DIVIDEND POLICY AND ITS IMPACT ON SHARE PRICE OF NEPALESE DEVELOPMENT BANKS

A Dissertation Submitted to the office of the Dean, Faculty of Management in partial fulfilment of the requirements for the Master's Degree of Business Studies

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Certification of Authorship

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled "***Dividend Policy and Its Impact on Share Price of Nepalese Development Banks***". 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 requirements for any other academic purpose.

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, the undersigned, have examined the dissertation entitled "***Dividend Policy and Its Impact on Share Price of Nepalese Development Banks***" presented by Aakash Bhattarai a candidate for the degree of Master of Business Studies (MBS Semester) and conducted the Viva Voce examination of the candidate. We hereby certify that the dissertation is worthy of acceptance.

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Abbreviations

A.D.	:	Anon Domini
ANOVA	:	Analysis of Variance
B	:	Unstandardized Beta Coefficient
CD	:	Cash Dividend
CDBL	:	Corporate Development Bank Limited
Coeff.	:	Coefficient
CV	:	Coefficient of variation
DPR	:	Dividend Payout Ratio
DY	:	Dividend Yield
e. g.	:	Example
EDBL	:	Excel Development Bank Limited
GBBL	:	Garima Bikas Bank Limited
GDB	:	Garima Development Bank
GDBL	:	Green Development Bank Limited
H	:	Hypothesis
IBM	:	International Business Machine
JBBL	:	Jyoti Bikas Bank Limited
KRDBL	:	Karnali Development Bank Limited
KSBBL	:	Kamana Sewa Bikas Bank Limited
LBBL	:	Lumbini Bikas Bank Limited
MBBL	:	Mahalaxmi Bikas Bank Limited
MDBL	:	Miteri Development Bank Limited
MNBBL	:	Muktinath Bikas Bank Limited
MPS	:	Market Price per Share
NDBL	:	Narayani Development Bank Limited
NEPSE	:	Nepal Stock Exchange
NRB	:	Nepal Rastra Bank
P-taste	:	Probability Test
R	:	Correlation
SBBL	:	Sindhu Bikas Bank Limited

SD	:	Stock Dividend
Sig.	:	Significance
SLDBL	:	Shangri La Development Bank Limited
SN	:	Serial Number
SPSS	:	Statistical Package for the Social Science
SRDBL	:	Shine Resunga Development Bank Limited
T	:	T-statistic

Abstract

This study investigates the dividend payment practices and their impact on market prices of Nepalese Development Banks listed on the Nepal Stock Exchange (NEPSE). The objectives include examining the status of key financial indicators such as book value per share (BVPS), loan ratio (LR), cash dividend per share (CDPS), stock dividend per share (SDPS), dividend payout ratio (DPR), dividend yield (DY), bank size (BS), inflation rate (IR), and gross domestic product (GDP) growth rate. It also aims to analyze the effects of these variables on market price per share (MPS) and book value per share (BVPS). A descriptive and causal comparative research design was employed, utilizing secondary data collected from 15 selected development banks over a period spanning from fiscal year 2013–14 to 2022–23. Data were sourced from bank websites, NEPSE reports, balance sheets, and profit and loss statements. Descriptive analysis revealed substantial variations across banks in terms of financial indicators, indicating diverse financial strategies and market conditions. Regression analysis demonstrated that DPR positively influences MPS, suggesting that higher dividend payouts are perceived positively by investors. Conversely, DY exhibited a negative impact on MPS, implying that higher dividend yields may signal limited growth potential. Bank size and GDP growth rate were found to positively affect MPS, underscoring their significance in market valuation.

The findings suggest that development banks in Nepal should strategically manage their dividend policies to enhance investor confidence and stock performance. Larger banks are perceived as more stable and attractive, highlighting the importance of growth and expansion strategies. Moreover, macroeconomic factors, particularly positive GDP growth, significantly influence stock prices, emphasizing the need for banks to monitor and respond to economic trends. In conclusion, this study contributes to understanding the dynamics of dividend policies, bank size, and macroeconomic conditions on the market prices of Nepalese Development Banks. Future research could explore the long-term impacts of these factors across different economic environments to enhance the robustness and applicability of these findings in global financial contexts.

Keywords: *Dividend Policies, Market Price, Development Banks, Nepal and Financial Performance*

CHAPTER I
INTRODUCTION

1.1 Background of the Study

The dividend, or the portion of a company's net income sent to shareholders in line with its dividend policy, is a tactical instrument for returning investors' capital (Adhikari, 2020). Dividend practices are the policy decisions that establish the quantity and timing of cash payouts within the fiscal year. Although managers, lawmakers, and academics cannot agree on how payment rules impact stock prices, payout policies remain one of the most researched subjects in corporate finance (Pradhan, 2003).

Some contend that a company's worth is not affected by its dividend policy since a company's value is derived from its earning potential and business risk, not from the distribution of profits between retained earnings and dividends. Miller and Modigliani (1961) assert that investors' primary concern is the total returns they get, which may be capital gains, dividends, or both. We call this point of view dividend irrelevance hypothesis. Conversely, proponents of dividend relevance assert that dividend policy has an effect on corporate value. Lintner's (1956) results demonstrate a clear correlation between a company's dividend policy and stock price, implying that larger payments are linked to superior market value.

Dividend decisions, which are critical to a business's financial management, include allocating profits between distributions and retained earnings. It is an important decision that impacts a number of broader financial factors, including investor sentiment, company liquidity, cash flow management, capital structure, and business value (Bhandari and Pokhrel, 2012). In order to maximize company value, the optimal dividend policy must strike a balance between long-term business goals and shareholder expectations. These decisions are influenced by many factors, including as past financial success, prospective future growth, and investor preferences (Lintner, 1956).

Different stages of a business's life cycle give rise to different dividend distribution trends. High growth and large cash flows are linked to fewer investment opportunities and more dividend payments from the business. Mehta (2012) notes some noteworthy trends in dividend policy, such as: Dividends are less changeable (sticky), often lag profits, have smoother trajectories than earnings, and vary significantly over the course of a company's

life cycle. These dynamics are especially apparent in cyclical industries, as companies strive to maintain consistent dividend payments to investors during slow economic times.

Decisions the firm takes regarding funding, investments, and dividends have a direct impact on the stock price of the company, which is a representation of shareholder wealth. The decisions made about dividends have a big impact on shareholder wealth: securities return often rise in reaction to announcements of dividend increases, whereas reductions may have the opposite effect (Mollah, 2009). Dividend policy seeks to align management incentives with shareholder interests in order to minimize agency costs. By limiting managers' access to discretionary funds, dividend payments encourage prudent and disciplined financial management (Bhattarai, 2021).

The desire of shareholders for stable payout ratios demonstrates the value of dividend payout ratios as an investment criterion. Since risk-averse investors, such the elderly and small savers, rely on dividend income to fund their needs, clientele consequences in dividend policy are significant (Alii et al., 1993). Companies aim to attract and retain income-stable investors by aligning their dividend policy with shareholder preferences.

Research on the variables impacting dividend distribution in development banks operating in Nepal is particularly pertinent, given the unique economic conditions of that country's banking sector. Unlike studies conducted in other countries, research that is specific to Nepal might provide insights that are appropriate for the country's regulatory frameworks and market dynamics. Understanding how dividend policies impact investor confidence, financial stability, and stock market perspectives in developing countries like Nepal is contingent upon doing such research (Bista, 2022). This study aims to provide useful insights for bank management, investors, and regulators by examining the relationship between dividend policy and stock prices listed on the Nepal Stock Exchange (NEPSE).

In conclusion, research on dividend policy in development banks there is crucial given how Nepal's banking sector is evolving. The findings are expected to offer useful insights into the financial health, market valuation, and strategic decision-making of development banks in Nepal. They are also expected to promote informed investment choices and the efficiency of the financial market in developing nations. Research on dividend practices has been done for Nepalese development banks since the country's banking sector has seen substantial change and is expanding into a major economic sector. Examining the

relationship between dividend policies and their impact on the market value of NEPSE listed shares is the goal of this study.

1.2 Problem Statement

Financial management's primary goal is to maximize shareholders' wealth via carefully considered financing, dividend decisions, and investments Khadka, (2012). In the context of Nepalese Development Banks, dividend policy has a major influence on investor perceptions and business value. These institutions are essential to Nepal's financial sector, despite the paucity of research on their distinct dividend policies. Analyzing the financial stability and operational efficacy of Nepalese Development Banks requires an understanding of their existing dividend policies. The goal of this research is to provide stakeholders with a comprehensive knowledge of these institutions' dividend policies, so they may make well-informed decisions.

When evaluating a company's financial performance and making investment decisions, investors heavily rely on dividend criteria such cash dividends, stock dividends, dividend payout ratios, and dividend yields Dawar (2012). In emerging countries such as Nepal, where financial openness and market efficiency are increasing, the relationship between these dividend features and stock market values is particularly important. This study aims to uncover important information for investors and financial professionals by examining the effects of cash dividends, stock dividends, dividend payout ratios, and dividend yields on the market prices of Nepalese Development Banks' stocks.

A trade-off exists between allocating profits to shareholders and retaining earnings for potential future growth. A company's stock price and overall financial strategy may be significantly impacted by the choice between cash and stock dividends, as well as factors like dividend payment ratios and yields Baker and Powell (1999) Brigham and Gapenski (1974). This research aims to investigate the effects of these policy determinants on stock prices in the context of Nepalese Development Banks, wherein clear and consistent dividend policies are critical but not consistently implemented. The goal of the findings is to provide managers and policymakers with important information that will help them create dividend policies that successfully meet shareholder expectations and support long-term development.

This paper aims to provide significant empirical data and theoretical insights into the dividend policies of Nepalese Development Banks via an empirical investigation into these topics. Through raising knowledge of the ways in which dividend decisions and market values interact, the study aims to improve financial decision-making processes in Nepal's banking sector and provide guidance for policy recommendations. The goal of this research is to close significant information gaps so that Nepal's nascent financial industry may ultimately operate with more transparency, investor confidence, and market efficiency.

In this way, Nepal has produced very few research studies in this area. Therefore, the purpose of this research has been to respond to the following queries.

i. What is the current situation with regard to the loan-to-stock ratio, book value per share of Nepalese Development Banks' stock, cash dividend per share, stock dividend per share, dividend payout ratio, dividend yield, bank size, inflation rate, and growth rate of the GDP?

ii. What is the relationship between dividend payout and its impact on market to book ratio of Nepalese Development Banks?

iii. Does loan ratio, cash dividend per share, stock dividend per share, dividend payout ratio, dividend yield, bank size, inflation rate, gross domestic product growth rate have impact on stock price and market to book ratio of Nepalese Development Banks?

1.3 Objectives of the Study

This study's primary goal is to investigate development banks' dividend distribution policies and how they affect the market value of their stock. The following are the research's primary goals:

i) To identify the status of book value per share, loan ratio, cash dividend per share, stock dividend per share, dividend payout ratio, dividend yield, bank size, inflation rate, gross domestic product growth rate, market price and book value per share of stock of Nepalese Development Banks.

ii) To examine the relationship between dividend payout and its impact on market to book ratio of Nepalese Development Banks.

iii) To analyze the impact of loan ratio, cash dividend per share, stock dividend per share, dividend payout ratio, dividend yield, bank size, inflation rate, gross domestic product growth rate on stock price and market to book ratio of Nepalese Development Banks.

1.4 Research Hypotheses

The literature is used to produce the following theories, which will be empirically investigated.

H1: There is a significant impact of loan ratio on MPS.
H2: There is a significant impact of cash dividend per share on MPS.
H3: There is a significant impact of stock dividend per share on MPS.
H4: There is a significant impact of dividend payout on MPS.
H5: There is a significant impact of dividend yield on MPS.
H6: There is a significant impact of bank size on market MPS.
H7: There is a significant impact of inflation rate on MPS.
H8: There is a significant impact of gross domestic product growth rate on MPS.
H9: There is a significant impact of loan ratio on MPS/BVPS.
H10: There is a significant impact of cash dividend per share on MPS/BVPS.
H11: There is a significant impact of stock dividend per share on MPS/BVPS.
H12: There is a significant impact of dividend payout on MPS/BVPS.
H13: There is a significant impact of dividend yield on MPS/BVPS.
H14: There is a significant impact of bank size on MPS/BVPS.
H15: There is a significant impact of inflation rate on MPS/BVPS.
H16: There is a significant impact of gross domestic product growth rate on MPS/BVPS.

1.5 Rationale of the Study

In order to accomplish the predetermined objectives, a thorough analysis of Nepalese development banks' dividend distribution policies and the impact these policies have on share prices will be undertaken. The main goal of this study is to provide investors crucial insights into how dividend policies affect stock value in the context of Nepalese Development Banks. This study aims to shed light on the factors that influence dividend decisions and the effects those decisions have on market dynamics through the examination of variables such as market price of stock, bank size, inflation rate, gross

domestic product growth rate, book value per share, loan ratio, cash dividend per share, stock dividend per share, dividend payout ratio, dividend yield, and bank size.

Furthermore, government authorities tasked with overseeing and regulating the financial industry will find the study's conclusions to be a priceless resource. Through illuminating the relationship between internal financial conditions and market outcomes, the study will aid in the development of policies that improve market transparency, stability, and investor trust. This will be achieved by figuring out how these results interact with one another. Empirical data about the impact of dividend policies on stock prices would be helpful for policymakers to have. They will have the chance to make well-informed decisions as a result, supporting the growth and stability of the financial sector.

From a bank management standpoint, the study findings will provide valuable perspectives for maximizing dividend policy to align with market conditions and shareholder expectations. If bank managers are fully aware of the significant effects that dividend payout ratios and other financial metrics have on stock prices, they will be able to make strategic decisions that will boost shareholder value and encourage sustainable growth. The study aims to provide managers with the necessary knowledge to navigate complex financial situations by raising awareness of these processes. The research will be carried out in order to achieve this.

Additionally, by extending theoretical understanding and empirical methodologies in the field of corporate finance, especially in developing nations like Nepal, this work will advance scholarly research. The study will be conducted in Nepal. Enhancing the scholarly discourse on dividend policy dynamics, the project will integrate existing literature and use meticulous empirical analysis. A thorough analysis of methods and outcomes will be helpful to future researchers, providing a basis for further investigation and the formulation of concepts related to payout practices in similar circumstances.

Last but not least, our study aims to reach a broad audience interested in comprehending the components of dividend payment ratios and their implications outside of academic and professional circles. It will provide insights into the complex relationship between corporate financial decisions and market outcomes, serving as an instructional tool for both the general public and students. The study aims to promote awareness and informed participation in financial markets among stakeholders by disseminating information about dividend policy and their ramifications.

This research seeks to provide valuable insights on dividend practices across Nepalese development banks via extensive empirical investigation and theoretical analysis related to its objectives. The study aims to educate decision makers in the public, politicians, bank management, investors, and academics by clarifying the factors influencing dividend decisions and their effects on stock prices.

1.6 Limitations of the Study

The limitations of the study are as follows;

i) The study is based on data from fifteen out of seventeen Nepalese development banks, potentially limiting the generalizability of findings to the entire sector.

ii) Incorporating both microeconomic and macroeconomic variables introduces complexity, which may constrain the depth of analysis for each variable.

iii) The study relies solely on secondary data sources, which may vary in quality and completeness, affecting the accuracy of findings.

iv) Analysis spans a ten-year period (2013/14 to 2022/23), potentially overlooking recent developments and emerging trends in dividend practices.

v) Findings may primarily apply to Nepalese financial institutions and may not be universally applicable to international banks or broader financial contexts.

vi) Resource and time constraints limited the exhaustive collection and analysis of all potentially relevant variables, potentially impacting the comprehensiveness of the study.

vii) The findings' external validity may be limited due to the specific context of Nepalese development banks, potentially constraining their applicability to other national or international financial institutions.

CHAPTER II
LITERATURE REVIEW

2.1 Theoretical Review

Prominent scholars have developed theoretical models about dividend policy to elucidate the ways in which corporations oversee their distribution of dividends and the ways in which they impact market dynamics and shareholder value.

Theory of Dividend Irrelevance

Developed by Modigliani and Miller in 1961, the Dividend Irrelevance Theory, or MM theorems, challenges common knowledge by asserting that a firm's dividend policy has no effect on its cost of capital or stock price in a perfect market. Their main argument is that the payout structure has no impact on the firm's final value in an ideal market where investors may reinvest dividends at the same rate as the business and have equal access to information. According to Modigliani and Miller, the two main factors that determine a company's worth are its earning potential and business risk. Investors may replicate any desired dividend policy by adjusting the percentage of dividends and capital gains in their portfolio, claim Modigliani and Miller (1961). This effectively removes any real impact that dividend decisions may have on the value of the firm.

Therefore, the applicability of the Dividend Irrelevance Theory in real-world scenarios has been called into question. Its opponents argue that market imperfections like taxes, transaction fees, and information asymmetries might disrupt the perfect conditions proposed by Modigliani and Miller. These shortcomings could affect investor behavior and company value in unexpected ways based on theory. Due to the potential tax implications, investors with different tax rates may have different preferences for dividend payments, which in turn affects the demand for dividend-paying stocks. Despite these criticisms, the MM theorems remain essential to understanding the theoretical underpinnings of dividend policy and its relationship to firm value in idealized market environments.

Theory of the Bird in hand

Myron Gordon's (1962) Bird in hand Theory offers an alternate perspective to the Dividend Irrelevance Theory by emphasizing the perceived benefits of dividends for investors. According to Gordon, investors often choose current dividends over uncertain

future capital gains. This preference stems from the fact that dividends provide tangible benefits that investors who are seeking income particularly value, such as immediate liquidity and a steady supply of income. Gordon (1962) postulated that corporations that consistently pay dividends might attract investors who place a high value on stability and consistent revenue sources. If these investor preferences are met, the market price of the firm can increase.

Gordon also believes that a company's capacity to pay dividends reveals the stability of its finances and the degree of confidence it has in its future. Maintaining a steady dividend policy may assist a business in projecting reliability and consistency to investors, so improving their perception of the risk profile and long-term profitability of the business. This signaling influence emphasizes the strategic importance of dividends as a means of aligning investor expectations with the financial performance and development prospects of the firm. Thus, the Dividend Irrelevance Theory focuses on investor arbitrage and market efficiency, whereas the Bird in Hand Theory highlights the psychological and financial incentives that dividends provide to investors.

Theory of Tax Preference

The impact of taxes on the actions of investors and the value of corporations is explained in detail by Litzenberger and Ramaswamy's Tax Preference Theory (1979). The theory states that the tax treatment differences between dividends and capital gains have a significant impact on investor preferences for dividend-paying stocks. In many tax jurisdictions, dividends are taxed differently than capital gains and are often subject to higher tax rates. Investors may opt to invest in firms that produce dividends because dividend income has a more favorable tax treatment than other forms of investment returns.

Understanding the tax implications of dividend policy is critical for attracting investors and efficiently managing capital structure from a business perspective. Businesses may adjust their dividend policy proactively to maximize post-tax returns for stakeholders, which will increase the share price's market appeal. This aligns with the broader goal of handling the complexities of tax rules and investor preferences while optimizing shareholder value. By emphasizing dividends as a critical component of company financial strategy, the Tax Preference Theory draws attention to the interplay between tax policy, investor behavior, and business value.

