**A STUDY**

**ON**

**INVESTORS AWARENESS IN NEPALESE MARKET**

**A PROJECT WORK**

**Submitted By**

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# Decleration

I hereby declare that the project work entitled **INVESTOR AWARENESS IN NEPALESE MARKET** submitted to the Faculty of Management, Tribhuvan University, Kathmandu is an original peice of work under the supervision Mr. BAL RAM RAI, faculty member Ms. PRAGYA SHARMA, Lecturer, RELIANCE COLLEGE, SARASWOTINAGAR, CHABAHIL and is submitted in the partial fulfillment of the requirements for the degree of Bachelor of Business Studies(BBS). This project work report has not been submitted to any other university or institution for the award of any degree or diploma.

# Supervisor’s Recommendation

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# Endorsement

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# Ackknowledgements

It is my extreme satisfaction and pleasure to bring forth this report entitled **Investor Awareness in Nepalese Market**. This reports is entirely based upon my study and data analysis.

I would like to recognize my deepest gratitude to **Ms. PRAGYA SHARMA**, Faculty of Management and co-ordinator **Mr. BAL RAM RAI** of Reliance College for giving me the great opportunity to carry out my research project smoothly. My sincere thanks also goes to all the head of departments and all the staffs who were kind and co-operative and helped with the project.

With kindest personal regards, I would like to thank my friends colleagues and family for their support and encouragement. Last but not the least, I wish to record my appreciation to all the people who directly or indirectly contributed their help during the course of this project work.

I take full responsibility for any omission and error in this report.

SHIKHA GHIMIRE

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# ABBREVIATIONS

GDP Gross Domestic Product

IPO Initial Public Offering

IT Information Technology

NEPSE Nepal Stock Exchange

PCI Per Capita Income

TU Tribhuvan University

# CHAPTER-1

# INTRODUCTION

## Background of the Study

Investment is another form of saving. Though being of uncertainity weather an investment is a good or bad one, people with some money tend to invest on any form of product they seem to see profit on. Investment is not any new term or style of practice, it has been practiced for a long time and found to be good for people but with people working on daily wages it has been a tough job because they don’t have any capital to save and invest on. Primarily people tend to invest looking what they are investing on and how long they are investing on. Some people make lives through it by making quick investment and selling it quickly when they seem to have profit from the investment.

Money depricates as time increases and just saving or holding it decreases the value of it. For example, price of gold in January, 2019 was around Rs. 60,000 and by time increased the price of gold is Rs. 96,000 as of January, 2021. If we hold that money for two year of span, the money would be exactly same but if we invested that same amount of money in gold, there would have been a booming profit of Rs. 36,000. Though the profit seemed high because of unforseen circustance of COVID-19 but gold has never been a bad profit on short or long term investment. In short, holding some extra money and investing on some assets that increase value over time is a form of investment. But the investment shouldn’t be blind-folded, rather need to be properly investigate before putting money into.

So, we define nvestment as an asset or item acquired with the goal of generating income or appreciation. Appreciation refers to an increase in the value of an asset over time. When an individual purchases a good as an investment, the intent is not to consume the good but rather to use it in the future to create wealth. An investment always concerns the outlay of some asset today-time, money, or effort-in hopes of a greater payoff in the future than what was originally put in. Investment are always intented to be a good one but still it lies in two category based on risk; good investment and bad investment. Good investment refers to the investment that increases the monetary value over time and produces profit as our requirement. Bad investment refers to the loss or ideality of monetary value as there is not profit and loss in time too.

So, proper strategy needs to be applied while performing any form of investment. One important investing strategy is to start sooner and stay invested longer, even if you start with a smaller amount than you hope to invest in the future. This allows compounding to flex its muscles. Compounding happens when earnings from either capital gains or interest are reinvested-generating additional earnings over time.

But, above all of them goal is the main key for investment. Why do we want to do the investment? What is our goal for the investment? Are we planning for our old age future? Are we planning onto saving our money? Do we want our money to be returned quickly or are we planning for a long run? How much and how we want to perform the investment?

Investment are done on entities and usually termed as assets. The major asset classes are:

**Cash**

A cash bank deposit is the simplest form of investment asset and also the safest. The investor knows the interest rate from the bank and can know the amount they will interest with. It is low risk and but also gain low rate of interest and depends on the sum amount and type of deposite.

**Bonds**

Bond is a debt to a company or government that pays investor a fixed rate of return over a specific timeframe. It is safer investment than stock but still has high risks. Investors in bonds lend a government or business money for a set period of time, with the promise of repayment of that money plus interest. The interest in bonds are usually higher that the cash bank deposite and varies on the type of investment on the bond.

**Mutual Funds**

Mutual fund is an open-end professionally managed investment fund that pools money from many investors to purchase securities such as stocks, bonds, short-term debt. Investor buy shares in mutual fund. Mutual fund are the largest cooperation.

**Stocks**

A stock is a security or investment that represents the ownership of a fraction of a corporation. This entitles the owner of the stock to a proportion of the corporation’s assets and profits equal to how much they own. In general public or (Initial Public Offering)IPO a public offering in which shares of a company are available to purchase via different institutional investors and usually retail investors.

