes in price or trading activity.					
B	I feel regret of a drop in the price of a stock, I have purchased.					
C	I have worry investing in stocks that have had a past negative performance in trading.					
D	I hopeful when undertaking investment in stocks that have exhibited a sure loss.					
E	I am often not afraid to invest in stocks that have shown a past positive performance in trading.					

4. Factors Influencing Investment Decision

SN	Particulars	1	2	3	4	5
A	Nepalese stock markets are well regulated					
B	It is important to look at debt and equity structure					
C	Credit rating provides to identify good company					
D	Brokers advise and recommendation					
E	Major institutions currently buying the stock of the company.					
F	Information from successful investor.					
G	Online trading facilities					

5. Return

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

Thank you for taking time to complete this questionnaire!

Appendixes

Table 4.2

Descriptive statistics of Investor attitude

Code	Opinion statement	N	Mean	Std. Deviation
IA1	I consider taking high level of risk	150	1.6621	0.7473
IA2	I like to involve in new risky market	150	2.0828	.9242
IA3	I feel cannot learn new tactic if I avoided risky investment	150	1.9724	.8411
IA4	I accept any loss arising out risky investment	150	2.400	.9159
IA5	I shift my investment when I get new information	150	1.9517	0.9450
IA6	Market information is very important for investment	150	2.0138	1.0671
IA7	I'm always want to invest in IPO only	150	2.321	1.014
IA8	I cannot invest secondary market	150	1.003	.8765
IA9	I m interested to invest preferred stock also	150	0.675	1.4657
	Investor attitude	150	2.1432	.8808

Sources: Field Survey, 2021

Table 4.3**Descriptive Statistics of Investor behavior**

Code	Opinion statement	N	Mean	Std. Deviation
IB1	I trade very actively in market	150	1.6414	0.7788
IB2	I prefer short term trading then long term trading	150	1.8828	1.017
IB3	I diversify the trading portfolio to spread the risk	150	1.7862	1.008
IB4	I make short term profit in the market	150	1.1889	.9288
IB5	I trade in the market irrespectively of the market movement	150	1.6090	1.1453
	Investor behaviors	150	1.5655	.7053

Source: Field survey 2021

Table 4.4**Descriptive Statistics of Risk**

Code	Opinion statement	N	Mean	Std. Deviation
R1	I'm worry about stock price suddenly change	150	1.8138	.9573
R2	I feel regret of a fall the price of stock	150	1.8069	.6486
R3	I have worry investing in stock that have had a past negative performance in trading	150	1.5241	0.9058
R4	I hopeful when undertaking investing in stock that have exhibited a sure loss	150	1.7448	1.0526
R5	I am often not afraid to invest in stock that have shown a past positive performance in trading	150	1.9448	1.091
	Risk	150	1.7379	.60116

Source: Field survey 2021

Table 4.5**Descriptive statistics of returns**

Code	Opinion statement	N	Mean	Std. Deviation
RE1	I want to return in the form of bonus	150	1.593	.8374
RE2	I want to return in form of capital gain	150	1.469	.7934
RE3	I want to return in form of right share	150	1.745	.8562
RE4	I want to return in cash dividend	150	2.496	0.7328
RE5	I want to return in forms of gain sharing	150	1.821	1.028
	Returns	150	1.979	.7309

Sources: Field Survey, 2021

Table 4.6**Descriptive statistics of investment decision of respondent in Stock market**

Code	Opinion statement	N	Mean	Std. Deviation
D1	Do you ready any time buying / selling of stock	150	1.483	.8827
D2	Do you consider that individual investor have more risk in stock investment	150	2.758	1.209
D3	Do you consider that stocks are risk free form of investment	150	1.765	1.054
D4	Do you consider that stocks are guaranteed way of making money	150	2.173	.861
D5	It is important to look capital structure	150	1.931	.171
	Investment decision	150	1.8138	.8659

Source: Field Survey, 2021

Table 4.7: Correlation analysis

		Investment Decision
Investor Attitude	Pearson Correlation	.466**
	Sig. (2-tailed)	.005
	N	150
Investor behavior	Pearson Correlation	.719**
	Sig. (2-tailed)	.000
	N	150
Risk	Pearson Correlation	.573**
	Sig. (2-tailed)	.000
	N	150
Return	Pearson Correlation	.751**
	Sig. (2-tailed)	.000
	N	150
Investment Decision	Pearson Correlation	1
	Sig. (2-tailed)	
	N	150