Theory of Agency Costs

Jensen (1986) investigated the usage of dividends as a way to reduce agency conflicts between managers and shareholders in his Agency Cost Theory. The idea holds that since ownership of publicly listed enterprises is shared by shareholders and management, conflicts of interest may arise. It is possible for managers to prioritize their own interests above those of the shareholders, which might lead to wealth expropriation and increased agency costs. Dividend payments contribute to minimize agency costs by taking away funds that managers could otherwise misallocate or retain for personal gain.

Furthermore, a company's dividend payment consistency demonstrates its commitment to maximize shareholder value and financial transparency. By distributing profits to shareholders, businesses demonstrate their willingness to split financial success and align managerial incentives with shareholder interests. This congruence may lower the perceived risk of managerial opportunism, raise investor trust, and improve stock prices. The Agency Cost Theory therefore emphasizes dividends as a financial distribution tool as well as a governance tool to lessen agency conflicts and enhance corporate governance practices.

Theory of Signaling Mechanisms

The Signaling Mechanism Theory by Baker, Farrelly, and Edelman (1985) provides insight into how managers use dividend policy to discreetly inform investors about a company's future prospects. According to this theory, management willfully alters dividend amounts to reflect the company's true value because they have insider knowledge and believes the market price does not fairly reflect the firm's intrinsic worth. By increasing dividends, management convey their conviction in the company's financial stability and development potential, attracting and retaining investors who appreciate steady and growing income streams.

The concept of asymmetric information, in which managers possess knowledge that the public market can not readily access, is the basis for this purposeful use of dividends as a signaling instrument. Dividends are an efficient way to distinguish between businesses with promising futures and those with weaker growth prospects. This influences the

opinions of investors, which impacts stock prices. The Signaling Mechanism Theory highlights dividends as a tool for management communication and investor relations, emphasizing their importance in influencing market expectations and boosting shareholder value.

Theory of Clientele Impact

Black and Scholes, (1974) introduced the Clientele Impact Theory for the first time in 1974. It looks at different investor groups' preferences for different dividend distribution plans, each with its own tax position and income criteria. According to this theory, investors who rely on asset income, including pension funds and retirees, often choose consistent dividend distributions in order to meet their financial obligations. Conversely, younger investors can place a higher value on potential for capital gains and reinvestment than they do on income in the near future.

By adjusting their dividend policy to satisfy the needs of certain investor groups, companies may suit the preferences of their investors. Businesses that provide dividend distribution options that accommodate different tax brackets and income requirements may attract and retain a diverse group of investors. This strategy's alignment with investor preferences not only promotes shareholder loyalty but also has a long-term impact on market value and stockholder composition. The dynamic interplay of investor demographics, dividend policy decisions, and company value is therefore emphasized by the Clientele Impact Theory, which views dividends as a critical element of investor relations and corporate finance strategy.

2.2 Empirical Review

Rozeff (1982) developed a methodology to estimate the optimal dividend distribution while minimizing agency and transaction costs. Dividends are advised as a means to lower this risk since agency costs are the result of managers mismanaging free cash flow. Conversely, an overly generous dividend policy might lead to high transaction costs and lower the company's worth. Four factors drive Rozeff's model: revenue growth (correlates with lower dividends due to increased investment needs); beta coefficient (indicates lower dividends with higher earnings volatility); insider ownership percentage (suggests higher agency costs and hence higher dividends); and number of shareholders (correlates with higher dividend payouts and increased agency costs). The important coefficients of

Rozeff's model show how effective it is in predicting dividend policies based on firm-specific information.

When Baker, Farrelly, and Edelman (1985) polled financial managers, the findings indicated that continuity and shareholder value were the key variables affecting dividend policy. The survey draws attention to the perceived impact of dividends on stock prices, revealing managers' awareness of the implications for signaling and customer base. This empirical study supports Lintner's behavioral model by highlighting the continued importance of dividend policy in corporate finance. Dividends are important beyond financial metrics because of their strategic significance in investor relations and market perception, which is supported by management viewpoints on value enhancement and dividend continuity.

The cross-sectional determinants influencing debt levels, dividend policy, and insider ownership in various corporations were studied by Jensen et al. (1992). Their regression models demonstrated a relationship between lower debt and dividend payments and more insider ownership, which bolstered the argument for corporate finance oversight. Investment, profitability, and business risk are three elements that influence decisions made at the firm level and are congruent with a modified form of the "pecking order" idea. The study highlights how insider ownership, debt structure, and dividend policy interact to influence corporate governance and financial strategy.

Alli et al. (1993) used factor analysis to identify the variables affecting dividend policy for 105 distinct corporations. Their findings showed a negative relationship between dividend payments, external financing costs, investment outlays, and growth projections. The positive relationship between higher dividend payouts and institutional ownership lends credence to tax clientele theories. Dividend stability was linked to capital structure flexibility, which was a reflection of management strategies in dividend policy. The research's approach highlights how intricate dividend determinants are and how they impact the financial management of businesses.

Mahapatra and Sahu (1993) used econometric models to study dividend behavior in ninety Indian firms. The examination emphasized the cash flow model's robustness, highlighting its past dividend patterns and cash flow capabilities as critical aspects. The relevance of variables like investment demand and liquidity on dividend decisions across sector groupings brought attention to the variations in dividend policy drivers that are

industry specific. The study's conclusions on dividend behavior in emerging market scenarios help to explain regional variations in corporate finance.

Olson and McCann (1994) examined the link between profitability and dividends using Granger causality tests. The signaling theory was supported by their findings, which demonstrated that dividend information enhances profit forecasting. Companies using dividend signaling or partial adjustment techniques have distinctive financial characteristics, such higher asset turnover and less unpredictable growth. The study highlights how dividend policies mirror management strategies in balancing financial performance and shareholder expectations, emphasizing the dual significance of dividends in financial forecasting and market signaling.

D'Souza and Saxena (1999) examined the effects of market risk, investment opportunities, and agency costs on the dividend policies of 349 multinational corporations. They found that agency costs and dividend distributions were negatively correlated, underscoring the significance of governance procedures in dividend decision-making. Market to book ratios and institutional ownership affected dividend policy, while growth rates and beta had different impacts on different enterprises. The investigation adds to our understanding of the intricate relationships that exist between financial strategy and corporate governance as well as the regional variations in the factors that influence dividend policy.

Baker and Powel (1999) conducted a survey of 170 senior managers of US companies listed on the NYSE to gather their opinions on the dividend theories of tax preference (clientele), agency, bird in the hand, and signaling. The signaling theory, which shows that managers see dividends as indications of the company's health and prospects going forward, garnered the greatest amount of support. Out of 20 factors that affect dividend policy, present and projected earnings continuity ranked highest. One of the drawbacks was the focus on well-known, dividend-paying businesses in certain industries, which may have distorted the findings and added nonresponsive bias.

Anand (2002) examined a 2001 survey of 81 CFOs from Indian Business Today 500 organizations using factor analysis. The majority of businesses had dividend payout ratios that matched Lintner's studies on dividends, demonstrating the stability and dividend-paying capacity of the business. Investor preferences and clientele influences have a

significant impact on the development of dividend policy, reflecting management strategies aimed at increasing market value.

Omran and Pointon (2004) looked at 94 Egyptian businesses to assess how dividend policies affected share prices and factors that drove payment ratios. They found that, for non-actively listed firms, dividends were more significant than earnings, influenced by accounting book value. Leverage and company size had a negative effect on payout ratios in actively listed companies, whereas non-traded companies showed the opposite trends. A relationship between declining dividends and fluctuations in profitability and liquidity problems was found using logistic regression.

Size, market liquidity, profitability, ownership, signaling, and leverage were shown to be significant factors by Naceuret et al. (2006) in their examination of the dividend dynamics of 48 businesses listed on the Tunisian Stock Exchange between 1996 and 2002. Particularly in stable, successful enterprises, current earnings and dividend consistency had a major influence on dividend payouts. The market's influence was underscored by negative correlations found between market liquidity and firm size as well as dividend payments.

Amidu and Abor (2006) examined the variables influencing dividend distribution in Ghanaian listed companies over a six-year period. Their findings indicate a favorable correlation between tax advantages, cash flow, and dividends and profitability. The relationship between institutional ownership and growth and dividend distributions was negative, suggesting the use of risk and growth management strategies. Businesses' investment decisions and dividend policy were influenced by market to book value.

Jiraporn and Ning (2006) examined the agency costs of dividend programs using 3,732 firm year data from large companies, including the SandP 500. Their finding of an inverse relationship between dividend payments and shareholder rights bolstered the replacement theory. There was a correlation between lower shareholder rights and higher payouts, indicating that dividend policy may be used as a governance tool. The findings were impacted by country-specific legal differences, but the relevance of agency theory in understanding dividend programs was validated.

Pandey and Bhatt (2007) examined the dividend behavior of Indian corporations with an emphasis on stability and the impact of monetary policy restrictions. Using Lintner's model and the GMM estimator, they found that Indian businesses had low target payout

ratios and substantial adjustment factors, implying unstable dividend policies. Monetary policy restrictions resulted in a dramatic 5–6% drop in payout ratios, which affected businesses' ability to raise capital and enhanced information asymmetry. The findings described above demonstrate how macroeconomic policies affect the financial decisions made by businesses and provide possible avenues for further research into the broader macroeconomic ramifications.

Al Malkawi (2008) investigated factors influencing corporate dividend decisions in publicly traded Jordanian businesses using a 15-year panel data set. The study indicates that businesses with a higher degree of profitability, longevity, and less investment opportunities are more likely to provide dividends. Financial leverage exhibited a negative correlation with the likelihood of a dividend, but business age had a quadratic relationship. These results partially supported agency cost explanations and picking order hypotheses, and they illustrated the applicability of dividend theories in emerging nations like Jordan.

Ahmed and Javid (2009) looked at the dividend distribution patterns of 320 non-financial businesses that were listed on the Karachi Stock Exchange between 2001 and 2006. Using Lintner's approach, they found that distributions depended more on current profitability than on past dividends. While investment opportunities and leverage had detrimental consequences, dividend payments were often higher for firms with better ownership concentration and steady profitability. Market capitalization and firm size had a negative effect on the dividend payment policy, which may be explained by the preference for strategic investments over returns to shareholders.

Tahir (2009) investigated the dividend payment ratios of Malaysian Government Linked Companies (GLCs) using multiple regression analysis. The study discovered that although board independence had a negative correlation with dividends, cash flow and profitability had a positive effect. Twenty-three percent of the factors had a substantial impact on dividend payment ratios in Malaysian GLCs; this suggests that further study is needed to completely comprehend how corporate governance affects dividend policy.

Al Kuwari (2009) tested the dividend policy of GCC listed businesses using Tobit models, highlighting the significance of government ownership, leverage, profitability, and company size. Despite the lack of sufficient security for shareholders, the study

indicates that dividends were used to maintain the company's reputation and minimize agency problems. The fact that business profitability has emerged as a prominent factor influencing dividend policy modifications in GCC countries is evidence of the dynamic nature of payout options.

Gill, Biger, and Tibrewala (2010) built on previous research by examining variables that affect dividend payout ratios across American industrial and service industries. Using financial data from 2007, they found that different sectors' dividend payment rates were affected differently by profit margin, sales growth, debt to equity ratios, and taxes. The study highlighted the difficulties in selecting the optimal dividend policy by drawing attention to variations in dividend payment behavior based on financial parameters particular to a specific sector.

John and Muthusamy (2010) looked at the variables impacting dividend payout ratios in the Indian paper industry, including leverage, growth, and profitability. Using OLS regression on the top 10 paper businesses listed on the Bombay Stock Exchange, they found that variables including growth in sales, market to book value, cash flow, leverage, liquidity, and return on assets influenced dividend distributions. Their study contributed to a better understanding of the dynamics of dividend policy in the unique context of the Indian paper industry.

Alzomaia and Al Khadhiri (2019) used data from non-financial companies that were listed on the Saudi Stock Exchange between 2004 and 2010 to investigate the variables impacting dividend policy in Saudi Arabia. They used multiple regression analysis to look at the impacts of growth, debt to equity ratio, beta, capital size, past dividends, earnings per share (EPS), and growth on dividends per share. The findings demonstrated that Saudi businesses generally base their dividend payments on current earnings and historical dividend payments, with profitability and prior dividend payments having a significant influence. The positive association between these attributes and dividends demonstrates that Saudi companies boost payouts in response to gains in profitability, which supports the signaling theory. For future research, the paper suggests expanding the study period and segmenting the data by industry.

Ethel, Mary, and Inyiama (2015) examined the variables influencing dividend distribution policies in the Nigerian brewery business using data from Guinness Nigeria Plc and Nigeria Breweries Plc from 2000 to 2013. They used multiple regression, Granger

causality, and Johansen cointegration tests to examine the relationships between dividends per share (DPS) and other performance measures. The results showed that although market price of equity shares (MPS) and profits per share (EPS) had a positive impact on DPS, net asset value per share (NAVPS) and total assets (TA) had a little but negative influence. The substantial relationship shown between DPS and EPS, MPS, and NAVPS lends credence to the signaling concept. This implies that directors must to monitor variables influencing share prices and optimize net profits.

Rohov et al. (2020) looked at the dividend policy of the Ukrainian market, which is characterized by a developing stock market and legal uncertainty for minority shareholders. Using information from 58 non-financial public joint stock companies in Ukraine, they used the Interactive Tree Classification Technique (C and RT) to investigate ideas on the impact of ownership structure, size, business risk, and financial state on dividend payments. The categorization model correctly predicts dividend choices by demonstrating that businesses with majority ownership by both private and institutional investors are more likely to pay dividends. Financial variables significantly influenced the categorization of firms that do not pay dividends, while business risk did not.

Angelia and Toni (2020) examined the impact of debt, profitability, and liquidity on dividend policy in the Indonesian food and beverage sector from 2015 to 2017. Using a sample of eighteen companies and multiple linear regression analysis, they found that profitability has a significant influence on dividend policy, while debt and liquidity do not. The independent factors explain 38.2% of the variance in the dividend payout ratio, based on the adjusted R square value. Since the study highlights the importance of profitability in determining dividend policy, it has implications for management decision making on profit allocation.

The factors affecting dividend policy for Pakistani pharmaceutical companies listed on the Pakistan Stock Exchange between 2013 and 2017 were investigated by Gul, Ullah, and Rasheed (2020). Using panel VAR, fixed effect, and regression models, they found that managerial ownership, debt policy, return on assets (ROA), firm size, and free cash flow had a significant impact on dividend policy. According to the study, dividend policy decisions should include long-term profitability and growth possibilities. This emphasizes the need of focusing on future performance in order to improve corporate success.

Hartono et al. (2021) examined the variables that predicted dividend policies in Indonesian real estate, construction, and property industries from 2013 to 2019. Using hierarchical multiple panel data regression, they found that company risk, financial leverage, and investment opportunities all affected dividend policy. Previous settlements had a similar influence on policy, but in a different direction. The study provides management practitioners with insights on predictions to enhance business performance and provide optimal returns for investors, and it emphasizes the usefulness of parametric statistical analysis in understanding the drivers of dividend policy.

Yakubu (2021) looked on the impact of working capital management on dividend policy in Ghanaian non-financial enterprises between 2007 and 2016. Using ordinary least squares (OLS) analysis, the study found a positive association between the cash conversion cycle (CCC), days inventory outstanding (DIO), and dividend policy. Furthermore, a weak but positive association was seen between dividend policy and the expansion and profitability of businesses. The findings emphasize the importance of working capital management, in particular DIO, in influencing dividend policy decisions, which gives directors and shareholders vital information to help them make well-informed investment decisions.

The goal of Feizal, Sudjono, and Saluy's (2021) study was to determine the factors that affected dividend payments in Indonesian construction companies from 2014 to 2019. Using panel data analysis, they looked at the effects of return on equity, debt to equity ratio, and current ratio on dividend payments. The study revealed significant relationships between these financial metrics and dividends, suggesting that capital structure and profitability are crucial factors to take into account when deciding on dividends. The research highlights how crucial it is for companies to consider these factors in order to appease investors and maintain their competitive advantage in a market that is undergoing rapid change.

Napitupulu and Djajanti (2021) looked at the dividend policies of Indonesian manufacturing companies that were listed between 2014 and 2016. Using panel data and multivariate regression analysis, they found that although other characteristics had minimal effect on dividend choices, profitability, capital structure, and assets had a significant influence. The study provides empirical evidence in favor of the life cycle and signaling theories of dividend policy, suggesting that companies should prioritize

profitability and effective capital management above all else in order to sustain consistent dividend payments and increase investor confidence.

Khan, Yilmaz, and Aksoy (2022) examined the impact of board demographic diversity on dividend distribution policy for Turkish non-financial companies listed on Borsa Istanbul between 2013 and 2018. Using panel logit and Tobit regression models, they found that variety in country, experience, and educational background positively enhances dividend payments, but diversity in gender, tenure, and age had minimal influence. The Demographic Board Diversity Index (DBDI) showed a positive link with dividend policy, especially for family-owned enterprises. This suggests that diverse boards improve corporate governance and are in favor of paying out greater dividends.

Lee et al. (2022) examined the variables affecting dividend distribution policy in the Vietnamese stock market between 2014 and 2018, with a particular emphasis on the Ho Chi Minh Stock Exchange. The study analyzed 756 data using the Fixed Effect, Random Effect, and Ordinary Least Squares models to assess a number of factors, including as growth rate, profitability, firm size, and financial leverage. The Hausman Specification Test indicated that the Fixed Effect model was the most consistent. The study's finding that these factors significantly influence dividend payout policy emphasizes how important dividend policy is in influencing investor decisions in emerging nations.

Thanh, Ha, and Ngoc (2022) conducted a study on the cash dividend policy of food companies that were listed on the Vietnamese stock market between 2011 and 2020. According to the research, growth rate (GR) and debt-to-equity ratio (DE) have a negative influence on the cash dividend payout ratio (DPR), whereas earnings per share (EPS), solvency (LR), and corporate income tax rate (TAX) have a favorable effect. Using data from 52 organizations, Bayesian Binary Logistic Regression was used to discover this. This research emphasizes the intricacy of dividend decisions and how they affect financial management in the food industry.

The impact of dividend policy on market value and shareholder wealth in Nigerian banks was examined by Ojeme et al. (2022) both before to and during the global financial crisis. The study used correlation analysis to examine the relationship between market prices and dividend payments from 2007 to 2010. The results demonstrated that higher dividend payouts boost shareholder wealth and that dividend payments are a key determinant of market value. The research highlights the significance of strategic dividend policies in

maintaining investor confidence and stock value, especially during periods of economic downturn.

Farrukh et al. (2023) assessed the impact of dividend policy on shareholders' wealth and company performance in Pakistan in order to settle a long-running dispute in corporate finance. Using variables including dividend per share, dividend yield, profits per share, share price, and return on equity, the study found that dividend policy had a positive effect on shareholders' wealth and business success. The report recommends more corporate transparency and a consistent, managed dividend policy to protect investors and boost company success. These suggestions are in line with notions like the clientele effect, dividend relevance, signaling influence, and bird in hand.

Ansar et al. (2023) examined the relationship between dividend policy and shareholders' wealth using a sample of thirty companies from the Karachi Stock Exchange that were in the textile, cement, and chemical sectors. Multiple regression analysis was used in the study to assess the impact of lagged pricing, return on equity, retained profits, and dividend per share on owners' wealth as determined by share market price. The results showed a strong positive association, suggesting that profitable dividend policies boost stockholder value in Pakistan.

Yegon et al. (2023) looked at the relationship between dividend policy and the profitability, investment, and earnings per share of nine publicly listed industrial companies in Kenya. Using regression analysis on data from annual reports, the study found considerable positive relationships between dividend policy and firm profitability, investment, and profits per share. The research emphasizes the dividend policy's crucial importance in financial management and organizational performance and suggests strong dividend policies to boost profitability and attract investments.

