

SHARE PRICE MOVEMENT OF COMMERCIAL BANKS IN NEPAL

A Thesis

Submitted

By

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CERTIFICATION OF AUTHORITY

I certify that the work in this thesis has not previously been submitted for a degree nor has it been submitted as part of requirements for a degree except as fully acknowledged within the text.

I also certify that the thesis has been written by me. Any help that I have received in my research work and the preparation of the thesis itself has been acknowledged. In addition, I certify that all information sources and literature used are indicated in the reference section of this thesis.

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RECOMMENDATION LETTER

It is certified that thesis entitled **Share Price Movement of Commercial Banks in Nepal**. Kabita Chundali is an original piece of research work carried out by the candidate under my supervision. Literary presentation is satisfactory and the thesis is in a form suitable for publication. Work evinces the capacity of the candidate for critical examination and independent judgment. The thesis is forwarded for examination.

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APPROVAL-SHEET

We, the undersigned, have examined the thesis entitled **Share Price Movement of Commercial Banks in Nepal** presented by Kabita Chundali, a candidates for the degree of **Master of Business Studies (MBS)** and conducted the viva voce examination of candidates of the candidate. We hereby certify that the thesis is worthy of acceptance,

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ABBREVIATIONS

AGM	: Annual General Meeting
BVPS	: Book Value per Share
CDS	: Central Depository System
CV	: Coefficient of Variation
DMAT	: Dematerialization
DPS	: Dividend per Share
DY	: Dividend Yield
EBL	: Everest Bank Limited
EPS	: Earning per Share
FPO	: Further Public Offering
GDP	: Gross Domestic Product
GM	: General Meeting
i.e.	: That is
ICRA	: Industrial Credit Rating Agency
IPO	: Initial Public Offering
MBS	: Master of Business Studies
MPS	: Market Price per Share
NBL	: Nabil Bank Limited
NEPSE	: Nepal Stock Exchange
NIBL	: Nepal Investment Bank Limited
NIDC	: Nepal Industrial Development Corporation
NRB	: Nepal Rastra Bank
NRN	: Non-Residential Nepalese

NWPS	: Net Worth per Share
OTC	: Over the Counter Market
P/E Ratio	: Price Earnings Ratio
PCI	: Per Capital Income
SBI	: Nepal SBI Bank Limited
SCB	: Standard Chartered Bank Limited
SD	: Standard Deviation
SEBON	: Security Exchange Board of Nepal
SEC	: Security Exchange Center
TU	: Tribhuvan University
UK	: United Kingdom

ABSTRACT

The study investigated the variables influencing on share price movement in Nepalese commercial banks. It also identified the opinion of public on the influencing factors of share price movement in Nepal. To draw out the respective variables effects on share price movement in Nepal and find the effects of variables, this study used both primary and secondary data from different sources. The study design was descriptive research design. Convenience Sampling was used for the study. To find the primary data for the study, the set of questionnaires were used to collect data from respondents of this research and necessary secondary data were taken from the annual reports of samples banks of this research. Mean, Standard Deviation, coefficient of variance, correlation coefficients were performed to analyze the both primary and secondary data of this study. .

The results revealed that many of the respondents still believe that there are still lots of influencing variables on share price movements, on the other hand most of the respondents were agreed on the movement of share price by political situation of country, earning per share, dividend distribution patterns, higher book value, share price, rules and regulations of Nepal Rastra Bank, financial aspects.. The study further shows the share price of commercial banks in Nepal is very fluctuating. It is a subject of curiosity to identify the factors affecting share price of commercial banks. The shares of commercial banks dominate the portfolio of majority of investors. So, this study examines the factors affecting share price movement of commercial banks over the period 2013/14-2017/18. The findings of the study over the past five-year period revealed that dividend per share and earnings per share, book value per share has the significant positive association with share price. From the secondary data analysis, it is found that the commercial banks performance is highly inconsistent in the relationship of MPS with EPS, DPS, DY, BVPS and PE ratio. Similarly, there are other environmental factors affecting the market price of share. Such environmental factors affecting the share price are the political situation of country, earning per share, dividend distribution patterns, book value, share price, rules and regulations of Nepal Rastra Bank and changing policy, financial aspects (assets, paid up capital etc.), government instability, SEBON performance. There exists significant relationship of EPS, DPS, BVPS, DY and P/E ratio with MPS.