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

Sources: Field Survey, 2021

INVESTOR ATTITUDE TOWARD STOCK MARKET
(A COMPRATIVE STUDY ON INVESTOR BEHAVIOUE IN DHANGADHI)

A Thesis proposal

By

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Introduction

1. Background of the study

Investment in stock market helps to mobilize which in turns helps in development of the economy. Investment in shares will be started from primary market through the purchase of Initial Public offering and further will be traded in secondary market. The investors can buy and sell the existing share at the market price in the stock exchange. An equity share is considered as the ownership capital of the company. Equity instruments are traded based on the movement of price which will be depended on the demand and supply. Investment will generally done by investors through their direct control on buy and sell of the securities or will be managed by fund managers like brokers. The main aim of investors is to get capital appreciation and returns. The capital appreciation occurs when shares are sold more than purchase price. The returns will be in the form of dividend. The study concentrates on Investors' attitude towards investment decisions in equity market and their risk bearing attitude based on their gender, age, income, education and occupation. This study analyses and concludes by classifying investors as conservative, moderate and aggressive. (Poudel 2018).

Investors have a number of investment alternative in which some of them are traditional investments like bank deposits, gold and so on which have been used from generations' time where as few are relatively new options which have become popular like Equity, mutual fund, commodity and derivatives and so on. The present study concentrates only on equity investment. The total capital of the company will be divided into smaller units known as Equity share. When Investors purchase equity share he becomes shareholder of that company, In turn Company will be liable to pay dividend to shareholder out of their profits. Equity Investors will get returns in the form of dividend and capital appreciation. Along with this benefit, the holder of equity shares will get voting rights in the company. Moreover, investors in equity shares will be treated as owners of the company and the ownership is limited to the extent of the shares held by investors. A company issues shares primarily when there are in need of funds for growth of the business or for the expansion. It initially approaches the investors in primary market through Initial Public Offering (IPO). In IPO, equity shares of the company will be offered to the general public for subscription for the first time. Once, the shares get listed on a particular stock exchange and exchange provides for frequent trading.

General public can subscribe to the IPO and these shares can be sold on a stock exchange like NEPSA .Once allotments of shares are done, (Yashaswini 2019).

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

Financial market refers to a marketplace, where creation and trading of financial assets, such as share, debentures, bonds, derivatives, currencies, etc. take place. It plays a crucial role in allocating limited resources, in the country's economy. It acts as an intermediary between the savers and investors by mobilizing funds between them. The financial market provides a platform to the buyers and sellers, to meet, for trading assets at a price determined by the demand and supply forces. Financial market is broadly classified in to two types on the basis of maturity- money market and capital market. The money market where monetary assets such a commercial paper, certificate of deposits, treasury bills etc. which mature within a year, are traded. It is the market for short term funds. No such market exists physically; the transactions are performed over the virtual network, i.e. fax, internet or phone. The capital market where medium- and long-term financial assets are traded. It is divided in to two types- primary market and secondary market. Primary market is a financial market where company listed on an exchange, for the first time, issues new security or already listed company brings the fresh issues. Secondary market is an organized marketplace, where in already issued securities are traded between investors, such as individuals, merchant bankers, stock brokers and mutual funds.

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

2. Statement of problems and research questions

In this competitive world, various investment alternative are available but majority of investors consider equity as their investment option because investment in equity require less amount minimal time to trade its liquidity . So this study will help us to find how investors' attitude will have an impact on investment decisions and its reasons behind to take such decisions depending on the situation.

The study aims at answering the following research questions:

- iv. What are the investor's attitudes towards equity investment in securities?
- v. What forms of return does the investors' desire?
- vi. What are the various factors influencing toward equity investment?