The impact of dividend policy on the performance of firms listed on India's Bombay Stock Exchange (BSE) was examined by Kumar et al. in 2024. They analyzed data from 150 firms from 2015 to 2022 and used panel data regression to look at retained earnings, dividend payout ratio, and dividend yield in relation to metrics like return on equity (ROE) and return on assets (ROA). Their findings demonstrated a favorable correlation between higher dividend payment ratios and improved firm performance, so supporting the dividend relevance theory's main contention that robust dividend policies convey financial health and boost investor confidence. However, several earnings-retaining

businesses faced criticism for their approach to managing surplus capital, which balanced dividend payments with growth potential. According to Kumar et al., two advantages of a well-calibrated dividend policy include boosting shareholder value and strategically placing enterprises in dynamic growing markets.

Li and Zhang (2024) focused on businesses that were listed on the NASDAQ between 2010 and 2022 in order to investigate the variables that affect dividend policy in the technology sector. Their study blended quantitative regression analysis with qualitative data from finance managers' interviews. They came to the conclusion that company size and profitability were the two main factors influencing technology companies' decisions to pay dividends. Profitable businesses with significant capital reserves often paid dividends, which was in line with theories that stressed effective cash flow management. Conversely, businesses that placed a high priority on growth often used their earnings to finance market expansion and research and development, which was negatively correlated with dividend payments. Their qualitative findings brought to light the industry's dynamic nature, where long-term innovation and competitiveness are often promoted more by strategic investment than by quick dividend payments. Li and Zhang's work provides empirical evidence for adaptive dividend policy in technology businesses. It supports strategies that aim to reconcile shareholder expectations with attempts to achieve sustainable development.

Table 1

International Context Literature Matrix

Author(s) and Year	Objective	Variables	Methodology	Findings
Rozeff (1982)	Examine factors influencing dividend payout	Independent: Agency cost, number of shareholders Dependent: Dividend payout ratio	Theoretical analysis	Higher dividends reduce agency costs; significant coefficients predicting dividend payouts.
Baker, Farrelly, Edelman (1985)	Explore perceptions of dividend relevance	Independent: Signaling theory, clientele effects Dependent: Perceived dividend relevance	Survey	Awareness of signaling and clientele impacts among respondents.
Jensen et al.	Investigate	Independent:	Empirical	High insider

(1992)	insider ownership and dividend policy	Insider ownership, profitability, growth Dependent: Debt and dividend policy	analysis	ownership correlates with low debt and dividends; supports modified pecking order hypothesis.
Alli et al. (1993)	Analyze institutional investors and dividend policy	Independent: Institutional ownership, shareholder dispersion Dependent: Dividend payout ratio, dividend stability	Empirical study	Higher institutional ownership leads to higher dividend payouts; insignificant relationship with shareholder dispersion.
Mahapatra, Sahu (1993)	Study determinants of dividend decisions	Independent: Net debt flow, liquidity Dependent: Dividend payout	Industry level analysis	Net debt flow and liquidity significantly influence dividend decisions in specific industries.
Olson, McCann (1994)	Examine firms following dividend signaling policy	Independent: Dividend signaling policy Dependent: Firm characteristics	Comparative study	Signaling firms exhibit specific characteristics like higher asset turnover and lower growth variability.
D'Souza, Saxena (1999)	Investigate international dividend policies	Independent: Institutional holding ratio, market risk Dependent: Dividend payout ratio	Cross country study	Higher institutional holding correlates with lower dividend payout; mixed results on market risk.
Baker, Powel (1999)	Compare dividend policy factors in regulated vs. unregulated firms	Independent: Regulatory environment, firm size Dependent: Factors influencing dividend policy	Comparative analysis	Similarities observed in factors influencing dividend policy; limitations in sample representativeness acknowledged.
Anand (2002)	Explore CFO perspectives on	Independent: Market signals,	Qualitative interviews	Dividend policy used for

	dividend policy	investor preferences Dependent: Dividend policy		signaling and investor preference alignment; supports Lintner's findings.
Omran, Pointon (2004)	Analyze determinants of payout ratios	Independent: Leverage, firm size Dependent: Payout ratios	Regression analysis	Negative relationship between leverage, firm size, and payout ratios; varies by industry segment.
Naceuret et al. (2006)	Study earnings sensitivity and dividend policy	Independent: Earnings stability, growth opportunities Dependent: Dividend payout ratio	Empirical research	Profits and stable earnings correlate positively with dividend payouts; growth impacts dividend policy.
Amidu, Abor (2006)	Investigate dividend policy in Ghanaian firms	Independent: Profitability, investment opportunities Dependent: Dividend payout policy	Empirical study	High growth firms retain more earnings; profitability influences dividend policy decisions.
Jiraporn, Ning (2006)	Examine agency theory and shareholder rights	Independent: Shareholder rights, agency costs Dependent: Dividend policy	Theoretical and empirical	Shareholder rights significant in determining dividend policy as per agency theory.
Pandey, Bhatt (2007)	Assess macroeconomic impacts on dividend payout	Independent: Macroeconomic policies Dependent: Dividend payout ratio	Macro level analysis	Macroeconomic policies affect cost of funds and information asymmetry, impacting dividend payouts.
Al Malkawi (2008)	Study dividend policy in an emerging market	Independent: Firm age, profitability Dependent: Dividend policy	Market analysis	Agency costs and pecking order hypothesis explain dividend policy in an emerging market.
Ahmed, Javid (2009)	Analyze ownership structure and	Independent: Ownership concentration,	Empirical research	Ownership concentration and market

	dividend payout	market liquidity Dependent: Dividend payout policy		liquidity positively impact dividend payouts.
Tahir (2009)	Investigate governance and dividend policy	Independent: Profitability, board independence Dependent: Dividend payout ratios	Corporate governance analysis	Governance structures influence dividend policies; profitability positively affects dividends.
Al Kuwari (2009)	Examine dividend policies in GCC countries	Independent: Profitability, agency costs Dependent: Dividend policy	Market study	Firms in GCC alter dividend policies based on profitability and agency costs.
Gill, Biger, Tibrewala (2010)	Analyze adjusted dividend payout ratio	Independent: Cash flow, firm characteristics Dependent: Adjusted dividend payout ratio	Comparative study	Differences observed in relationships between independent variables and adjusted payout ratios across industries.
John, Muthusamy (2010)	Study variables influencing dividend payout	Independent: Sales growth, market value Dependent: Dividend payout ratio	Empirical analysis	Consistent relationships found with sales growth, market value; contradicting results for EPS and P/E ratio.
Al Shubiri (2011)	Investigate factors affecting dividend policy	Independent: Leverage, profitability, growth opportunities Dependent: Dividend policy	Market analysis	Factors like leverage and profitability influence dividend policy in the Amman stock exchange.
Mehta (2012)	Examine factors influencing dividend payout	Independent: Growth rate, EPS growth Dependent: Dividend payout ratio	Cross sectional study	Limited timeframe study; factors like growth rate and EPS growth not considered.
Komrattanapanya (2013)	Evaluate dividend policy for wealth maximization	Independent: Investment decisions Dependent:	Panel data analysis	Financial managers use dividend policy to maximize

		Shareholders' wealth		shareholders' wealth; contributes to literature on Thailand.
Alzomaiaand Al Khadhiri (2019)	Study Saudi stock market and dividend policy	Independent: Sector specific factors Dependent: Dividend per share	Sectoral analysis	Saudi stock market influenced by signaling theory; suggests further sectoral disaggregation for deeper insights.
Ethel, Mary, Inyiama (2015)	Analyze DPS and EPS relationship	Independent: EPS, NAVPS Dependent: DPS	Causality analysis	Strong relationship observed between EPS, NAVPS, and DPS; implications for directors to improve earnings.
Rohov et al. (2020)	Examine shareholder control and dividend payment	Independent: Shareholder composition Dependent: Dividend payment	Classification tree analysis	Firms with controlling individual or institutional shareholders more likely to pay dividends.
Angelia, Toni (2020)	Investigate factors influencing dividend policy	Independent: Profitability, liquidity, leverage Dependent: Dividend payout ratio	Multiple linear regression	All independent variables influence dividend policy; adjusted R square indicates explanatory power.
Gul, Ullah, Rasheed (2020)	Study impact of managerial decisions on dividend policy	Independent: Managerial ownership, financial metrics Dependent: Dividend policy	Empirical study	Managerial ownership and financial metrics significantly affect dividend policy; future performance focus noted.
Hartono et al. (2021)	Analyze predictors of dividend policy	Independent: Risk, leverage, investment opportunities	Panel data analysis	Firm and company specific factors influence dividend policy;

		Dependent: Dividend policy		previous dividend effects vary.
Yakubu (2021)	Explore working capital and dividend policy	Independent: Working capital management Dependent: Dividend policy	Case study	Working capital management practices influence dividend policy decisions in Ghanaian firms.
Feizal, Sudjono, Saluy (2021)	Determine factors affecting dividends in construction firms	Independent: ROE, D/E ratio, current ratio Dependent: Dividends	Panel data model	Financial ratios like ROE and D/E ratio impact dividend decisions in construction firms.
Napitupulu, Djajanti (2021)	Study lifecycle stages and dividend policy	Independent: Profitability, capital structure Dependent: Dividends	Empirical research	Lifecycle stages influence dividend policies; profitability and capital structure significant.
Khan, Yilmaz, Aksoy (2022)	Analyze diversity and dividend payout	Independent: Diversity metrics Dependent: Dividend payout policy	Regression analysis	Diversity in nationality, experience influences dividend policies; family owned firms show varied impacts.
Lee et al. (2022)	Examine factors affecting dividend payout in Vietnam	Independent: Market specific factors Dependent: Dividend payout policy	OLS, Fixed Effect model	Fixed Effect model consistent in analyzing Vietnam's factors influencing dividend policies.
Thanh, Ha, Ngoc (2022)	Explore factors influencing cash dividend payments	Independent: EPS, solvency, tax rate, growth rate Dependent: Probability of cash dividend payment	Bayesian Binary Logistic regression	Positive relationship found with EPS, solvency, and negative with growth rate, debt to equity ratio.
Ojeme et al. (2022)	Study dividend policy and shareholder wealth	Independent: Company performance, technology	Empirical analysis	Dividend policies impact shareholder wealth through

		adoption Dependent: Market value of shares		market value of shares; implications for Nigerian banks.
Farrukh et al. (2023)	Evaluate dividend policy framework in Pakistan	Independent: Regulatory framework, disclosure practices Dependent: Firm performance	Policy analysis	Stable, effective dividend policies and supervisory frameworks recommended for Pakistani firms.
Ansar et al. (2023)	Examine dividend policy and shareholders	Independent: Dividend per share, retained earnings, lagged price, return on equity; Dependent: Shareholders' wealth	Multiple regression model	Strong positive relationship between dividend policy and shareholders' wealth in Pakistani context.
Yegon et al. (2023)	Investigate impact of working capital management on dividend policy in organizations	Independent: Working capital management practices; Dependent: Dividend policy	Empirical study	Working capital management significantly influences dividend policy decisions in organizations.
Kumar et al. (2024)	To examine the impact of dividend policies on firm performance in India's BSE.	Dividend payout ratio, dividend yield, retained earnings, ROA, ROE	Panel data regression analysis	Higher dividend payout ratios correlate positively with improved firm performance, supporting dividend relevance theory.
Li and Zhang (2024)	Investigate dividend policy determinants in NASDAQ listed technology firms.	Profitability, firm size, dividend decisions, reinvestment	Quantitative regression analysis and qualitative insights	Profitable firms with ample reserves tend to distribute dividends, while growth focused firms prioritize reinvestment, fostering long term competitiveness.

2.3 Empirical Reviews in the Context of Nepal

Pradhan (2003) conducted research on the relative importance of retained earnings and dividends in affecting stock market pricing. The study found that market equity, book value, price, earnings, and dividends had positive connections with liquidity, leverage, profitability, asset turnover, and interest coverage. The primary findings of the research were that larger stocks had greater market to book ratios, price-earnings ratios, lower liquidity, worse profitability, and smaller dividends. Dividend payments are viewed more highly in Nepal than retained earnings.

Regression analysis and descriptive statistics were used by Bhattarai (2005) to look into what variables affect Nepalese development banks' share values from 2006 to 2014. The study's conclusions show that dividend yield has a negative relationship with share price volatility, even if dividend payout ratio is a key component in driving share price variance in the Nepalese stock market.

The primary goal of dividend payments is to expand the company's equity capital base. In Nepal, the announcement of a stock dividend is the most anticipated business event. Additionally, Adhikari (2006) demonstrated the correlation between the dividend and the determinant elements of the dividend policy, such as net profits, delayed dividends, revenue growth rate, risk, investment opportunity set, and stakeholder count. The dividend had a favorable correlation with economic developments.

Chhetri (2008) asserts that companies with high dividend payouts and those with low payouts are in distinct financial situations. The study indicates that there is a strong relationship between dividends and stock prices. The stock price rises in proportion to the payment size. Eventually, attention will turn to banks that are paying dividends, which will increase clients' value. Furthermore, the coefficient for dividends is higher than the coefficient for retained profits.

The number of dividends that a business will pay its shareholders is determined by its dividend policy. By examining the financial data of eight Nepali development banks from 1996–1997 to 2006–2007, the study seeks to provide light on the institutions' dividend policy. The development banks in Nepal don't show a steady trend in their dividend policy. The dividend method used by Nepal's development banks is partially explained by residual or stable theory. Investors need to follow a tight dividend policy as Nepal's

financial institutions expand in order to anticipate the stock market and make informed investment decisions (Bhandari and Pokharel, 2012).

Gautam (2017) looks at how firm-specific variables affected stock returns and share price volatility in the context of Nepalese development banks between 2008/09 and 2013/14. A causal comparative research approach has been used with the aim of establishing the positive relationship between leverage, dividend yield, and payment with respect to share price volatility. The study's conclusions also showed a negative relationship between the book-to-market ratio, asset growth, and share price volatility.

Pradhan and Gautam (2017) look at the impact of dividend policy on the share price volatility of Nepalese development banks. A sample of eighteen development banks spanning the years 2009–2014 was chosen for this investigation. Tools for regression analysis have been used in data analysis. The analysis indicates a negative correlation between dividend payments and share price. volatility in connection to Nepal's commercial banks.

Adhikari (2020) asserts that there were variations in the dividends distributed by Nepal's development banks. The dividend payout ratio of the development banks was unreliable. Consequently, he advised investors to consider the companies' substantial earnings while purchasing stock.

Bhattarai (2021) reported that there is a positive correlation between cash flow, current profit, and dividend percentage of share. Adopting dividend payout ratios is not mandatory, and research indicates a negative correlation between payout ratio and share value. Similarly, he found that the required return for investors and MPS were negatively correlated.

Table 2

Nepalese Context Literature Matrix

Authors and Year	Objective	Variables	Methodology	Findings
Pradhan (2003)	Examine factors influencing dividend policy in Nepal	Independent: Stock size, P/E ratio, market-to-book ratio, liquidity, profitability, dividends; Dependent: Dividend vs. retained earnings impact	Empirical study	Dividend payment is preferred over retained earnings in Nepal; strong dividend impact observed.
Bhattarai (2005)	Analyze relationship	Independent: Dividend yield;	Statistical analysis	Negative relationship found between dividend

	between dividend yield and share price volatility in Nepal	Dependent: Share price volatility		yield and share price volatility.
Adhikari (2006)	Investigate determinants of dividend policy and its economic impact in Nepalese enterprises	Independent: Net profits, lagged dividends, revenue growth rate, risk, investment opportunities, stakeholders; Dependent: Dividend policy	Empirical analysis	Dividend policy follows economic trends positively; poor information disclosure noted.
Chhetri (2008)	Explore the relationship between dividends and stock prices in Nepal	Independent: Dividends; Dependent: Stock prices	Correlation analysis	Positive relationship observed between dividends and stock prices in Nepalese context. Higher dividends increase stock value.
Bhandari and Pokharel (2012)	Analyze dividend policy trends in Nepalese development banks	Independent: Various dividend policy theories; Dependent: Dividend policy trends in development banks	Comparative study	Nepalese development banks show diverse dividend policies, not fully explained by existing theories.
Gautam (2017)	Assess factors influencing share price volatility in Nepalese context	Independent: Asset growth, book-to-market ratio; Dependent: Share price volatility	Regression analysis	Negative relationship found between asset growth, book-to-market ratio, and share price volatility.
Pradhan and Gautam (2017)	Study the impact of dividend payout on share price volatility in Nepalese commercial banks	Independent: Dividend payout ratio; Dependent: Share price volatility	Regression analysis	Dividend payout negatively related to share price volatility in Nepalese commercial banks.
Adhikari (2020)	Examine stability of dividend payout ratio in Nepalese development banks	Dependent: Stability of dividend payout ratio	Descriptive analysis	Lack of stability observed in dividend payout ratios of Nepalese development banks.
Bhattarai (2021)	Investigate criteria for adopting dividend payout ratio	Independent: Dividend payout ratio; Dependent: Share valuation	Statistical analysis	Negative relationship found between dividend payout ratio and share valuation in Nepalese firms.

	and its impact on share valuation in Nepal			
Bista (2022)	Analyze correlation between dividend per share and market price of Nepalese banks	Independent: Dividend per share; Dependent: Market price of shares	Correlation analysis	Positive correlation found between dividend per share and market price in Nepalese development banks; no correlation observed in manufacturing companies.

2.4 Research Gap

Market price per share analysis has not taken into consideration the impact of cash and stock dividends as separate variables, despite the paucity of research on the link between development banks' market price share and dividend distribution. Consequently, our work helps to fill in the gaps between previous research. The bulk of the reviewed papers indicate that, until recently, the amount of research on dividend policy in emerging nations has lagged behind that in established markets. This might be the case due to the fact that developing countries still lack corporate cultures, big businesses, professionalism, and an awareness of how important these sorts of studies are to their smooth operations. Lack of resources and ignorance might also be the cause of this. Research revealed that many investors made bad decisions when deciding on the dividend distribution since they were only focused on profitability. To the best of the researcher's knowledge, no research has been done on the market price per share in Nepal or the dividend payout ratio. However, research on the factors influencing dividend payout ratios has shown contradictory results in other countries; in Nepal, the significance of the various factors and their underlying reasons are still unknown.

This research aimed to determine the dividend payout and market price per share of Nepalese banks using ten development banks as a sample. Since the banking sector is seen to be the cornerstone of the Nepalese economy, it was the specific focus of this study. Despite the importance of the banking sector to the Nepalese economy, little study has been done on the listed banks' dividend policy. To the best of my knowledge, while research on the variables affecting dividend payout ratio is being conducted in many other countries, it has not yet been finished in Nepal. This study attempts to bridge this gap by examining the variables that affect the Joint Venture Development banks listed on the Nepal Stock Exchange (NEPSE) dividend distribution.

A number of scholars have looked into and studied the factors that affect share price; these factors include, but are not limited to, the dividend payout ratio, leverage, asset growth, book to market ratio, and dividend yield. However, a lot of researchers look at the relationship between those factors and share price volatility in different countries around the world, and their findings also contradict one another. It is common knowledge that various individuals arrive to different conclusions and that the contrary is also true after going through a lot of papers and publications. When compared to research performed in other countries, Gautam (2017) and Joshi (2012) discovered that the results of studies conducted in Nepal were fairly similar. It has also been shown that these variables significantly predict share price volatility in Bangladesh, India, Nepal, Pakistan, Malaysia, and the UK.

