

**A STUDY ON INVESTORS' OPINION ON SECURITIES  
AND THEIR ANTICIPATION OF EARNINGS**

**By**

**BHIM NARAYAN SHRESTHA**

**Shanker Dev Campus**

**T.U. Regd. No. 7-1-048-1111-96**

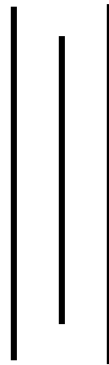
**Campus Roll No. : 1489/060**

**A Thesis Submitted to:**

**Office of the Dean**

**Faculty of Management**

**Tribhuvan University**



*In partial fulfillment of the requirement for the Degree of  
Master's in Business Studies (M.B.S)*

**Kathmandu, Nepal**

**January, 2008**

## **RECOMMENDATION**

This is to certify that the Thesis

Submitted by:

**BHIM NARAYAN SHRESTHA**

Entitled:

### **A STUDY ON INVESTORS' OPINION ON SECURITIES AND THEIR ANTICIPATION OF EARNINGS**

*has been prepared as approved by this Department in the prescribed format of the Faculty of Management. This thesis is forwarded for examination.*

.....  
**Snehlata Kafle**

**(Thesis Supervisor)**

.....  
**Dr. Kamal Deep Dhakal**

**(Campus Chief)**

.....  
**Pitri Raj Adhikari**

**(Thesis Supervisor)**

## VIVA-VOCE SHEET

We have conducted the viva –voce of the thesis presented

by

**BHIM NARAYAN SHRESTHA**

Entitled:

### **A STUDY ON INVESTORS' OPINION ON SECURITIES AND THEIR ANTICIPATION OF EARNINGS**

*And found the thesis to be the original work of the student and written according to the prescribed format. We recommend the thesis to be accepted as partial fulfillment of the requirement for the Degree of Master's in Business Studies (M.B.S)*

#### **Viva-Voce Committee**

Head, Research Department .....

Member (Thesis Supervisor) .....

Member (Thesis Supervisor) .....

Member (External Expert) .....

# **TRIBHUVAN UNIVERSITY**

**Faculty of Management**

**Shanker Dev Campus**

## **DECLARATION**

I hereby declare that the work reported in this thesis entitled “**A STUDY ON INVESTORS’ OPINION ON SECURITIES AND THEIR ANTICIPATION OF EARNINGS**” submitted to Office of the Dean, Faculty of Management, Tribhuvan University, is my original work done in the form of partial fulfillment of the requirement for the Degree of Master’s in Business Studies (M.B.S) under the supervision of Snehlata Kafle and Pitri Raj Adhikari of Shanker Dev Campus.

.....

**BHIM NARAYAN SHRESTHA**

**Researcher**

**T.U. Registration No. 7-1-048-1111-96**

**Campus Roll No. : 1489/060**

## ACKNOWLEDGEMENT

The purpose of preparing this thesis is to fulfill the requirements for the degree of Master of Business Studies (M.B.S). The main objective of this study is to conduct research to study the behavior pattern, preferences and investing trend of people in regards to securities and analyze the prospective benefits to the Nepalese investors as well as prospective issuers. All efforts have been made to make this thesis authentic and have tried to show this thesis easy and systematic as far as possible.

I wish to extend my deep sense of indebtedness to Mrs. Snehlata Kafle & Mr. Pitri Raj Adhikari, my thesis supervisor who provided me valuable guidelines, insightful, comments, encouragement and generous treatment to complete this thesis. This work never has been come out in the present form without his/her valuable guidelines and suggestions. I could never forget the help of the respondents who provided with valuable information needed for the study. I would, therefore like to express my deep gratitude for their co-operation.

Appreciable thanks goes to Dr. Kamal Deep Dhakal, Campus Chief, Shanker Dev Campus, for his cooperation and valuable suggestions during the period of report preparation.

I am very much indebted to my friend, Mr. Badri Bhetwal , who directly and indirectly helps me with his valuable suggestions for completion of this work.