3. Objective of the study

The main objective of this research is to know how to awareness of investor influences behaviors of investor while trading in the stock market. To achieve this objective following specific objective will be set:

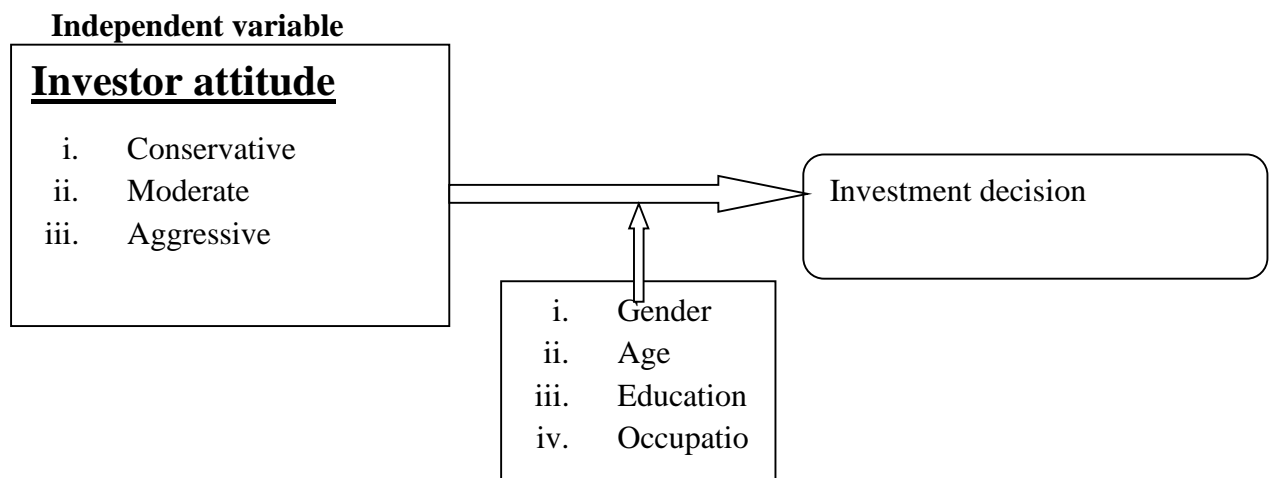
- iv. To identify investors attitude towards equity investment.
- v. To analyze the forms of return desired by Nepalese investors on securities investment.
- vi. To analyze various factors influences toward equity market.

4. Conceptual framework

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

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

negatively correlated to self-esteem rigidity and risk taking hence affects investors' behavior.



5. Rationale of the study

This research is for to increase the level of knowledge in the area of awareness and it will give an insight on the fact that investment or trading can be driven by behavioral or attitude of the investor. The research will also provide valuable information to the NEPSA, government bodies, institution, potential listed companies, researcher, students, and individual in Nepal.

6. Limitations of the study

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

- i. This study is based on primary data. Accordingly, investors may not give the authentic and needed information as much as they are expected to be. They may not even respond to some questions. In such cases, certain intuitions will have to be made.
- ii. Most of the data are on common stock investors and NEPSE is the prime study area.
- iii. This is a descriptive research where the behavior and attitude of investors have been studied. So, qualitative rather than the quantitative techniques of analysis is used. Thus, the use of statistical tools is limited.
- iv. All deciding factors for the investment in securities have not been incorporated.

- v. Stipulated time and resources are also limitation of this study.
- vi. Reliability of this study depends upon the accuracy of published data and the genuineness of respondent.

7. Literature Review

These days information highway or the Internet has become to the most easily accessible mediums to gain information in any subject matter. In the study period, various journals and articles have been consulted.

Srinivas & Rakesh (2013) refers to the attitude of investor toward stock market from three broad perspectives like awareness, perceived risk attitude, and behavioral pattern. Investor in NEPSA does not behave according to their knowledge and information they have. Most of the investor follows the advice and suggestions of their peers and brokers. They do not apply their own fundamental knowledge to trade shares. Majority investor does not stay in this market for long time. They believe stock market is nice platform to make money in short period. Their irrational behavior makes the market unstable and volatile.

Yashaswini D.M Rekha (2019) Refers Investment in stock market helps to mobilize which in turns helps in development of the economy. Investment in shares will be started from primary market through the purchase of Initial Public offering and further will be traded in secondary market. The investors can buy and sell the existing share at the market price in the stock exchange. An equity share is considered as the ownership capital of the company. Equity instruments are traded based on the movement of price which will be depended on the demand and supply. Investment will generally done by investors through their direct control on buy and sell of the securities or will be managed by fund managers like brokers The main aim of investors is to get capital appreciation and returns. The capital appreciation occurs when shares are sold more than purchase price. The returns will be in the form of dividend. The study concentrates on Investors' attitude towards investment decisions in equity market and their risk bearing attitude based on their gender, age, income, education and occupation. This study analyses and concludes by classifying investors as conservative, moderate and aggressive.