CHAPTER III

RESEARCH METHODOLOGY

3.1 Research Design

The purpose of this research is to look at how development banks that are listed on the NEPSE's stock market value are affected by dividend distribution policies. Its nature is both descriptive and causative. The study employs a descriptive research design to examine the current conditions of variables such as market price per share, book value per share, bank size, inflation rate, dividend payout ratio, cash dividend per share, stock dividend per share, and loan ratio. Additionally, the causal comparative design is used to assess the causal relationships between the dependent variables, market price per share and book value per share, and the independent variables, bank size, inflation rate, cash dividend per share, stock dividend per share, dividend payout ratio, dividend yield, and book value per share.

3.2 Population and Sample

A sample of 15 Development Banks is chosen from the overall population of 17 Development Banks that are registered with NEPSE as of April 2024. By using the deliberate sampling technique, all banks may be categorized according to the development banks' highest net profit, which is the top file. The sample banks are Shine Resunga Development Bank Limited (SRDBL), Excel Development Bank Limited (EDBL), Jyoti Bikas Bank Limited (JBBL), Kamana Sewa Bikas Bank Limited (KSBBL), Lumbini Bikas Bank Limited (LBBL), Shangri La Development Bank Limited (SLDBL), Mahalaxmi Bikas Bank Limited (MBBL), Muktinath Bikas Bank Limited (MNBBL), Garima Bikas Bank Limited (GBBL), Sindhu Bikas Bank Limited (SBBL), Corporate Development Bank Limited (CDBL), Narayani Development Bank Limited (NDBL), Miteri Development Bank Limited (MDBL), Karnali Development Bank Limited (KRDBL), and Green Development Bank Limited (GDBL).

3.3 Nature and Source of Data

A pooled cross-sectional analysis of secondary data from fifteen development banks forms the basis of the research. The websites of each selected bank, where the bank is listed in NEPSE, provided the secondary data. Data has been gathered during a ten-year

period, from the fiscal years 2013–14 to 2022–23. Secondary data make up most of the study's base. The secondary sources of data collection are the published resources that have previously been used by another person. The secondary sources of information include the profit and loss statement, balance sheet, and literary publications of the relevant banks. The NEPSE report from the appropriate bank supplied some important information for this research endeavor. The Campus Library, the websites of Nepal Rastra Bank and Nepal Stock Exchange Limited, the Security Board, the Economic Survey, the National Planning Commission, numerous periodicals, magazines, and other reports both published and unpublished that have been verified by the authorities are among the trustworthy sources from which additional information has been gathered.

3.4 Instruments of Data Collection

To accomplish the objectives of this research, all of the collected secondary data, internal variables, and dividends paid out in the selected year were entered into the data analysis software SPSS and analyzed based on the findings to ascertain the relationships between the aforementioned hypotheses. Excel spreadsheets have also been used for needs-based data analysis and presentation. Furthermore, the auditors' annual reports were integrated with information from banks and other sources to evaluate their reliability. It was helpful to get additional information about the problem at hand by having both casual and formal conversations with the head of the bank's concerned department.

3.5 Methods of Analysis

In order to adequately meet the study's objectives, a range of statistical tools are used in this research, including both descriptive and inferential analysis. Descriptive analysis is used to summarize and characterize the main features of the collected data, giving rise to a clear understanding of the main patterns and distribution within the dataset. Calculations of measures like mean, standard deviation (SD), and coefficient of variation (CV) provide a comprehensive statistical overview of variables like market price per share, book value per share, loan ratio, cash dividend per share, stock dividend per share, dividend payout ratio, dividend yield, bank size, inflation rate, and gross domestic product growth rate.

The average value of several financial indicators is determined by the research by employing the mean as a center around which other data points are dispersed. This

facilitates understanding the typical value of a variable within the sample. A statistical technique for measuring dataset variation or dispersion, or how far results deviate from the mean, is the standard deviation. Assessing the risk and volatility of financial indicators requires this. The coefficient of variation, which is the ratio of the standard deviation to the mean, is used to compare the degree of variation across datasets regardless of the units of measurement. This is particularly useful for assessing the relative variability of many variables since it gives a normalized measure of dispersion (Bryman and Bell, 2015).

For inferential analysis, sophisticated statistical techniques are used to examine the relationships and impacts among the variables. Correlation analysis is utilized to find the strength and direction of these linkages in order to guarantee a fundamental understanding of the relationships between dependent and independent variables. The association between market price per share and variables such as payout ratio, dividend yield, cash dividend per share, and stock dividend per share are some of the items it examines. This research may be used to help identify likely predictors and understand the underlying relationships between the variables.

A multicollinearity test using the variance inflation factor (VIF) to address potential multicollinearity among the independent variables assures the reliability of the regression model (Gujarati and Porter, 2009). Next, multiple regression analysis is carried out to determine the impact of independent variables on the dependent variable, market price per share. The following information relates to the used regression model:

Multiple regression analysis is used to ascertain the cause-and-effect relationships between the dependent variable (market price per share) and the independent variables (dividend payout ratio, dividend yield, cash dividend per share, stock dividend per share, and so on). This method aids in quantifying such impacts by identifying the extent to which each independent variable influences the market price per share. By doing this, the study accomplishes its objectives of understanding the manner in which dividend policies affect market prices for development banks' shares and evaluating the elements that influence these prices.

One-way ANOVA is used to assess the overall statistical significance of the model in order to ascertain if the group means of the dependent variable significantly vary across different levels of independent variables (Field, 2013). By using a comprehensive

approach, it is guaranteed that the research not only fulfills its objectives of examining the impact of various financial factors on share prices, but also produces reliable and robust data via rigorous statistical validation.

$MPS = \alpha + \beta_1 CDPS + \beta_2 SDPS + \beta_3 DPR + \beta 4\ DY + \beta 5 BS + \beta 6\ LR + \beta_7\ IR + \beta_8\ GDP + ej$

$MPS/BVPS = \alpha + \beta_1 CDPS + \beta_2 SDPS + \beta_3 DPR + \beta 4\ DY + \beta 5 BS + \beta 6\ LR + \beta_7\ IR + \beta_8\ GDP + ej$

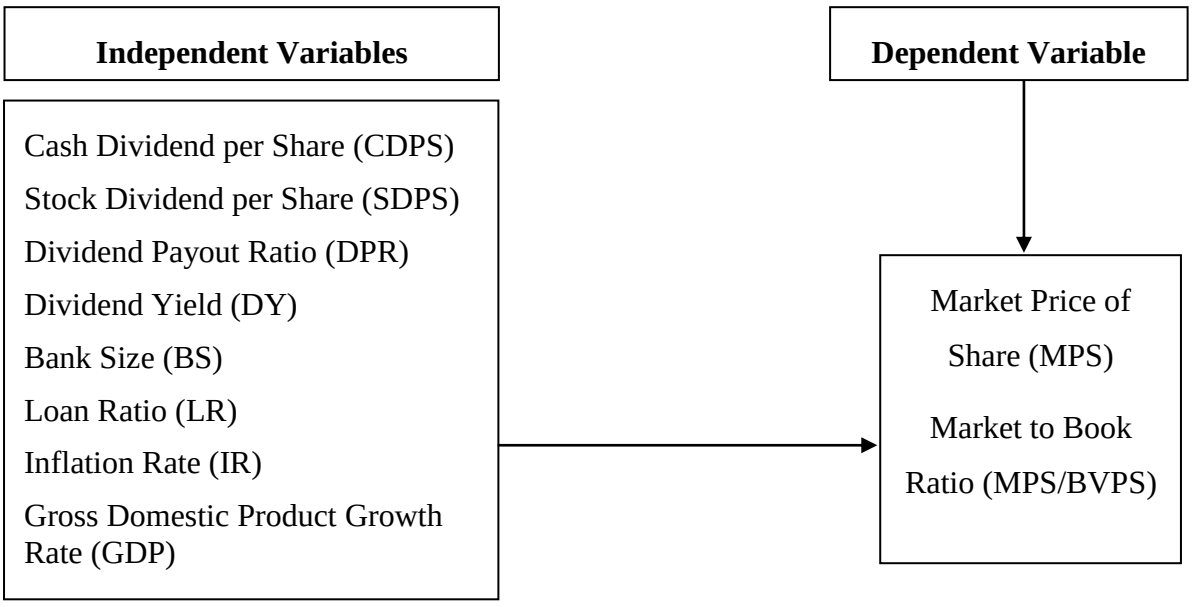
Where,

MPS	=	Market price per share
MPS/BVPS	=	Market price per share/Book Value per Share
α	=	constant
β_1 to β_9	=	Coefficient of Independent Variables
CDPS	=	Cash Dividend per Share
SDPS	=	Stock Dividend per Share
DPR	=	Dividend per Share
DY	=	Dividend per Share
BS	=	Bank Size
LR	=	Loan Ratio
IR	=	Inflation Rate
GDP	=	Gross Domestic Product Growth Rate
ej	=	Error terms

3.6 Theoretical Framework and Definition of Variables

Figure 1

Research Framework



Source: Ethel, Mary & Inyiama (2015)

3.7 Definition of Variables

Market price per share (MPS)

The Market Price of Share (MPS) of a corporation is the current trading price that represents the market worth of the company. A variety of factors influence MPS, including profitability, room for growth, and overall economic conditions. It serves as an essential indicator of market value and investor sentiment for a firm. A company's MPS is crucial in influencing its financial performance and investor attractiveness, which in turn influences investment decisions and shareholder wealth, according to Ojeme et al. (2022).

Book value per share (BVPS)

Every outstanding share of common stock is valued at the net asset value of the firm according to a financial metric known as book value per share, or BVPS. It is calculated by dividing the whole number of outstanding shares by the company's equity. This variable is crucial to investors because it provides them with a starting point by indicating the hypothetical value of each share in the case that the company were to be liquidated. Valuation models often employ BVPS to determine if a company is overvalued or undervalued in proportion to its book value. The value of BVPS in evaluating a company's intrinsic value and financial health is highlighted by studies by Farrukh et al. (2023), who stress the importance of the tool in financial analysis and investment decision making.

Cash dividend per share (CDPS)

The Cash Dividend per Share, or CDPS, is the amount of money a company gives its shareholders for each share of stock they possess. This component is essential for assessing a company's profitability and commitment to returning investors' money. Since CDPS offers a definite return on investment, it is an essential statistic for assessing a company's financial stability and attractiveness. Cash dividends are a dependable sign of a company's good financial status, which influences stock value and investor confidence, according to Thanh, Ha, and Ngoc (2022).

Stock dividend per share (SDPS)

The practice of awarding shareholders with more shares instead of cash is known as "stock dividend per share" (SDPS). Businesses may issue shareholders additional shares and reinvest earnings back into the firm by doing this. Stock dividends are an indication of a company's faith in its potential for future development, but they also reduce the value of the company's existing shares, which might affect the market price per share. Ojeme et al. (2022) claim that since stock dividends represent strategic investments and corporate growth, they have a major impact on investor perception and market value.

Dividend payout ratio (DPR)

The Dividend Payout Ratio, or DPR, is the proportion of net revenue that a business pays out as dividends to its owners. It is calculated by adding all of the dividends to the net income. This ratio displays the amount of earnings retained for reinvestment relative to the amount given to shareholders. If a company's DPR is higher, it could give shareholder returns priority; if it is lower, it might be more concerned with growth and expansion. Lee et al. (2022) emphasize the importance of DPR when evaluating a company's dividend policy and its effects on long-term financial strategy and shareholder satisfaction.

Dividend yield (DY)

Dividend yield (DY) is the annual dividend per share divided, expressed as a percentage, by the market price per share. By displaying the dividend income in proportion to the company's market price, this metric helps investors comprehend the return on their dividend investment. A higher dividend yield is attractive to income-focused investors, and this may influence their investment selection. Ansar et al. (2023) highlight that a stock's dividend yield is an important measure of its capacity to provide income, impacting market pricing as well as investor preferences.

Bank size (BS)

A bank's size is indicated by its "bank size" (BS), which is often determined by looking at all of its assets. Larger banks may benefit from economies of scale by diversifying their assets, improving risk management, and boosting profitability. A bank's size may have a significant influence on both its market value and operational efficacy. Farrukh et al. (2023) assert that because of its capacity to produce stable and competitive performance, a bank's size is important for financial analysis and strategic planning.

Loan ratio (LR)

The loan ratio (LR), which is the ratio of all loans to total assets of a bank, shows the percentage of the bank that is lent. A higher loan ratio indicates an aggressive lending strategy, which may impact risk and profitability. This ratio is crucial for analysts and investors to understand the bank's credit policies and risk exposure. According to Yegon et al. (2023), the loan ratio plays a crucial role in assessing development banks' risk management and performance since it has a big impact on their ability to control credit risk and preserve their financial stability.

Inflation rate (IR)

The Inflation Rate (IR) is a metric used to express the annual percentage increase in the average price of goods and services within an economy. Inflation affects interest rates, the purchasing power of money, and overall economic conditions. The demand for loans, interest income, and bank profitability might all be impacted by inflation. High inflation rates may lead to higher interest rates, which can impact borrowing costs and investment decisions. Lee et al. (2022) note that inflation plays a critical role in shaping market expectations and economic policy in their examination of the impact of inflation on financial performance.

Gross domestic product growth rate (GDP)

The GDP Growth Rate is the annual percentage increase in the value of all goods and services produced inside a country. GDP growth is a key indicator of the health of the economy as it affects investor confidence, company performance, and stock market dynamics. Higher GDP growth rates are often associated with higher stock values and better levels of corporate profitability. According to Yegon et al. (2023), GDP growth is crucial for assessing the health of the economy and has a direct impact on the financial performance of businesses, including banks.

CHAPTER IV

RESULTS AND DISCUSSION

The data analysis for the research is presented in this chapter. The additional statistical techniques are used after the descriptive analysis of the cash dividend per share, stock dividend per share, dividend yield ratio, dividend payout ratio, and market price per share of the relevant sample bank.

4.1 Descriptive Statistics

The word "descriptive statistics" refers to data analysis that aids in meaningfully describing, displaying, or summarizing data so that patterns may show up in the data. However, descriptive statistics do not enable us to draw inferences about hypotheses or draw conclusions from data that has not been examined by the researcher. These are only descriptions of data. The data was analyzed by the researcher using the mean, minimum, maximum, and standard deviation. Quantitative descriptions are presented in a digestible format using descriptive statistics. All it does is assist researchers in rationally distilling vast amounts of data into a manageable synopsis.

Table 3

Status of Market Price per Share

Year/MPS	SHINE	EDBL	JBBL	KSBBL	LBBL	SADBL	MLBL	MNBBL	GBBL	SINDU	CORBL	NABBC	MDB	KRBL	GRDBL	Mean	SD	CV
2013/14	450.00	665.00	207.00	640.00	158.00	147.00	173.00	630.00	345.00	160.00	100.00	490.00	193.00	100.00	120.00	305.20	204.90	0.67
2014/15	360.00	610.00	164.00	108.00	155.00	314.00	133.00	564.00	305.00	227.00	110.00	500.00	267.00	110.00	130.00	270.47	164.99	0.61
2015/16	650.00	696.00	169.00	330.00	152.00	425.00	330.00	1307.00	356.00	580.00	120.00	861.00	303.00	120.00	140.00	435.93	322.42	0.74
2016/17	425.00	624.00	207.00	355.00	78.00	390.00	219.00	971.00	356.00	366.00	130.00	520.00	317.00	130.00	150.00	349.20	223.10	0.64
2017/18	271.00	326.00	141.00	141.00	146.00	157.00	171.00	378.00	218.00	131.00	126.00	288.00	106.00	142.00	160.00	193.47	80.26	0.41
2018/19	252.00	283.00	163.00	160.00	197.00	159.00	195.00	370.00	224.00	144.00	119.00	234.00	114.00	101.00	170.00	192.33	69.20	0.36
2019/20	222.00	298.00	166.00	145.00	181.00	141.00	183.00	12.00	223.00	134.00	124.00	307.00	100.00	112.00	180.00	168.53	72.64	0.43
2020/21	256.00	855.00	478.00	580.00	585.00	424.00	445.00	657.00	544.00	401.00	751.00	691.00	586.00	354.00	358.00	531.00	158.91	0.30
2021/22	294.00	327.00	302.00	349.00	341.00	290.00	347.00	439.00	387.00	268.00	312.00	380.00	347.00	232.00	230.00	323.00	55.02	0.17
2022/23	384.00	325.00	298.00	327.00	28.00	322.00	325.00	407.00	405.00	279.00	350.00	414.00	404.00	282.00	306.00	323.73	91.16	0.28
Mean	356.40	500.90	229.50	313.50	202.10	276.90	252.10	573.50	336.30	269.00	224.20	468.50	273.70	168.30	194.40			
SD	129.39	210.25	103.79	184.09	157.02	117.17	102.06	357.00	100.94	145.37	205.48	192.10	153.83	89.27	79.64			
CV	36.30	41.98	45.22	58.72	77.70	42.32	40.48	62.25	30.02	54.04	91.65	41.00	56.20	53.04	40.97			

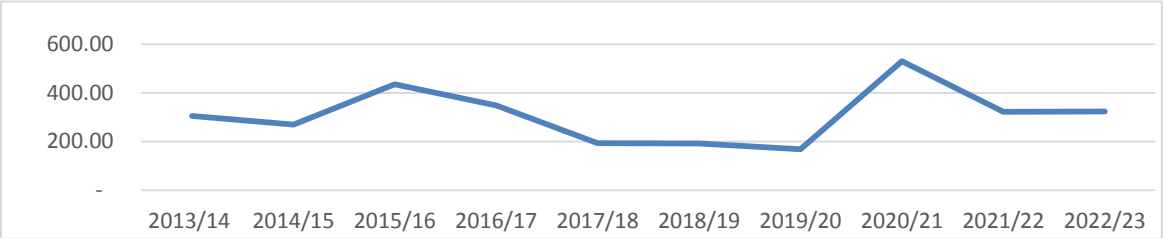
Source: Annual Reports

A ten-year descriptive study of the market performance scores (MPS) of different banks is shown in Table 3. KARNALI bank has the lowest mean MPS at 168.30, showing relatively lesser performance, whereas MUKTINATH bank has the highest mean MPS at 573.50 for the studied time, indicating persistent excellent performance. The MPS variability is shown by the standard deviation (SD) values, where MUKTINATH has the

largest variability (SD = 357.00) and KARNALI has one of the lowest (SD = 89.27). The coefficient of variation (CV) illustrates the relative variability. GARIMA bank has the lowest CV (30.02%), suggesting consistent performance in relation to its mean, while CORPORATE bank has the greatest CV (91.65%), revealing significant inconsistency in its performance.

Figure 2

Status of MPS



With an overall mean MPS of 531.0 across the ten fiscal years, 2020/21 had the highest MPS recorded, showing an unusually excellent performance that year. 2018/19 had the lowest MPS, with an overall mean MPS of 192.33, indicating a considerable decline in performance. With an SD of 55.02 and a CV of 0.17, the year 2021/22 exhibits the least variability and suggests a steady performance across banks; the year 2015/16, on the other hand, has the largest variability with an SD of 322.42 and a CV of 0.74, indicating inconsistent performance between banks. This research focuses on the general trend in the banking industry over the last ten years as well as the performance of individual banks.