**Real estate**

Real estate is one of the booming investement in this 21st century. Real estate is usually defined as a property consisting of land and the buildings on it with its natural resource such as crops, minerals and water. Real estate are of four types based on usage; residential, commercial, industrial and land. People tend to invest on land of guaranteed profit and can be of a short-term or long-term. Some investor put money and decorate the land with extra facilities for a quick and short-term return whereas some investor wait for few years and tend to sell the property if the return seemed to be fair.

**Commodities**

Commodities are basic good used in commerce that is interchangable with other goods of the same type. Few common good examples of commodities are gold, silver, crude oil. The price of these commodities are changed every hour and is applied internationally. The world bank operates on the gold standard and all banks directly falls under it. Amongst above commodities, individual tend to invest on gold and silver where as huge companies try to invest on crud oil.

Having different options on the market for the investment opportunity, there is always risk while making any kind of investment. Usually on the market higher the investment risk, the chances of having risk is higher. Investor usually do research before investing onto anything. Some unaccounted investment are also perform like lending money to friends and family.

## Introduction to Nepalese Market

Nepal belongs to a third world country with increasing Gross Domestic Product(GDP) Per Capita Income(PCI) from USD 1,038 in 2018 to USD 1,071 in 2019 and estimated to be USD 1,116 for the fiscal year 2020 and most of the contributions is from the remitance sector. The most contributions are from India, Saudi Arabia, Qatar, Australia, China and more. But still, there are service holders, industries, business that tend to keep money that tend for the investment.

In early 20s, the rate of people travelling aboard increased and the money inflow toward country also increased. People tend to make interest on capital Kathmandu and most investment were done on there. And amongst the investment, people invested on real estate than other. And amount of money with the people in Nepal were increasing because of the relatives in aboard resulting in skyrocketing in price of real estate; specially land. So investment on land has been a low risk, high profit investment in context of Nepal. During the COVID-19 phase, the price also seemed to be similar manner.

As time increased, there were different investment opportunities opened for the business and people primarily focused on stock market, real estate. Nepalese financial sector has been growing rapidly so does the growth of capital market which is dominated by the Financial sector. Investor go to NEPSE(Nepal Stock Exchange) to buy and sell stocks for short or long term stocks.

Nepal has been one of the biggest IT(Information Technology) hub with booming apps and development on mobile technology. Individual banks has their own apps, different payment gateway like E-sewa, Khalti, Prabhu Pay and more making people access to the money in individual hands. But primary problem with this was lack of awareness on the payment. People tend to afraid when it comes to loose their money and being money being carried on hands, it might be quicker to loosed when the money is quicker to access. But due to COVID-19, the risk of getting infected to the individual made the investor lean towards the e-payment and online system.

Meroshare app is an IPO applying system developed by CDSC(CDS and Clearing Limited) for user that made easy for individual small investors that can link individual’s DEMAT(Dematerialized) account. In early days, people had to go to bank and apply for the IPO; which was a tedious process. But due to the risk of COVID-19, the applicants meroshare has increased to 10 lakhs and increasing day by day. Last share applied crossed 10 lakhs from the latest data. So, finance implemented with IT made ease for the individual investors. People trying to invest on IPO tend to apply for long term.

Insurance specially Life Insurance is also one of the best long-term investment. Though the money looks to be paid to the company but actual investment it done to self in such case. The return after the matuarity is high and is one of the best form of saving as well as investment. Also Nepal Government deducts Life Insurance upto Rs. 20,000 from the taxable income which is another form of saving. Lately after the COVID-19, people fear of life more than any other times. And knowing the format of investment, people tend to be interested and growing lately. Some people apply for Life insurance of their child when they are at the age of 3 and apply for 15 years of plan. That way when the child is at the age of 18 there will be huge sum of money at the time of maturity which can be helpful for further education of any plans.

Ornaments are also one of the best practice in Nepal. Ornaments made from gold and silver are usual practice during different festival and functions in Nepal. The price of such commodities always increase and they are mostly invested by elder people. Instead of buying gold/silver bars, they tend to make ornaments that are usually wore during marriage and other festivals.

Though looking into different form of investments, when there is application of money; people tend to be greedy and that leads to fraudality. So investors must be aware about the fraud in different investments. For example, people has been into practice of fraud on land by selling unaccounted lands. So people need properly look onto the investment scheme before throwing money into.

## Objectives

The main objectives of this study are as follows:

* To analyze current situation Nepalese Market for Investor
* To analyze how much people are aware about Nepalese Market
* To examine what people are interested on Nepalese Market

## Rationale

There are few importance of the study which can be discussed as follows:

* The study helps to be familiar with the current situation of Investor for Nepalese Market.
* The report helps to aware investors on different types of fraud during the investment.

## 

## Review

**(Fodor, 2008)** Lack of investor awareness campaigns lead to the financial crime in the capital market. Like the increase in security enforcement increases the number of arrests. Increase in investor awareness campaigns lead to decrease in financial crime.