Finally, I would like to disclose my sincere gratitude to my dearest parents and my friends for their co-operation, support and encouragement for the completion of this work.

**Bhim Narayan Shrestha**  
**Researcher**

# TABLE OF CONTENTS

Acknowledgement

Table of Contents

List of Tables

List of Figures

Abbreviations

Page No.

## CHAPTER – I INTRODUCTION

<b>1.1 Background of the Study</b>	<b>1</b>
<b>1.2 Statement of the Problems</b>	<b>11</b>
<b>1.3 Objectives of the Study</b>	<b>13</b>
<b>1.4 Significance of the Study</b>	<b>14</b>
<b>1.5 Limitations of the Study</b>	<b>15</b>
<b>1.6 Organization of the Study</b>	<b>15</b>

### 1.1

## 1.2 CHAPTER – II LITERATURE REVIEW

### 2.1 Conceptual Framework

17

2.1.1 Investors	17
2.1.2 Investment	20
2.1.3 Investors' Opinion on Securities	21
2.1.4 Investors' Opinion Towards Risk	23

#### 1.2.1.1 2.1.5 Investment Strategy

26

2.1.6 Investment Policy	27
2.1.7 Review on basic terms associated with investment	29
2.1.8 Factors to be considered before Investing in Securities	35
2.1.9 Earnings associated with Securities	37
2.2 Fundamental and Technical	39

1.2.1.1.1	2.2.1 <i>Fundamental and Technical Analysis</i>	39
	2.2.2 Role of information in shaping the attitude of Investors on Securities	40
	<b>2.2.3 Sources of Investment Risk</b>	<b>47</b>
	<b>2.2.4 Right of a Company's Shareholders as an Investor</b>	<b>49</b>
2.3	Review of Previous Studies	50
2.3.1	Reviews from Journals and Magazines	50
2.3.2	Review of Books and Newspaper Articles	56
2.3.4	Reviews of Previous Thesis	59
2.4	Research Gap	63

### **CHAPTER – III RESEARCH METHODOLOGY**

3.1	<b>Research Design</b>	<b>64</b>
3.2	<b>Data Collection Procedures</b>	<b>64</b>

### **CHAPTER –IV DATA PRESENTATION AND ANALYSIS**

4.1	Tabular Representation of Data	66
4.2	Interpretation of Data (closed-end type questions)	70
4.3	Analysis and Presentation of Open-end Questionnaires	79
4.4	Major Findings	84

### **CHAPTER – V SUMMARY, CONCLUSION AND RECOMMENDATIONS**

5.1	Summary	88
5.2	Conclusion	92
5.3	Recommendations	95

Bibliography  
Appendix

## **LIST OF TABLES**

<b>Table No.</b>	<b>Title</b>	<b>Page No.</b>
4.1	Tabular Representation of Data	66
4.2	Securities preferences of the Individual Investors	71
4.3	Desired form of earnings from Securities Invested	72
4.4	Sector-wise preference of securities by Investors	74
4.5	Detection of the level of Earnings Anticipated by the Investors	75
4.6	Community wise Participation of Investors	77
4.7	Investors classification by Occupation	78



## LIST OF FIUGRES

Figure No.	Title	Page No.
<b>2.1</b>	<b>Types of Investors</b>	<b>19</b>
2.2	Investment alternatives for Investors	34
2.3	Types of Securities	34
4.1	% of Investors Preference of Securities of various Sectors	74
4.2	Investors Anticipation of Earnings	76
4.3	Percentage of Investors	76
4.4	Pie chart revealing percentage of investors on the basis of their occupation	78

## **ABBREVIATIONS**

FNCCI	=	Federation of Nepalese Chamber of Commerce Industries
FY	=	Fiscal Year
i.e.	=	That is
ICAN	=	Institute of Chartered Accountants of Nepal
Ltd.	=	Limited
NEPSE	=	Nepal Stock Exchange
NPA	=	Non Performing Assets
NTV	=	Nepal Television
NYSE	=	New York Stock Exchange
Pvt.	=	Private
SEBON	=	Security Board Nepal
TU	=	Tribhuvan University