Table 4

Status of Book Value per Share

Year/ BVPS	SHINE	EDBL	JBBL	KSBBL	LBBL	SADBL	MLBL	MNBBL	GBBL	SINDU	CORBL	NABBC	MDB	KRBL	GRDBL	Mean	SD	CV
2013/14	127.00	170.77	114.19	114.99	58.00	133.26	65.46	162.12	140.03	113.12	-11.81	742.91	148.01	133.96	87.76	54.26	217.73	4.01
2014/15	146.16	160.37	115.62	116.66	75.00	140.10	75.50	151.88	137.23	129.63	28.15	-583.03	156.37	144.92	82.74	71.82	178.77	2.49
2015/16	149.45	154.80	124.66	117.56	92.00	138.26	101.80	160.34	141.32	233.83	28.44	-440.56	164.78	141.65	45.51	90.26	149.66	1.66
2016/17	149.41	161.38	115.07	120.80	136.00	125.56	132.45	148.43	128.31	113.79	57.59	-162.45	154.37	150.97	92.35	108.27	76.80	0.71
2017/18	141.73	123.53	109.83	115.16	126.24	118.02	133.25	135.62	124.95	112.21	72.19	17.56	139.34	103.00	101.14	111.58	30.44	0.27
2018/19	121.09	148.67	129.25	127.75	190.43	127.95	16.41	145.18	135.94	119.87	140.77	-20.93	143.96	106.00	103.82	115.74	50.77	0.44
2019/20	116.14	141.30	128.86	126.13	163.60	126.83	155.85	134.53	134.21	109.42	150.81	73.01	146.38	108.00	106.73	128.12	22.40	0.17
2020/21	142.39	161.73	136.44	144.73	182.17	135.64	166.93	141.98	145.49	106.73	142.63	62.67	145.63	109.00	106.88	135.40	28.21	0.21
2021/22	143.12	141.83	132.09	138.89	174.47	139.13	157.27	142.77	144.03	110.25	140.50	45.79	143.66	112.00	108.98	131.65	28.36	0.22
2022/23	141.40	151.59	134.20	138.27	178.61	137.47	156.28	143.48	148.55	106.04	144.67	26.12	135.03	105.75	112.74	130.68	33.47	0.26
Mean	137.79	151.60	124.02	126.09	137.65	132.22	116.12	146.63	138.01	125.49	89.39	-172.47	147.75	121.53	94.86			
SD	11.94	13.54	9.56	11.03	48.26	7.30	49.88	9.28	7.47	38.69	61.40	303.25	8.68	18.97	19.90			
CV	8.67	8.93	7.71	8.75	35.06	5.52	42.95	6.33	5.41	30.83	68.68	-175.83	5.87	15.61	20.97			

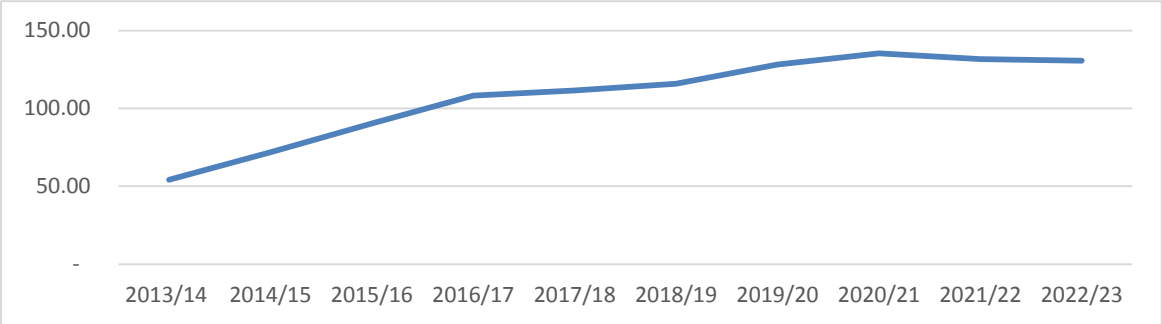
Source: Annual Reports

A ten-year descriptive study of the Book Value per Share (BVPS) for different banks is shown in Table 4. While CORPORATE bank has a negative mean BVPS of -172.47,

which is an abnormality and signals serious financial concerns or data mistakes, MAHALAXMI has the highest mean BVPS of all the banks at 146.63, showing a solid average value of its shares during the time. The standard deviation (SD) values demonstrate variability. The greatest number, 303.25, for CORPORATE indicates significant variations, while the lowest value, 7.47, for GARIMA, indicates consistent performance. The coefficient of variation (CV), which measures relative variability, shows that GARIMA has the lowest CV at 5.41%, suggesting stability, while CORPORATE has the highest CV at 68.68%, displaying inconsistent performance.

Figure 3

Status of BVPS



With an overall mean BVPS of 135.40 for the 10 fiscal years, 2020/21 was the year with the highest BVPS, showing peak performance; by contrast, 2013/14 had the lowest mean BVPS of 54.26, demonstrating a significant increase in the book value of shares during the ten-year period. The least variable year is 2019/20, with an SD of 22.40 and a CV of 0.17, showing consistent performance across banks; the most variable year is 2013/14, with an SD of 217.73 and a CV of 4.01, indicating the largest degree of inconsistency.

Table 5

Status of Loan Ratio

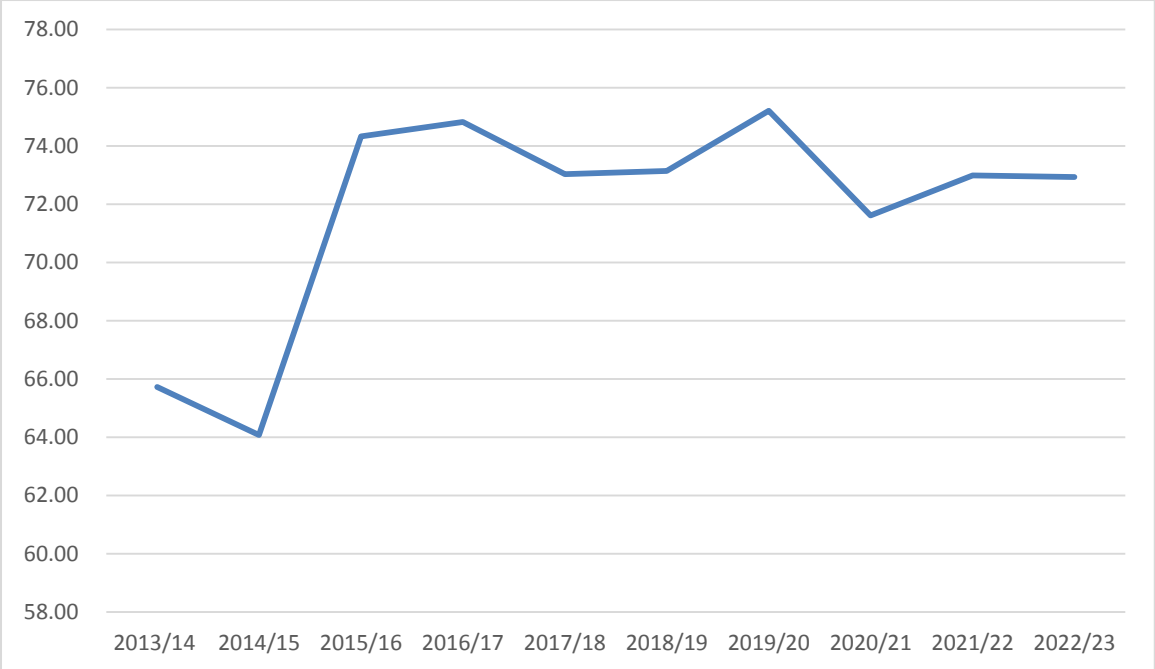
Loan Ratio	SHINE	EDBL	JBBL	KSBBL	LBBL	SADBL	MLBL	MNBBL	GBBL	SINDU	CORBL	NABBC	MDB	KRBL	GRDBL	Mean	SD	CV
2013/14	74.09	58.38	67.51	68.56	60.30	85.30	86.72	51.35	43.16	53.38	55.67	65.78	87.45	60.29	67.88	65.72	12.82	0.20
2014/15	71.58	62.51	66.77	70.42	54.54	71.61	67.09	54.19	46.22	56.67	56.78	66.87	78.56	67.45	69.78	64.07	8.36	0.13
2015/16	73.77	74.55	66.07	74.15	70.21	75.46	66.78	75.74	74.76	87.55	66.78	88.45	66.56	66.58	87.45	74.32	7.61	0.10
2016/17	72.24	70.30	68.07	72.58	70.51	71.79	77.66	85.83	66.42	67.77	76.55	78.95	87.56	67.59	88.45	74.82	7.19	0.10
2017/18	73.58	67.32	68.01	67.90	68.82	67.82	65.77	72.16	73.77	79.55	64.92	89.25	74.54	77.45	84.55	73.03	6.88	0.09
2018/19	40.06	74.15	67.95	70.83	70.42	72.31	68.97	73.37	72.80	77.77	78.65	77.56	88.57	77.45	86.25	73.14	10.50	0.14
2019/20	69.17	88.69	70.16	70.79	70.50	69.71	68.24	71.83	69.32	82.45	88.77	78.26	74.45	78.12	77.54	75.20	6.69	0.09
2020/21	69.07	68.82	71.67	75.20	67.25	69.08	63.53	72.10	70.86	55.59	78.98	85.25	71.23	79.23	76.28	71.61	6.81	0.10
2021/22	68.02	71.46	67.80	70.74	67.15	67.82	63.63	71.70	72.44	71.13	77.76	83.25	76.23	81.23	84.42	72.99	6.05	0.08
2022/23	68.98	65.63	70.10	70.07	70.34	67.96	60.05	71.70	69.42	61.71	75.66	85.45	88.23	83.45	85.23	72.93	8.50	0.12
Mean	68.06	70.18	68.41	71.12	67.01	71.89	68.84	70.00	65.92	69.36	72.05	79.91	79.34	73.88	80.78			
SD	10.09	8.22	1.71	2.28	5.39	5.31	7.80	10.06	11.47	12.23	10.63	8.23	8.05	7.72	7.44			
CV	14.83	11.71	2.50	3.21	8.04	7.39	11.33	14.37	17.40	17.64	14.75	10.30	10.15	10.45	9.21			

Source: Annual Reports

A descriptive examination of the lending ratios (LR) for several banks over a ten-year period is shown in Table 5. With a mean loan ratio of 80.78 throughout the course of the time, GREEN is the bank with the highest mean loan ratio. This suggests that the bank may have engaged in aggressive lending practices. However, LUMBINI, the bank with the lowest mean loan ratio (mean LR of 67.01), indicates a more cautious approach to lending. The loan ratios' variability is shown by the standard deviation (SD) values; SINDHU has the greatest SD at 12.23, suggesting notable changes, while JYOTI has the lowest SD at 1.71, indicating the loan ratio that is most constant. This variability is further highlighted by the coefficient of variation (CV), which shows that JYOTI has the lowest CV at 2.50%, suggesting stability, while SINDHU has the greatest CV at 17.64%, displaying considerable inconsistency.

Figure 4

Status of Loan Ratio



Among the 10 fiscal years, 2019/20 had the greatest mean loan ratio (75.20), indicating a boom in lending activity, while 2014/15 had the lowest mean loan ratio (64.07), indicating a more cautious lending environment. The most variable loan ratios among banks are seen in the year 2013/14, with an SD of 12.82 and a CV of 0.20; the least variable loan ratios are shown in the year 2021/22, with an SD of 6.05 and a CV of 0.08, showing the most stable loan ratios. This research focuses on the performance of

individual banks as well as the general trend in loan ratios over the last ten years in the banking industry.

Table 6

Status of Stock Dividend per Share

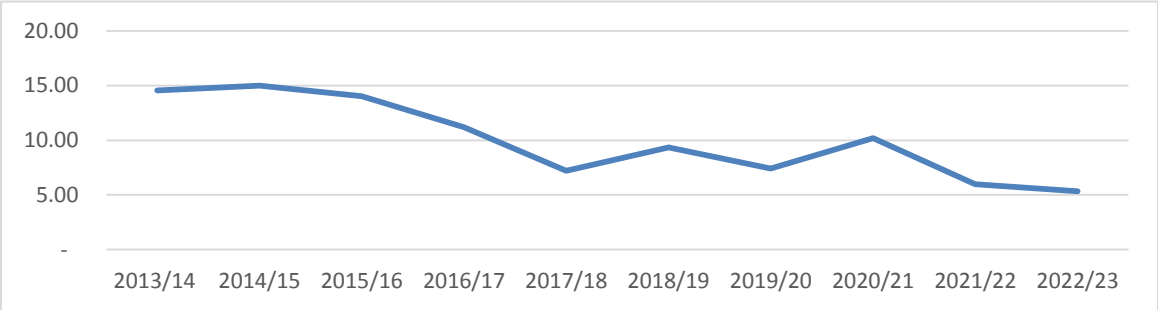
Year/SDPS	SHINE	EDBL	JBBL	KSBBL	LBBL	SADBL	MLBL	MNBBL	GBBL	SINDU	CORBL	NABBC	MDB	KRBL	GRDBL	Mean	SD	CV
2013/14	10.00	35.00	7.00	21.00	0.00	15.00	0.00	38.00	20.00	7.50	0.00	0.00	25.00	25.00	0.00	14.54	12.63	0.87
2014/15	27.00	26.00	9.00	22.60	0.00	20.85	0.00	31.00	20.00	12.50	0.00	0.00	30.00	11.00	0.00	15.00	11.41	0.76
2015/16	27.00	25.00	11.70	0.00	0.00	16.07	7.90	34.00	20.00	16.80	0.00	0.00	30.00	8.00	0.00	14.03	11.52	0.82
2016/17	25.00	30.12	10.00	5.50	0.00	2.50	0.00	20.00	15.00	5.95	0.00	0.00	31.48	0.00	0.00	11.20	11.40	1.02
2017/18	17.70	0.00	0.00	1.50	17.07	4.00	8.00	18.25	10.00	0.00	0.00	0.00	17.00	0.00	0.00	7.19	7.53	1.05
2018/19	15.00	17.10	12.75	0.00	5.00	0.00	8.00	17.60	16.15	11.51	0.00	0.00	18.52	0.00	0.00	9.36	7.22	0.77
2019/20	13.00	12.00	10.00	4.40	7.00	5.00	8.80	11.25	13.50	0.00	0.00	0.00	15.00	0.00	3.80	7.41	5.09	0.69
2020/21	10.93	8.50	11.00	18.50	13.00	10.00	20.00	17.58	16.00	0.00	0.00	0.00	13.30	0.00	3.80	10.19	6.70	0.66
2021/22	13.30	0.00	3.00	4.41	3.00	8.53	4.00	13.50	13.00	0.00	5.00	0.00	12.35	0.00	3.80	5.99	4.95	0.83
2022/23	10.50	0.00	0.00	0.00	4.00	5.26	6.40	9.75	9.50	0.00	0.00	0.00	9.50	0.00	3.80	5.34	3.95	0.74
Mean	16.94	15.37	7.45	7.79	4.91	8.72	6.31	21.09	15.32	6.03	0.56	0.00	20.22	14.67	3.80			
SD	6.88	13.25	4.77	9.18	5.95	6.71	6.02	9.82	3.91	6.48	1.67	0.00	8.21	9.07	0.00			
CV	40.62	86.16	64.13	117.82	121.25	76.92	95.48	46.55	25.55	107.41	300.00	0.00	40.60	61.87	0.00			

Source: Annual Reports

A ten-year descriptive study of the stock dividends per share (SDPS) for different banks is shown in Table 6. With an average generous dividend payout of 21.09, MUKTINATH has the highest mean SDPS of all the banks, pointing to outstanding financial performance and returns for shareholders. The CORPORATE bank, on the other hand, has the lowest mean SDPS of any bank at 0.56, suggesting a limited dividend payout that may be the result of a cautious dividend policy or worse financial performance. While KARNALI and GREEN both have an SD of 0.00, suggesting stable dividend policies, EXCEL has the highest SD at 13.25, demonstrating considerable changes in dividend payouts. The standard deviation (SD) figures indicate variability in the stock dividends. The coefficient of variation (CV) illustrates the relative variability; severe inconsistency is shown by CORPORATE, which has an extraordinarily high CV of 300.00%, while stability is shown by GARIMA, which has the lowest CV of 25.55%.

Figure 5

Status of Stock Dividend per Share



The 10 fiscal years were analyzed, and the greatest mean SDPS of 15.00 was recorded in 2014/15, indicating a peak in dividend payouts during that year. The lowest mean SDPS of 5.34 was found in 2022/23, showing a dramatic decline in dividends. With an SD of 12.63 and a CV of 0.87, the year 2013–14 exhibits significant variability, showing inconsistent dividend distributions across banks. In contrast, the year 2022–2023 exhibits the least fluctuation, with an SD of 3.95 and a CV of 0.74, indicating the most stable dividend distributions. This research focuses on the general trend of stock dividend distributions throughout the banking industry during the last ten years, as well as the performance of individual banks.

Table 7

Status of Cash Dividend per Share

Year/CDPS	SHINE	EDBL	JBBL	KSBBL	LBBL	SADBL	MLBL	MNBBL	GBBL	SINDU	CORBL	NABBC	MDB	KRBL	GRDBL	Mean	SD	CV
2013/14	12.00	1.84	0.00	1.11	0.00	6.30	0.00	2.00	1.05	0.40	0.00	0.00	1.32	5.00	0.00	2.22	3.29	1.49
2014/15	1.42	1.36	0.47	0.00	0.00	0.00	0.00	1.63	0.00	0.66	0.00	0.00	1.58	5.00	0.00	0.87	1.31	1.52
2015/16	0.00	1.31	0.00	0.00	0.00	0.85	0.00	0.00	0.00	0.88	0.00	0.00	1.58	0.00	0.00	0.33	0.55	1.66
2016/17	0.00	1.58	0.00	6.50	0.00	9.30	9.00	1.05	0.00	0.31	0.00	0.00	1.66	0.00	0.00	2.26	3.39	1.50
2017/18	0.93	17.00	8.40	8.00	0.00	5.45	7.00	0.96	3.75	0.00	0.00	0.00	0.89	0.00	0.00	4.03	4.87	1.21
2018/19	0.00	0.90	0.00	6.80	15.00	8.96	9.89	0.93	0.85	0.58	0.00	0.00	0.98	0.00	0.00	3.45	4.79	1.39
2019/20	0.00	0.63	0.00	0.23	3.00	0.26	0.46	4.26	0.71	0.00	0.00	0.00	0.79	0.00	0.20	0.75	1.23	1.63
2020/21	0.57	0.45	4.50	0.97	0.68	0.53	1.05	0.93	0.00	0.00	0.00	0.00	0.70	0.00	0.20	0.76	1.10	1.46
2021/22	0.70	0.00	3.80	0.23	9.00	0.45	6.47	0.71	1.50	0.00	0.26	0.00	0.65	0.00	0.20	1.71	2.68	1.56
2022/23	0.55	0.00	0.00	0.00	4.50	0.26	6.40	0.51	0.50	0.00	0.00	0.00	0.50	0.00	0.20	1.22	2.04	1.68
Mean	1.62	2.51	1.72	2.38	3.22	3.24	4.03	1.30	0.84	0.31	0.03	0.00	1.07	3.33	0.20			
SD	3.68	5.13	2.91	3.30	5.08	3.84	4.08	1.18	1.15	0.34	0.09	0.00	0.43	2.89	0.00			
CV	227.55	204.69	169.23	138.37	157.80	118.69	101.30	90.70	137.56	107.41	300.00	0.00	40.66	86.60	0.00			

Source: Annual Reports

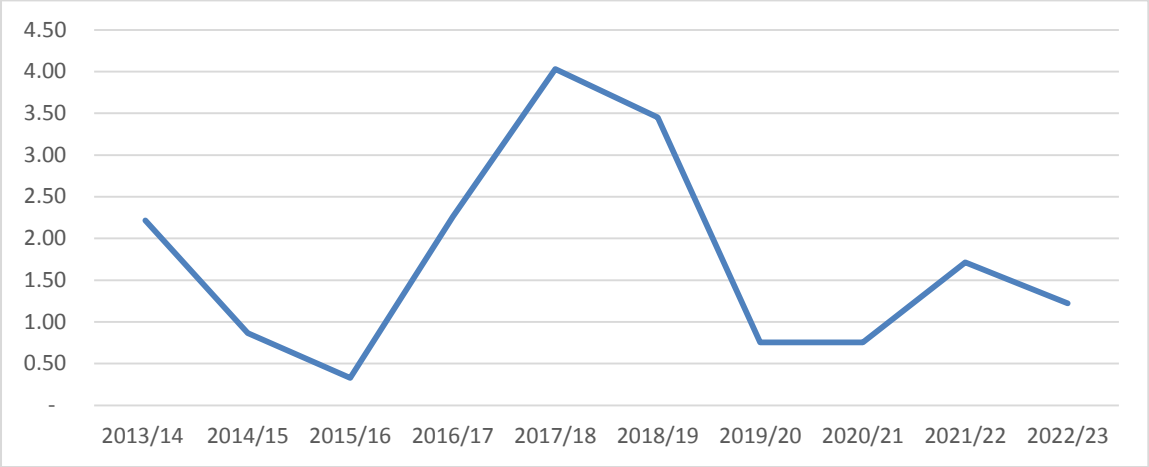
A ten-year descriptive study of the cash dividends per share (CDPS) for different banks is shown in Table 7. MAHALAXMI has the highest mean CDPS of any bank at 4.03, which suggests strong financial performance and a generous dividend policy. It also indicates a

high average cash distribution to shareholders. Conversely, CORPORATE bank has the lowest mean CDPS of any bank at 0.03. This suggests that the bank pays out very little in cash dividends, which might be a sign of worse financial health or a more cautious dividend policy. The cash dividend variability is shown by the standard deviation (SD) numbers. The values of 0.00 for NARAYANI and GREEN suggest stable dividend policies, while the greatest SD of 5.13 for EXCEL indicates large variations.