**(Al-Tamimi, 2006)** The most influencing factors for financial decisions are in order of importance corporate earnings, get rich quickly and stock marketability, past performance of firm’s stock, government holdings and creation of crganized financial markets. In addition, religious and family member opinions have least influence. There is a significant relationship between financial literacy and investment decisions **(Al-Tamimi and Kali, 2009)**.

**(Baidhya and Parajuli, 2004)** Awareness increase amongst the general public about the capital market, regarding nature of risk and return, seminar, publication and programs in FM/TV, etc.

**(Kadariya, Subedi and et al., 2012)** As per the study; the equity investors are aware and their level of awareness is high compared to needed level, aware equity investors have chances of holding high volume of equity investment and there is problem on access to information for equity investors in secondary market.

**(Rana, 2019)** This study examined the factors associated with investor awareness and percieved risk attitude of investors and their relationship with investor behavior. It showed that two factors namely financial awareness and social learning are highly loaded factors of investors awareness and two factors namelt affection and cognition are highly loaded factors of percieved risk attitude of investors in stock market of Nepal.

Based on the review of some of the major earlier studies, most of the studies were performed on capital market in context of Nepal. Besides capital market, there are other form of investment that hasn’t been covered. Thus, this study tries to cover other scopes in the Nepalese market.

## Methods

Research is the systematic and organized effort to investigate a specific problem that needs a solution. This process of investigation involves a series of well thought activities of gathering, recording, analyzing and interpreting the purpose of finding answer to the problem. Thus, the entire process by which attempt to solve problem is called research, while methodology is the research method used to test different statistical tools in order to make conclusion. Reasearch methodology composed of two words. Research and methodology. A sound and systematic methodology is required to carry out any study, if it to be worthwhile.

Research methodology refers to the various sequential steps to be adopted by a researcher in studying a problem with certain objectives in view. Research methodology is the specific procedure or techniques used to identify select, process and analyze information about topics. In a research paper, the methodology section allows the reader to critically evaluate a study’s overall validity and reliability. The methodology section answers three main questions: How was the data collected or generated? How was it analyzed? What might be the possible tools for measurement?

Research design is the task of defining the research problems. In other words, a research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relavence to the research purpose with economy in procedure. In fact, the research design is the conceptual structure within which the research is conducted.

For any research, data are necessary to perform analysis so different tools or actions are performed to collect the data. There are two process of collecting the data; primary and secondary data. This study is based on the collection of primary data. Questionnaire method is adopted to explore awareness and to know the access in market information. Investors were requested to respond to a total of 15 statements comprises of yes/no questions to know awareness in Nepalese market, multiple choices questions comprising what field they are interested on, few demographics statements comprising age, gender, education and occupations they are involved in and finally few statements defining how they invest on. The content of variables in stated questionnaires were identified through review of literatures and consulatation with academian and experts. Valid questionnaires were developed were developed keeping in mind that the objectives of the study. Since, the objective of study is to learn current awareness level amongst the investor; personal questionnaire were developed in a manner to identify the investor state.

Systematic calculation for determination of sample size in infinite population for this research has not been used. Questionnaire was published on **Google Form** and distrubuted via email and social media to different type of people those were investor or non-investors. For the matter of incorporating diversified respondents, responses are collected from the banking, academic, government, house-hold and business sectors.

After the collection of questionnaire, the responses are exported as excel format with individual value. Basic individual information were termed as demographics data like gender, age group, education background and profession. Other related information are also investigate as per the objective and different tools are used as follow:

* Google Form - For collection of data
* Excel - For representing data and basic analysis
* SPSS(Statistical Package for Social Science) - For further processing and finding relationship between different parameters from the questionnaire.

## Limitations

Though best possible efforts have been made to prepare this report, this report is still not free from some limitations. The limitations in inherent in this report are:

* The study sample size tend to be infinite but tend to limit on certain group of individuals only.
* Due to the time boundary, this report may not consider wide range or people.
* The knowledge, skill, tools and technique applied are limited.

# CHAPTER-2

# RESULTS AND ANALYSIS

## Data Presentation

The questionnaire were published to Google Forms as in the link(https://forms.gle/J6z3bXgeemZvCgAy9) and a total of 32 respondants posted their information along with the questions intended to. After final collection of data, different profile of people were found.

|  |  |  |
| --- | --- | --- |
| **Profile** |  | **Percentage of Frequency** |
| Gender |  |  |
|  | Male | 0.0% |
|  | Female | 0.0% |
| Age |  |  |
|  | Below 25 |  |
|  | 26-40 |  |
|  | 40-50 |  |
|  | Above 50 |  |
| Qualification |  |  |
|  | Under Graduate |  |
|  | Post Graduate |  |
|  | Others |  |
| Annual Income |  |  |
|  | Below 2,00,000 |  |
|  | 2,00,000-5,00,000 |  |
|  | 5,00,000-10,00,000 |  |
|  | Above 10,00,000 |  |

Table 2.1 Profile of Respondents

## Analysis of Results

Some analysis

## Major Finding

And some findings

# CHAPTER-3

# SUMMARY AND CONCLUSION

## Summary

summary

## Conclusion

conclusion

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# APPENDICES