Wadhaw.B, Vashisht. A & kaura. D(2015).Refers that there has been growing importance of Mutual Fund Investment in India. When compared with other financial instruments, investments in Mutual funds are safer and also yields more returns on the

portfolio investment. Study also reveals that the feature of return from the investments and rating by credit agency is the utmost concern of the investors. Analysis of the study reveals that financial literacy of respondents is very important for making investment in Mutual funds. Therefore Mutual fund companies should promote financial awareness amongst the respondents so as to channelize their income and savings towards Mutual Funds. For achieving heights in the financial sector, the mutual fund companies should formulate the strategies in such a way that helps in fulfilling the investors' expectations. Today the main task before mutual fund industry is to convert the potential investors into the reality investors. New and more innovative schemes should be launched from time to time so that investor's confidence should be maintained. All this will lead to the overall growth and development of the mutual fund industry.

8. Research gap

In order to find out the research gap in the area of investor attitude toward investment decision inequity market in Nepal. In this area very few researches had done in different time period and the entire researcher had take population and sample in Kathmandu valley also. But this research is different from them in the area gap because this research is focus on out of Kathmandu valley another research gap is time period because every research related to this topic done in 8 to 10 year ago no latest research done in Nepal another research gap is situational gap because other research done in normal environment but now the situation is very complex due to covid-19. And other research gap is sectoral gap because different researcher done research in Mutual fund, Portfolio management and investor attitude toward decision on insurance but attitude toward decision in equity market is not so that it is important for doing research for the is the fact on equity market about investor.

9. Methodology

Research methodology refers to the various sequential steps (along with a rationale, of each step) to be adopted by a researcher in studying a problem with certain object in view (Cothari, 1994:19). A focus is to be given to research design, sample selection and size, data collection procedure, data processing, definition of variables, meaning and definition of statistical tools used. This chapter will highlight the research methodology used for the study.

9.1 Research design

The research is based on the primary data and information. The descriptive research design will be use. The focus is on investor's attitude and various factors that influence and analyzes the .For this study, 120 investors are examined in Kailali District.

9.2 Population and sample

The target population for this study will be all the investors who invested in Stock market or securities in Dhangadhi sub-metropolitcity. As a result, researcher will be selected 150 investors to represent the population. Total 150 samples selected randomly together data on the various issue through questionnaire likes scale was used to know the investors attitude towards stock market from various perspective. Investor awareness was measured using a scale adopted from (kambaram at 2003). A 5 points likert scale ranging from strongly disagrees to strongly agree was used

9.3 Source of data

The present study is based on primary data which will collects using semi structure questionnaire survey method.

9.4 Data collection and processing procedure

The primary data will be collected from questionnaire method. Researcher will be discussing about collected necessary date with relative person of the study area.

9.5 Data analysis tools and techniques

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

10. Chapter Plan

The research will be organized into five chapters which will be presented in such a way that the research objective will be easily meet and research questions will be answered properly. The results and findings of the study will depict systematic manner. Each chapter's content is further described as follows:-

Chapter 1: Introduction

This chapter deals with the major issues related to the Investor attitude toward the investment in stock market, background of the study, problem statement and research questions, objective, significance, limitations of the study and organization of the study.

Chapter-II: Literature review

Literature review chapter will deal with the finding of previous researches related for the current study. Different research work related to investor attitude will be discussed in order to prepare a base for the study. It includes a discussion on the conceptual framework and review of major studies.

Chapter-III: Research Methodology

This chapter explains about research methodology will be used for the study. It will cover research design, population and sample, sources of data, data analysis and software used.

Chapter IV: Results and Discussion

This chapter will presents all collected data in systematic manner and analysis of such data by using various tools. This chapter will be divided into three divisions: demographics profile, descriptive analysis and inferential analysis.

Chapter-IV: Summary and Conclusion

This chapter finally summarizes the study in few paragraphs and tries to conclude the whole study; that is the result of the research. And finally depending upon the summary and conclusion has been given.

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