The coefficient of variation (CV), which measures relative variability, shows that MITERI has the lowest CV at 40.66%, suggesting stability, while CORPORATE has the highest CV at 300.00%, demonstrating excessive inconsistency.

Figure 6

Status of Cash Dividend per Share



With a mean CDPS of 4.03, the highest of the 10 fiscal years, it seems that cash dividend payments peaked in that year. In contrast, 2015–16 had the lowest mean CDPS of 0.33, indicating a sharp decline in cash dividends. The most variable cash dividend payments across banks are seen in the year 2017–18, with an SD of 4.87 and a CV of 1.21; the least variable cash dividend dividends are seen in the year 2022–2023 with an SD of 2.04 and a CV of 1.68, showing generally steady cash dividend payouts. This research focuses on the general trend of cash dividend payouts over the last ten years throughout the banking industry, as well as the performance of specific banks.

Table 8

Status of Dividend Payout Ratio

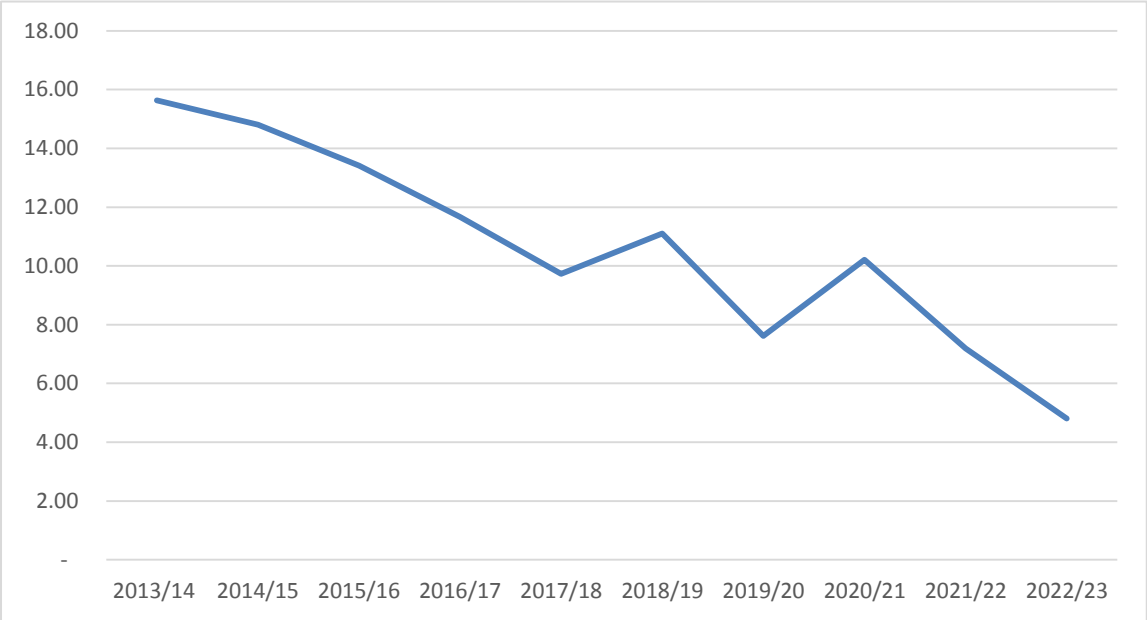
Year/DPR	SHINE	EDBL	JBBL	KSBBL	LBBL	SADBL	MLBL	MNBBL	GBBL	SINDU	CORBL	NABBC	MDB	KRBL	GRDBL	Mean	SD	CV
2013/14	22.00	36.84	7.00	22.11	0.00	21.30	0.00	40.00	21.05	7.90	0.00	0.00	26.32	30.00	0.00	15.63	13.82	0.88
2014/15	28.42	27.36	9.47	22.60	0.00	20.85	0.00	32.63	20.00	13.16	0.00	0.00	31.58	16.00	0.00	14.80	12.10	0.82
2015/16	27.00	26.31	11.70	0.00	0.00	16.92	7.90	34.00	20.00	17.68	0.00	0.00	31.58	8.00	0.00	13.41	11.95	0.89
2016/17	25.00	31.70	10.00	12.00	0.00	11.80	9.00	21.05	15.00	6.26	0.00	0.00	33.14	0.00	0.00	11.66	11.13	0.95
2017/18	18.63	17.00	8.40	9.50	17.07	9.45	15.00	19.21	13.75	0.00	0.00	0.00	17.89	0.00	0.00	9.73	7.58	0.78
2018/19	15.00	18.00	12.75	6.80	20.00	8.96	17.89	18.53	17.00	12.09	0.00	0.00	19.50	0.00	0.00	11.10	7.61	0.69
2019/20	13.00	12.63	10.00	4.63	10.00	5.26	9.26	15.51	14.21	0.00	0.00	0.00	15.79	0.00	4.00	7.62	5.78	0.76
2020/21	11.50	8.95	15.50	19.47	13.68	10.53	21.05	18.51	16.00	0.00	0.00	0.00	14.00	0.00	4.00	10.21	7.39	0.72
2021/22	14.00	0.00	6.80	4.64	12.00	8.98	10.47	14.21	14.50	0.00	5.26	0.00	13.00	0.00	4.00	7.19	5.46	0.76
2022/23	11.05	0.00	0.00	0.00	8.50	5.53	12.80	10.26	10.00	0.00	0.00	0.00	10.00	0.00	4.00	4.81	4.92	1.02
Mean	18.56	17.88	9.16	10.18	8.13	11.96	10.34	22.39	16.15	5.71	0.53	0.00	21.28	5.40	1.60			
SD	6.60	12.73	4.16	8.61	7.71	5.81	6.85	9.74	3.43	6.73	1.66	0.00	8.64	10.16	2.07			
CV	35.58	71.21	45.41	84.60	94.86	48.55	66.26	43.48	21.23	117.88	316.23	0.00	40.60	188.08	129.10			

Source: Annual Reports

A ten-year descriptive study of the dividend payout ratios (DPR) for different banks is shown in Table 8. With a mean DPR of 22.39, MUKTINATH has the highest of the banks, showing a high percentage of earnings distributed as dividends and a strong commitment to giving shareholders their profits back. In contrast, CORPORATE bank has the lowest mean DPR of any bank at 0.53, suggesting limited profits that are paid as dividends. This might be due to policies that favor holding onto earnings for future expansion or to budgetary restrictions. The dividend payment ratios' unpredictability is shown by the standard deviation (SD) numbers; EXCEL has the largest SD at 12.73, suggesting notable variations, while NARAYANI has an SD of 0.00, indicating stable dividend policies. The coefficient of variation (CV), which measures relative variability, shows that GARIMA has the lowest CV at 21.23%, suggesting stability, while CORPORATE has the highest CV at 316.23%, displaying considerable inconsistency.

Figure 7

Status of Dividend Payout Ratio



The 10 fiscal years were analyzed, and the greatest mean DPR of 15.63 was recorded in 2013/14, indicating a peak in dividend payment during that year. The lowest mean DPR of 4.81 was reported in 2022/23, showing a dramatic decline in dividend payouts. With an SD of 13.82 and a CV of 0.88, the year 2013–14 exhibits the most variability in dividend payment ratios across banks; by contrast, the year 2018–19 exhibits the lowest variability, with an SD of 7.61 and a CV of 0.69, indicating rather steady dividend payout ratios. The success of specific banks as well as the general trend in dividend payment ratios over the last ten years in the banking industry are both highlighted in this report.

Table 9

Status of Dividend Yield

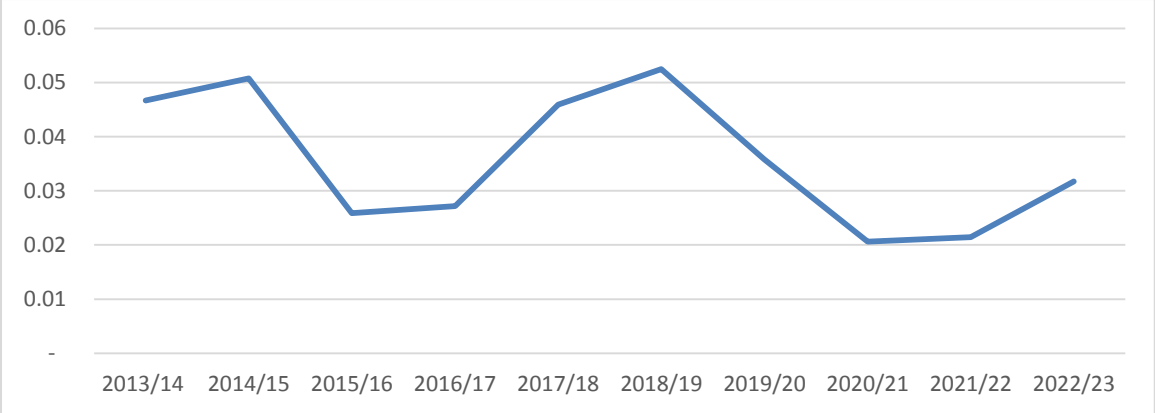
Year/DY	SHINE	EDBL	JBBL	KSBBL	LBBL	SADBL	MLBL	MNBBL	GBBL	SINDU	CORBL	NABBC	MDB	KRBL	GRDBL	Mean	SD	CV
2013/14	0.05	0.06	0.03	0.03	0.00	0.14	0.00	0.06	0.06	0.05	0.00	0.00	0.05	0.16	0.00	0.05	0.05	1.01
2014/15	0.08	0.04	0.06	0.21	0.00	0.07	0.00	0.06	0.07	0.06	0.00	0.00	0.06	0.06	0.00	0.05	0.05	1.01
2015/16	0.04	0.04	0.07	0.00	0.00	0.04	0.02	0.03	0.06	0.03	0.00	0.00	0.04	0.03	0.00	0.03	0.02	0.83
2016/17	0.06	0.05	0.05	0.03	0.00	0.03	0.04	0.02	0.04	0.02	0.00	0.00	0.06	0.00	0.00	0.03	0.02	0.83
2017/18	0.07	0.05	0.06	0.07	0.12	0.06	0.09	0.05	0.06	0.00	0.00	0.00	0.06	0.00	0.00	0.05	0.04	0.78
2018/19	0.06	0.06	0.08	0.04	0.10	0.06	0.09	0.05	0.08	0.08	0.00	0.00	0.08	0.00	0.00	0.05	0.04	0.67
2019/20	0.06	0.04	0.06	0.03	0.06	0.04	0.05	0.05	0.06	0.00	0.00	0.00	0.05	0.00	0.04	0.04	0.02	0.65
2020/21	0.04	0.01	0.03	0.03	0.02	0.02	0.05	0.03	0.03	0.00	0.00	0.00	0.02	0.00	0.01	0.02	0.02	0.76
2021/22	0.05	0.00	0.02	0.01	0.04	0.03	0.03	0.03	0.04	0.00	0.02	0.00	0.04	0.00	0.02	0.02	0.02	0.73
2022/23	0.03	0.00	0.00	0.00	0.30	0.02	0.04	0.03	0.02	0.00	0.00	0.00	0.02	0.00	0.01	0.03	0.07	2.32
Mean	0.05	0.04	0.05	0.05	0.06	0.05	0.04	0.04	0.05	0.02	0.00	0.00	0.05	0.02	0.01			
SD	0.01	0.02	0.02	0.06	0.09	0.04	0.03	0.02	0.02	0.03	0.01	0.00	0.02	0.05	0.01			
CV	26.76	65.83	51.56	129.98	148.62	72.27	75.32	37.95	33.23	127.60	316.23	0.00	38.21	207.29	153.90			

Source: Annual Reports

A ten-year descriptive study of the dividend yield (DY) for different banks is shown in Table 9. Among the banks, there are noticeable differences in the DY between KAMANA and LUMBINI. With the highest mean DY of 0.06, KAMANA seems to be offering its shareholders a better dividend yield in comparison to the price of the stock. Conversely, NARAYANI and CORPORATE had the lowest mean DY (0.00), meaning that throughout the course of the 10 years, these banks did not provide any dividend yield. Further highlighting the variability are the standard deviation (SD) numbers. LUMBINI has the greatest SD at 0.09, suggesting considerable swings in its dividend yield, while NARAYANI has an SD of 0.00, meaning no dividends were paid throughout the time. The coefficient of variation (CV) data supports these findings. LUMBINI exhibits inconsistency with a high CV of 148.62%, while CORPORATE's significant fluctuation in its zero-dividend payment is highlighted by its CV of 316.23%.

Figure 8

Status of Dividend Yield



The year 2022/23 had the highest mean DY across the 10 fiscal years, with a value of 0.30, which was assigned to LUMBINI and indicated a peak in dividend yield in that year. With a mean value of 0.00, the lowest mean DY was recorded in 2021/22, a period in which some banks, including EXCEL, SINDHU, and CORPORATE, did not provide any dividend yield. The most variable dividend yield ratios across banks are found in 2022–2023, with an SD of 0.07 and a CV of 2.32; the least variable dividend yields are found in 2015–2016, with an SD of 0.02 and a CV of 0.83, showing rather stable dividend yields. This research focuses on the performance of specific banks as well as the general trend in dividend yields over the last ten years in the banking industry.

Table 10

Status of Bank Size

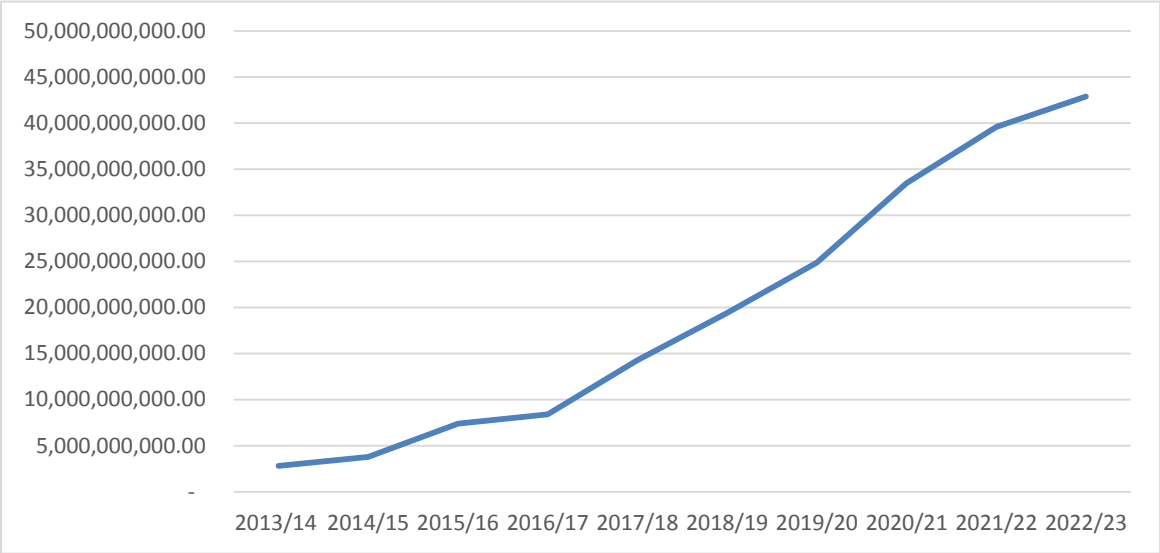
Year/BS	SHINE	EDBL	JBBL	KSBBL	LBBL	SADBL	MLBL	MNBBL	GBBL	SINDU	CORBL	NABBC	MDB	KRBL	GRDBL	Mean	SD	CV
2013/14	5.74	3.08	6.19	3.03	7.46	6.03	4.61	0.97	1.42	0.13	0.52	0.52	1.42	0.13	0.52	2.78	2.49	0.00
2014/15	7.23	3.36	7.42	3.59	9.17	9.00	7.45	1.22	0.12	2.04	1.63	0.30	2.04	1.63	0.30	3.77	3.21	0.00
2015/16	9.76	4.20	8.92	7.94	7.42	11.96	29.24	12.94	10.58	0.07	2.70	2.01	0.43	0.07	2.70	7.40	7.24	0.00
2016/17	12.02	5.34	13.19	8.25	21.21	16.04	19.59	17.66	2.27	0.17	3.53	2.25	0.58	0.17	3.53	8.39	7.30	0.00
2017/18	16.66	6.29	23.35	19.40	25.73	21.22	31.83	34.65	25.24	0.36	0.14	4.58	3.05	1.11	0.36	14.26	12.06	0.00
2018/19	21.46	8.59	36.46	26.69	30.03	26.28	37.93	51.99	38.75	0.66	0.09	5.76	3.96	1.62	0.66	19.40	16.77	0.00
2019/20	35.21	11.43	42.36	36.62	34.50	32.90	43.14	66.35	50.29	0.13	6.58	4.56	1.87	0.13	6.58	24.84	20.69	0.00
2020/21	42.23	13.36	59.88	51.30	44.13	47.84	47.46	101.13	72.95	0.22	6.71	5.22	2.45	0.22	6.71	33.45	30.06	0.00
2021/22	50.67	14.32	71.26	59.88	56.69	59.82	54.87	121.08	80.13	0.49	7.52	5.06	3.73	0.49	7.52	39.57	35.58	0.00
2022/23	63.42	16.19	72.67	62.58	58.89	58.65	61.86	131.74	89.25	0.77	8.10	5.29	4.77	0.77	8.10	42.87	38.43	0.00
Mean	26.44	8.61	34.17	27.93	29.52	28.97	33.80	53.97	37.10	0.50	3.75	3.56	2.43	0.63	3.70			
SD	20.24	4.88	26.42	23.37	19.18	20.15	19.13	49.33	34.53	0.59	3.20	2.08	1.44	0.62	3.24			
CV	76.53	56.66	77.33	83.69	64.98	69.53	56.61	91.40	93.08	117.19	85.37	58.49	59.37	97.60	87.59			

Source: Annual Reports

Measured in terms of their total assets, Table 10 offers a descriptive study of bank sizes for different banks during a ten-year period. MUKTINATH is the biggest bank in terms of asset size among the banks, with the greatest mean bank size (BS) of over 53.97 billion. Conversely, SINDHU is the smallest bank in the sample with the lowest mean BS of around 504 million. The standard deviation (SD) numbers demonstrate how different banks may be in terms of size; MUKTINATH, for example, has the largest SD at around 49.33 billion, indicating large variations in its size. SINDHU, on the other hand, has the lowest SDroughly 591 millionwhich suggests that its asset levels have remained fairly constant over time. The coefficient of variation (CV) numbers demonstrate how inconsistent or variable bank sizes are. MAHALAXMI has one of the lowest CVs at 56.61%, suggesting more steady asset growth, while GARIMA has the highest CV at 93.08%, indicating significant inconsistency.

Figure 9

Status of Bank Size



The bank size steadily grew during the 10 fiscal years, mirroring the expansion of the banking industry as a whole. The fiscal year 2022–2023 had the highest BS ever recorded, with a mean value of almost 38.43 billion, signifying the zenith of asset accumulation. With a mean value of almost 2.49 billion, the lowest BS was recorded in 2013–14, indicating the early phases of asset accumulation. With an SD of 30.06 billion and a CV of 0.90 for the fiscal year 2020–2021, there is a great deal of variability in the data, suggesting notable variations in bank sizes over this time. With an SD of around 3.21 billion and a CV of 0.85, 2014–15, in comparison, has comparatively reduced fluctuation, indicating more steady increase in bank sizes throughout this year.

Table 11

Status of MPS/BVPS

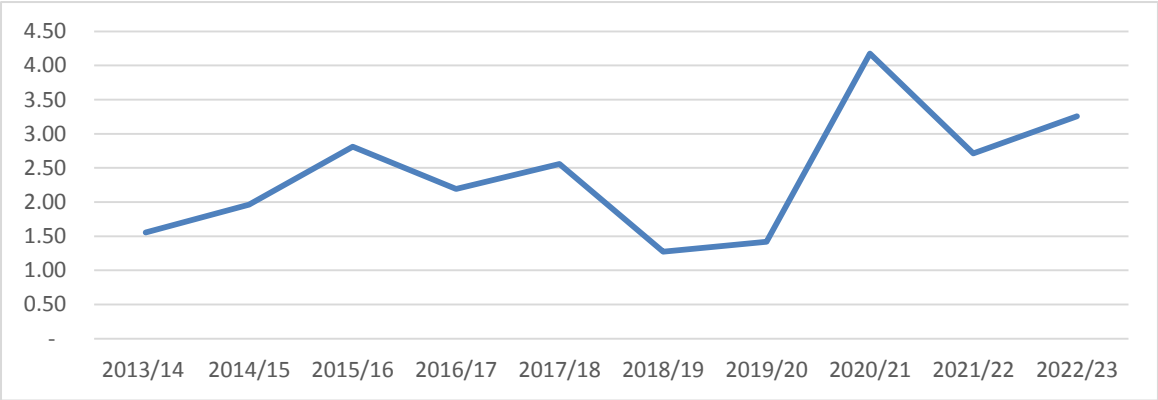
Year MPS/BVPS	SHINE	EDBL	JBBL	KSBBL	LBBL	SADBL	MLBL	MNBBL	GBBL	SINDU	CORBL	NABBC	MDB	KRBL	GRDBL	Mean	SD	CV
2013/14	3.54	3.89	1.81	5.57	2.72	1.10	2.64	3.89	2.46	1.41	-8.47	-0.66	1.30	0.75	1.37	1.56	3.06	1.97
2014/15	2.46	3.80	1.42	0.93	2.07	2.24	1.76	3.71	2.22	1.75	3.91	-0.86	1.71	0.76	1.57	1.96	1.20	0.61
2015/16	4.35	4.50	1.36	2.81	1.65	3.07	3.24	8.15	2.52	2.48	4.22	-1.95	1.84	0.85	3.08	2.81	2.12	0.75
2016/17	2.84	3.87	1.80	2.94	0.57	3.11	1.65	6.54	2.77	3.22	2.26	-3.20	2.05	0.86	1.62	2.19	1.99	0.91
2017/18	1.91	2.64	1.28	1.22	1.16	1.33	1.28	2.79	1.74	1.17	1.75	16.40	0.76	1.38	1.58	2.56	3.74	1.46
2018/19	2.08	1.90	1.26	1.25	1.03	1.24	11.88	2.55	1.65	1.20	0.85	-11.18	0.79	0.95	1.64	1.27	4.25	3.34
2019/20	1.91	2.11	1.29	1.15	1.11	1.11	1.17	0.09	1.66	1.22	0.82	4.20	0.68	1.04	1.69	1.42	0.89	0.63
2020/21	1.80	5.29	3.50	4.01	3.21	3.13	2.67	4.63	3.74	3.76	5.27	11.03	4.02	3.25	3.35	4.18	2.03	0.49
2021/22	2.05	2.31	2.29	2.51	1.95	2.08	2.21	3.07	2.69	2.43	2.22	8.30	2.42	2.07	2.11	2.71	1.52	0.56
2022/23	2.72	2.14	2.22	2.36	0.16	2.34	2.08	2.84	2.73	2.63	2.42	15.85	2.99	2.67	2.71	3.26	3.43	1.05
Mean	2.57	3.24	1.82	2.47	1.56	2.08	3.06	3.83	2.42	2.13	1.52	3.79	1.86	1.46	2.07			
SD	0.83	1.17	0.70	1.47	0.95	0.84	3.17	2.24	0.64	0.92	3.79	8.97	1.07	0.89	0.71			
CV	32.30	36.18	38.67	59.41	60.63	40.57	103.51	58.42	26.54	43.07	249.08	0.00	57.82	61.41	34.43			

Source: Annual Reports

The Market Price per Share to Book Value per Share (MPS/BVPS) ratios for several banks during a ten-year period are descriptively analyzed in Table 11. MUKTINATH has the best market valuation in relation to its book value out of all the banks, with a mean MPS/BVPS ratio of 3.83. However, with a mean MPS/BVPS ratio of 1.56, LUMBINI is the company with the least favorable market valuation when compared to its book value. The MPS/BVPS ratio variability is shown in the standard deviation (SD) figures. NARAYANI has the greatest SD at 8.97, showing significant variations in its market worth in relation to its book value. GARIMA, on the other hand, has the lowest standard deviation (0.64), indicating more stable market prices. The MPS/BVPS ratios' relative consistency or variability is shown by the coefficient of variation (CV) values. The greatest CV, 249.08%, indicates significant inconsistency, while the lowest CV, 26.54%, shows the steadiest market valuation across the time.

Figure 10

Status of MPS/BVPS



The MPS/BVPS ratios changed dramatically across the 10 fiscal years, indicating changes in market opinions and bank values. With a mean value of 4.18, the highest MPS/BVPS ratio ever recorded occurred in the fiscal year 2020–2021, signifying a peak in market valuations in comparison to book values. With a mean value of 0.89, the 2019–20 MPS/BVPS ratio was the lowest over the period, indicating the lowest market values. With a CV of 3.34 and an SD of 4.25, the fiscal year 2018–19 exhibits a great deal of variability, suggesting notable changes in market values over this time. With an SD of 1.20 and a CV of 0.61, 2014–15, in comparison, exhibits comparatively less fluctuation, indicating more stable market prices. This research focuses on the market valuation performance of individual banks as well as the general pattern of the market's valuation of these banks in relation to their book values over the course of the last ten years.

Table 12

Status of Inflation Rate

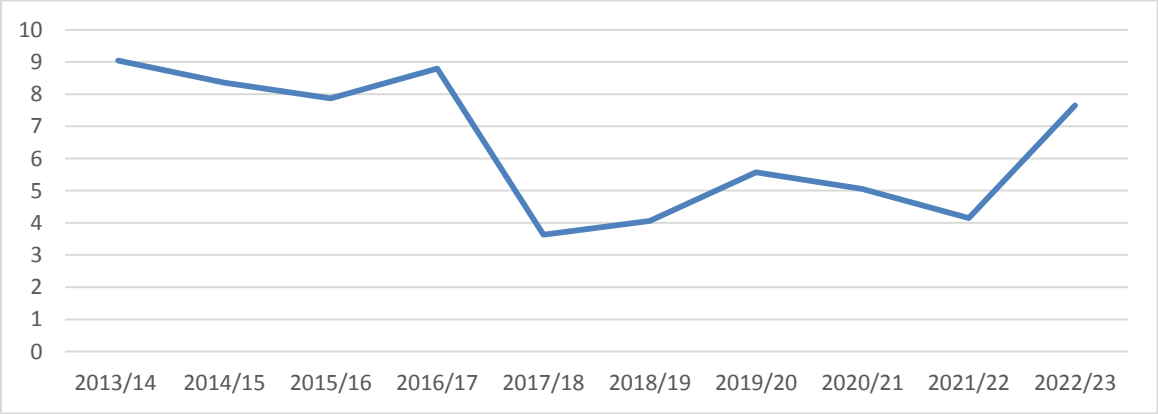
Fiscal Year	Inflation Rate
2013/14	9.04
2014/15	8.36
2015/16	7.87
2016/17	8.79
2017/18	3.63
2018/19	4.06
2019/20	5.57
2020/21	5.05
2021/22	4.15
2022/23	7.65
Mean	6.42
SD	2.13
CV	33.25

Source: Annual Reports

Table 12 shows the inflation rates for the banks that are the subject of the study during a ten-year period, from fiscal year 2013/14 to fiscal year 2022/23. This period's average inflation rate is 6.42%, with a 2.13 standard deviation (SD) and a 33.25% coefficient of variation (CV). When the greatest and lowest inflation rates across the banks were examined, the fiscal year 2013–14 had the highest inflation rate recorded at 9.04%. There was a comparatively high level of inflation during this time, which would have had an effect on the financial performance and operations of the banks, affecting cost structures and interest rates. Conversely, the fiscal year 2017–18 had the lowest inflation rate ever recorded, at 3.63%.

Figure 11

Status of Inflation Rate



When examining the inflation patterns over the last ten years, it can be seen that there was a period of mild inflationary pressure after the first high point in 2013/14, when the

inflation rate peaked again in fiscal year 2015/16 at 7.87%. After thereafter, there was a decline until 2017–18, after which there was a slow rise until 2022–2023 the year it hit 7.65%. The economic cycles and outside variables that affect the banking sector, such as consumer behavior, fiscal policies, and international economic situations, are highlighted by these variations in inflation rates. In order to adapt their plans, control risks, and preserve financial stability in the face of shifting economic conditions, banks must closely monitor changes in inflation.

Table 13

Status of Gross Domestic Product Growth Rate

Fiscal Year	GDP Growth Rate
2013/14	5.74
2014/15	3.51
2015/16	0
2016/17	8.59
2017/18	7.37
2018/19	6.39
2019/20	2.42
2020/21	4.49
2021/22	5.26
2022/23	2.16
Mean	4.11
SD	3.39
CV	82.62

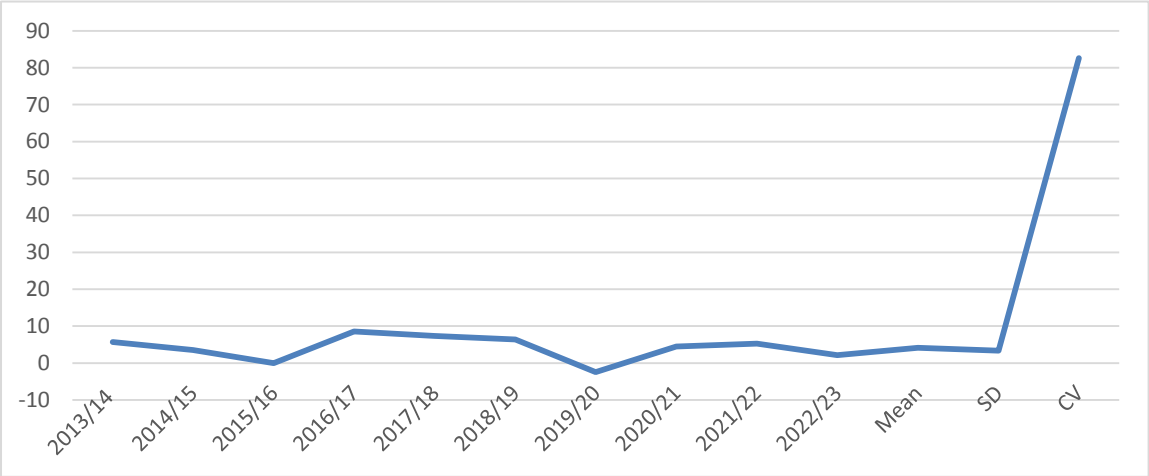
Source: Annual Reports

For the banks that are the subject of this research, Table 13 shows the GDP growth rates over a ten-year period, from fiscal years 2013/14 to 2022/23. Over this time, the average GDP growth rate has been 4.11%, with a 3.39 standard deviation (SD) and an 82.62% coefficient of variation (CV). When the greatest and lowest GDP growth rates across the banks are examined, the fiscal year 2016–17 had the highest growth rate, which was 8.59%. There was a notable economic boom during this time, which may have been fueled by prudent fiscal measures, more investment, or robust consumer consumption.

The strong growth rate may have helped the banking industry by increasing demand for loans and stimulating the economy as a whole. In comparison, the fiscal years 2015–16 and 2019–20 had the lowest growth rates ever recorded, at 0%. When there is no GDP growth, the economy is said to be in a state of economic stagnation. As companies and customers deal with economic uncertainty, banks may encounter difficulties including decreased profitability, restricted loan demand, and increased credit risk as a result of economic stagnation.

Figure 12

Status of GDP Growth Rate



When the patterns of the last ten years were examined, the GDP growth rate revealed significant swings between periods of positive growth and stagnation. The GDP grew by 8.59% in 2016–17 after growing by 0% in 2015–16, demonstrating the economy's resilience and recovery. After then, the growth rates fluctuated but usually decreased as the period came to a conclusion, reaching 2.16% in 2022–2023. These oscillations highlight the cyclicality and outside factors impacting the banking industry, requiring flexible approaches to control risks and seize expansion chances in the face of shifting economic circumstances.

Table 14

Overall Descriptive Analysis

Variables	Minimum	Maximum	Mean	SD
LR	40.06	89.25	71.78	9.15
SDPS	1.50	38.00	14.26	8.34
CDPS	0.20	17.00	2.80	3.53
DPR	4.00	40.00	15.61	8.07
DY	0.01	0.30	0.05	0.04
BS	0.72	131.74	19.67	25.82
IR	3.63	9.04	6.42	2.03
GDP	(2.42)	8.59	4.11	3.23
MPS	28.00	1,307.00	311.29	197.05
BVPS	(742.91)	233.83	107.78	110.46

A thorough descriptive study of the many financial and economic factors necessary to comprehend the dataset is given in Table 14. First, it shows that the Loan Ratio (LR) has

a mean of 71.78 and a standard deviation (SD) of 9.15, and it runs from 40.06 to 89.25. This suggests that, in relation to their overall capital structure, the majority of the sampled businesses retain a moderate to high amount of loan capital.

Comparably, the study of Stock Dividend per Share (SDPS) reveals a large range from 1.50 to 38.00, a mean of 14.26, and a standard deviation of 8.34, indicating notable variation in the enterprises under investigation's attitude toward dividend distribution. The Cash Dividend per Share (CDPS) exhibits variability throughout the sample, with a mean of 2.80 and SD of 3.53. It ranges from 0.20 to 17.00.

Second, the table presents important financial data, including Dividend Yield (DY) and Dividend per Share (DPR). With a mean of 15.61 and a standard deviation of 8.07, the DPR spans from 4.00 to 40.00, suggesting different dividend payment amounts across the firms under observation. The dispersion of dividend income in relation to stock prices is reflected in DY's typical very low dividend yields, which range from 0.01 to 0.30 with a mean of 0.05 and SD of 0.04.

Furthermore, Bank Size (BS) has a mean of 19.67 and a significant SD of 25.82, indicating a huge variation in the size of financial institutions included in the investigation. BS ranges from 0.72 to 131.74 rupees (in billion). These measures provide a thorough overview of the economic data, dividend policies, and financial health that are essential for assessing the risk profiles and performance of the entities being examined.

4.2 Correlation Analysis

A measure of the linear link between two variables is the correlation coefficient. The correlation coefficient's values are always in the range of 1 and +1. A correlation coefficient of +1 denotes a perfect positive linear relationship between two variables; a correlation coefficient of 1 denotes a perfect negative linear relationship; and a correlation coefficient of 0 denotes no linear relationship at all between the two variables. It has been shown how independent factors, such the loan ratio, relate to both dependent and independent variables. The Bivariate Pearson's Correlation is one sort of correlation analysis that has been used to examine the connection.

Table 15

Correlation Analysis with MPS and Market to Book Ratio

Variables	SDPS	CDPS	DPR	DY	BS	LR	IR	GDP	MPS	MPS/ BVPS
SDPS	1									
CDPS	-.334**	1								
	(0.004)									
DPR	.937**	0.006	1							
	(0.000)	(0.957)								
DY	0.106	.262*	.230*	1						
	(0.313)	(0.018)	(0.020)							
BS	-.331**	0.119	-.346**	-0.085	1					
	(0.001)	(0.276)	(0.000)	(0.398)						
LR	-0.005	-0.077	-0.090	-0.097	-0.036	1				
	(0.965)	(0.481)	(0.367)	(0.330)	(0.664)					
IR	.356**	-0.135	.385**	0.068	-.271**	-.166*	1			
	(0.000)	(0.217)	(0.000)	(0.499)	(0.001)	(0.042)				
GDP	0.046	.326**	0.128	0.065	-0.074	-0.062	-0.103	1		
	(0.661)	(0.002)	(0.201)	(0.519)	(0.366)	(0.451)	(0.211)			
MPS	.404**	-0.196	.365**	-.622**	.194*	0.019	0.091	0.005	1	
	(0.000)	(0.072)	(0.000)	(0.000)	(0.018)	(0.815)	(0.267)	(0.949)		
MPS/	.269**	0.005	.295**	-.311**	0.123	0.144	-0.035	0.000	.389**	1
BVPS	(0.008)	(0.961)	(0.003)	(0.001)	(0.133)	(0.078)	(0.667)	(1.000)	(0.000)	

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

*. Correlation is significant at the 0.05 level (2-tailed).

Market Price per Share (MPS), the dependent variable, and a number of independent financial and economic factors are correlated, as shown in Table 15. A little positive association between Loan Ratio (LR) and MPS is seen at 0.019, although this correlation is not statistically significant ($p = 0.815$). This implies that variations in the ratio of loan capital to total capital have little effect on the share market price. Loan ratio swings may not seem like as big of an impact on company prices to investors as other variables do.

A considerable positive correlation of 0.404 between Stock Dividend per Share (SDPS) and MPS is seen; this correlation is highly significant at the 0.01 level ($p = 0.000$). According to this research, corporations that distribute more stock dividends often see increases in market values per share. Dividends on stocks are often interpreted favorably by investors, who see them as signs of sound financial standing and possible future growth, which raises stock values.

On the other hand, there is a somewhat negative correlation of -0.196 between Cash Dividend per Share (CDP) and MPS; however, this connection is not statistically significant at the 0.05 level (p = 0.072). This inverse link implies that there is a propensity for market prices per share to slightly decline as cash dividend distributions rise. High cash dividends may be seen by investors as lowering retained profits that may be used for expansion or other investment possibilities, which could have a negative effect on stock values.

A moderately positive correlation of 0.365 between Dividend per Share (DPR) and MPS is seen; this correlation is significant at the 0.01 level (p = 0.000). This suggests that there is often a positive correlation between market prices and larger dividend distributions per share. Businesses that consistently or steadily raise their dividend payments are favored by investors, who see them as indicators of sound financial standing and alluring investment prospects.

The data indicates a very significant negative association of -0.622 between Dividend Yield (DY) and MPS at the 0.01 level (p = 0.000). Given this strong negative association, it may be inferred that lower market prices per share are linked to greater dividend yields, which indicate a larger dividend to share price ratio. Stocks with higher dividend yields may be preferred by investors wanting more dividend income in relation to share price, which might have an effect on capital appreciation strategies against income generation preferences.

The Loan Ratio (LR) has a marginally significant (p = 0.078) moderately positive association of 0.144 with MPS/BVPS. This implies that corporations tend to have larger MPS/BVPS ratios when their loan ratios are greater in relation to their book value per share. According to this connection, investors can believe that more leverage might increase the market value in comparison to book value per share.

A moderately positive correlation of 0.269 between Stock Dividend per Share (SDPS) and MPS/BVPS has been observed; this correlation is statistically significant at the 0.01 level (p = 0.008). According to this research, organizations with higher MPS/BVPS ratios are often those that issue more stock dividends in relation to their book value per share. This might be seen favorably by investors, who would view stock dividends as an indication of stability and future development, leading to higher market prices in comparison to book values.

At the 0.01 level, Dividend Yield (DY) has a very significant negative association of -0.311 with MPS/BVPS (p = 0.001). This robust inverse association implies that lower MPS/BVPS ratios are linked to greater dividend yields, which represent bigger dividend payments in proportion to share price. Stocks with lower MPS/BVPS ratios may be preferred by investors who value dividend income more than share price. This might have an influence on capital appreciation strategies in contrast to income generation preferences.

Ultimately, there is a somewhat positive association between dividend per share (DPR) and MPS/BVPS of 0.295, which is significant at the 0.01 level (p = 0.003). This suggests that there is a favorable correlation between MPS/BVPS ratios and larger dividend distributions per share as compared to book value. greater dividend payments are often seen by investors as an indication of solid financial performance and shareholder returns, which may have an impact on market valuations that are greater than book values.

4.4 Multiple Regression Analysis

Finding the cause and effect between independent variables (dividend yield, bank size, inflation rate, dividend payout ratio, gross domestic product growth rate), and dependent variables (market price per share and book value per share), is the goal of regression analysis. Independent variables include loan ratio, stock dividend per share, cash dividend per share, dividend yield.

Table 16

Effect of Dividend Payout on MPS

Model		Coeff.	t	Sig.
1	(Constant)	3.015	3.540	0.001
	CDPS	0.023	1.531	0.131
	DPR	0.667	-0.578	0.565
	DY	-11.480	-10.483	0.000
	BS	0.101	3.658	0.001
	LR	-0.002	-0.413	0.681
	IR	0.072	3.012	0.004
	GDP	0.030	2.207	0.031
				R-square = .851
				F-value = 23.944
				Sig.(F-value) = .000

The influence of many independent factors on the market price per share (MPS) of Nepalese Development Banks is investigated using the regression analysis shown in Table 16. An R-square value of 0.851 indicates that the model has a strong explanatory power; around 85.1% of the variability in MPS can be explained by the independent variables in the model. The model as a whole seems to be statistically significant based on the F-value of 23.944 and its significance level (Sig. = 0.000).

With a t-value of 1.531 and a Sig. of 0.131, the cash dividend per share (CDPS) coefficient of 0.023 is not statistically significant. This implies that while there is a correlation between CDPS and MPS that is positive, it is not statistically significant. In the case of Nepalese Development Banks, investors may not be as receptive to cash dividends as they are to stock dividends. The dividend payout ratio (DPR) has a coefficient of 0.667 and a Sig. value of 0.565, indicating that it is not statistically significant. This suggests that MPS is not much impacted by the dividend payout ratio. Higher dividend distributions are expected to attract investors, but this analysis finds no statistically significant effect.

Dividend yield (DY) has a very significant coefficient of -11.480 (t = -10.483, Sig. = 0.000). It seems from this strong negative association that lower market prices are linked to greater dividend yields. This surprising outcome suggests that higher yields might be seen as an indication of troubled finances or restricted expansion opportunities, which would hurt MPS. Bank size (BS) has a coefficient of 0.101, which is statistically significant (t = 3.658, Sig. = 0.001). This suggests that market prices per share are often higher for bigger institutions. The positive correlation implies that investors value bigger banks' equities more because they see them as more dependable and stable.

With a t value of -0.413 and a Sig. value of 0.681, the loan ratio (LR) coefficient of -0.002 is not statistically significant. This suggests that the market price per share is not significantly affected by the lending ratio, at least not statistically. The negative sign indicates that although the MPS is somewhat decreased by a rise in the loan ratio, this impact is not significant enough to be taken into account. Stock dividend per share (SDPS) has a positive and statistically significant coefficient of 0.032 (t = 5.661, Sig. = 0.000). This result suggests that MPS is significantly improved by an increase in SDPS. In particular, the MPS rises by 0.032 units for every unit increase in SDPS. This emphasizes how crucial stock dividends are to raising the banks' market value.

At t = 3.012, Sig. = 0.004, the inflation rate (IR) coefficient of 0.072 is statistically significant. This result suggests that MPS are favorably impacted by a rise in the inflation rate. One argument would be that market values rise and the banking industry profits from mild inflation, which is linked to economic growth. The GDP growth rate coefficient (t = 2.207, Sig. = 0.031) is 0.030, indicating statistical significance. This correlation indicates a favorable association between market prices and GDP growth rates. This is in line with the idea that economic expansion improves the financial system as a whole, which helps banks and their market values.

Table 17

Effect of Dividend Payout on MPS/BVPS

Model		Coeff.	t	Sig.
1	(Constant)	-4.101	-1.036	0.304
	CDPS	0.093	1.326	0.190
	DPR	-.059	-.247	0.806
	DY	-14.735	-2.895	0.005
	BS	0.225	1.747	0.085
	LR	-0.004	-0.168	0.867
	IR	0.157	1.414	0.162
	GDP	0.122	1.947	0.056
				R-square = .495
				F-value = 2.962
				Sig.(F-value) = .009

The influence of many independent factors on the ratio of market price per share to book value per share (MPS/BVPS) of Nepalese Development Banks is investigated by the regression analysis shown in Table 17. With an R-square value of 0.495, the model has a moderate explanatory power, meaning that the independent variables account for 49.5% of the variability in MPS/BVPS. Although not as strong as the prior model assessing MPS alone, the whole model is statistically significant, according to the F-value of 2.962 and its significance level (Sig. = 0.009).

In the context of the data, the negative sign indicates a modest fall in MPS/BVPS with a rise in the loan ratio, although this impact is not significant. Stock dividend per share (SDPS) has a positive, statistically significant coefficient of 0.053 (t = 2.014, Sig. = 0.048). This suggests that MPS/BVPS are significantly improved by an increase in SDPS. In particular, the MPS/BVPS ratio rises by 0.053 units for every unit increase in SDPS,

demonstrating the importance of stock dividends to investors in boosting market price beyond book value.

The cash dividend per share (CDP) coefficient is 0.093; nevertheless, the significance level is low (t = 1.326, Sig. = 0.190). A favorable correlation has been seen between CDPS and MPS/BVPS; however, the effect is not statistically significant. This implies that the market's assessment of shares in relation to their book value is not much impacted by cash dividends.

With a t value of -0.247 and a Sig. value of 0.806, the dividend payout ratio (DPR) coefficient of -0.059 is not statistically significant. This suggests that MPS/BVPS is not significantly impacted by the dividend payout ratio. As a result, increased dividend payments may not always correspond to increased market values above book value.

Loan ratio (LR) coefficient is -0.004, not statistically significant (t = -0.168, Sig. = 0.867). This suggests that the MPS/BVPS is not significantly affected by the loan ratio, and that the effect is statistically insignificant. Dividend yield (DY) has a statistically significant coefficient of -14.735 (t = -2.895, Sig. = 0.005).

It seems from this significant negative link that lower MPS/BVPS ratios are related to greater dividend yields. According to this finding, greater yields can be seen as an indication of troubled finances or slow development, which would lower the market price in relation to book value. Although the bank size (BS) coefficient is 0.225, the results do not indicate statistical significance (t = 1.747, Sig. = 0.085).

Larger banks often have higher MPS/BVPS ratios; nonetheless, the link is favorable but not statistically significant. Larger banks may be seen by investors as more stable, although this view has little bearing on the market value in relation to book value.

The inflation rate (IR) coefficient (t = 1.414, Sig. = 0.162) is 0.157, which is not statistically significant. This implies that the MPS/BVPS ratio is not significantly impacted by the inflation rate.

Growth in the economy may be linked to moderate inflation, although in this case, this does not much increase market valuation above book value. The GDP growth rate coefficient (t = 1.947, Sig. = 0.056) is 0.122, indicating a marginal level of significance.

This positive correlation implies that greater MPS/BVPS ratios are related to higher GDP growth rates. Though the effect is only somewhat significant, economic expansion

improves the financial climate, which benefits banks and their market price in relation to book value.

Table 18

Summary of Hypotheses

Alternative Hypotheses	P-value	Remarks
H1: There is a significant impact of loan ratio on MPS.	.681	Rejected
H2: There is a significant impact of cash dividend per share on MPS.	.131	Rejected
H3: There is a significant impact of stock dividend per share on MPS.	.000	Accepted
H4: There is a significant impact of dividend payout on MPS.	.565	Rejected
H5: There is a significant impact of dividend yield on MPS.	.000	Accepted
H6: There is a significant impact of bank size on market MPS.	.001	Accepted
H7: There is a significant impact of inflation rate on MPS.	.004	Accepted
H8: There is a significant impact of gross domestic product growth rate on MPS.	.031	Accepted
H9: There is a significant impact of loan ratio on MPS/BVPS.	.867	Rejected
H10: There is a significant impact of cash dividend per share on MPS/BVPS.	.190	Rejected
H11: There is a significant impact of stock dividend per share on MPS/BVPS.	.048	Accepted
H12: There is a significant impact of dividend payout on MPS/BVPS.	.806	Rejected
H13: There is a significant impact of dividend yield on MPS/BVPS.	.005	Accepted
H14: There is a significant impact of bank size on MPS/BVPS.	.085	Rejected
H15: There is a significant impact of inflation rate on MPS/BVPS.	.162	Rejected
H16: There is a significant impact of gross domestic product growth rate on MPS/BVPS.	.056	Rejected

4.5 Discussion

The results of this research may be compared with those of other recent studies in the same sector, and they provide significant insights into the link between several financial measures and market price per share (MPS). The study's key result is that the dividend payout ratio (DPR) significantly improves MPS. This is in line with the findings of Kumar et al. (2024), who supported the dividend relevance hypothesis by finding a positive correlation between increased dividend payment ratios and better business performance on India's BSE. Furthermore, Li and Zhang (2024) found that prosperous companies with large reserves often pay dividends, which supports the study's finding that dividend distributions and market value have a positive association.

In contrast to the results of Omran and Pointon (2004) and Al-Shubiri (2011), who found a negative association between leverage and payout ratios, the research did not uncover a

significant influence of leverage (LR) on MPS. According to these research, a firm's capacity to pay dividends is diminished by increased leverage, which has an adverse effect on market value. The study's lack of substantial influence might be the result of variations in the sample or the overall economic environment. It also emphasizes the necessity for more study to fully understand how leverage affects various market circumstances and industry sectors.

The present study's results about the negative correlation between dividend yield (DY) and MPS are consistent with those of Bhattarai (2005), who observed a similar negative link between dividend yield and share price volatility in Nepal. This implies that poorer future growth prospects may be signaled by greater dividend yields, which would affect market prices. Similar to this, Baker et al. (1985) pointed out that excessive dividend distributions could be a sign of less chances for reinvestment, which would explain the study's unfavorable findings.

greater institutional ownership is associated with greater dividend payments, a conclusion that is consistent with the favorable impact of institutional ownership (IR) on MPS and the findings of Alli et al. (1993) and Ahmed and Javid (2009). This implies that institutional investors are vital in promoting consistent and increasing dividends, which in turn improves investor confidence and market views. The results of this research support the idea that institutional ownership has a significant role in setting dividend policies and how such policies affect market value.

Additionally, this research discovered that MPS is favorably influenced by business size (BS), which is in line with findings from studies by Naceuret et al. (2006) and Al-Malkawi (2008). Bigger companies are often better at controlling economic swings and turning a profit, which raises their market value and makes their dividend policy more attractive. This connection emphasizes the dependability and stability that come with bigger businesses, which attracts investors and raises market values.

In conclusion, the study's results generally concur with current research on the factors that influence dividend policy and how they affect market value. Nonetheless, disparities in the leverage effect and sectoral differences underscore the need for more study. It is clear from comparing these findings with a broad variety of previous research that the dynamics between financial measures and market value are complicated and impacted by a number of variables, requiring more research to fully comprehend.

CHAPTER V
SUMMARY AND CONCLUSION

5.1 Summary

The purpose of this research is to investigate how Nepalese Development Banks issue dividends and how this affects share prices. In particular, it aims to assess the current state of important financial indicators like bank size (BS), inflation rate (IR), cash dividend per share (CDPS), stock dividend per share (SDPS), dividend payout ratio (DPR), dividend yield (DY), book value per share (BVPS), loan ratio (LR), and GDP growth rate. It also assesses these factors' influence on book value and stock price in relation to Nepalese Development Banks that are listed on the Nepal Stock Exchange (NEPSE).

There is a causal comparative and descriptive study strategy in use. The aforementioned variables' present status is better understood by descriptive analysis, and the linkages between these financial measurements and their effects on market price per share (MPS) and BVPS are examined using causal comparative design. 17 development banks that are listed on NEPSE are included in the study's population; a sample of 15 institutions was chosen depending on which bank had the highest net profit. Data for the fiscal years 2013–14 to 2022–23 were gathered from secondary sources, including bank websites, balance sheets, profit and loss statements, and NEPSE reports.

Significant differences were found between the banks' BVPS, LR, CDPS, SDPS, DPR, DY, BS, IR, and GDP growth rate, according to descriptive analysis. Strong financial health was shown by the mean values of LR and BVPS, and varied dividend policies and strategies were emphasized by the large range and standard deviations of CDPS and SDPS. According to regression research, DPR has a significant positive impact on MPS, suggesting that investors value larger dividend distributions. On the other hand, DY significantly hurt MPS, indicating that higher yields can be a harbinger of worse growth prospects. Furthermore, it was shown that higher bank sizes and positive GDP growth rates had a favorable impact on MPS, highlighting the significance of bank size and macroeconomic factors in influencing market values.

The results suggest that, because increased dividend distributions may raise stock values, Nepalese Development Banks should strategically manage their dividend policy to attract

and keep investors. Since larger banks are often seen as more stable, it is advantageous to develop and extend activities. Additionally, the macroeconomic landscape positive GDP growth, in particular has a significant impact on stock prices, indicating that banks should continue to monitor these developments.

The research concludes by highlighting the important roles that macroeconomic factors, bank size, and dividend policy play in determining market values for development bank stocks in Nepal. These insights may help banks optimize their financial strategy and provide information to regulators and policymakers about the variables influencing the performance of financial sector stocks. To improve the generalizability of these results, future studies might examine the relationships between these financial variables and their long-term effects in other market environments.

5.2 Conclusion

This research, which looked at the fiscal years 2013–14–2022–23, investigated the effect of dividend distribution and its influence on the market price of Nepalese development banks. Both a causal and descriptive research approach were used in the investigation. While the causal research design focused on cause-and-effect relationships, the descriptive research method was used to gather factual information.

According to the research, bigger dividend distributions are linked to higher stock prices, suggesting that investors prefer banks that provide their shareholders a larger profit margin. Conversely, lower stock prices are correlated with greater dividend yields, suggesting that investors may see higher yields as an indication of constrained growth potential. The market views larger banks favorably, which supports the idea that scale equals stability and dependability. Positive GDP growth rates also support stock values, highlighting the crucial impact that advantageous macroeconomic circumstances play. On the other hand, the fact that loan ratios and cash dividends do not significantly affect stock performance indicates that these variables have less of an influence in the present market environment. These results highlight the significance of macroeconomic health, bank size, and strategic dividend policies in improving stock performance and influencing investor behavior.

The importance of macroeconomic factors, bank size, and dividend policy in determining the market price of shares and how much they are worth in relation to book value. To

improve their market values, development banks should deliberately leverage stock dividends and take the overall economic climate into account. High dividend yields can also be interpreted cautiously since they might be an indication of financial trouble or constrained growth opportunities, necessitating a cautious strategy that takes into account market conditions and investor views. The findings highlight the need of reassessing certain financial metrics and implementing dividend policies that increase investor trust and maximize market values.

5.3 Implications

Practical Implications

According to the research, in order to draw in and keep investors, Nepalese Development Banks should give strategic dividend policies top priority. More specifically, larger dividend payments should raise stock values and increase the attractiveness of these institutions to investors, both present and future. Furthermore, attempts to develop and extend operations may help stabilize and improve market views, as shown by the positive association found between bank size and market price per share. Additionally, banks should continue to be aware of the overall state of the economy, as higher GDP growth rates are good for stock prices. Banks may enhance market performance and investor relations by refining their financial strategy with the help of these useful implications.

Theoretical Implications

In the context of Nepalese Development Banks, the research adds to the body of knowledge on the factors influencing stock performance by emphasizing the important roles played by dividend payment ratios, dividend yields, and bank size. These results are consistent with theories that hold that dividend policy has a significant role in investor choice and market value. The research backs up the idea that people see bigger organizations as more dependable, which is in line with current ideas of financial stability. This research offers a sophisticated knowledge of how certain financial measures affect stock performance in developing economies by fusing these findings with accepted ideas.

Policy Implications

The consequences of these results should be taken into account by regulators and policymakers when creating frameworks for investor protection and financial stability.

Promoting consistency and openness in dividend policy may boost investor trust and stabilize the market. Through an increase in market value, policies designed to promote economic development would also indirectly help the banking industry. Additionally, as bigger banks are seen more positively by investors, policies that encourage bank development and expansion may help stabilize the financial system even more. When taken as a whole, these legislative initiatives may strengthen and stabilize the financial industry.

Future Scope

To further understand their long-term implications, future study might examine the longitudinal effects of financial measures and dividend policy on stock performance. Further research on the relationship between macroeconomic factors and bank-specific tactics may provide more profound understanding of how to maximize financial success. To improve the generalizability and application of the findings, studies should look into other rising economies and compare and contrast these findings. Additional qualitative study using investor and bank executive interviews might improve our comprehension of the attitudes and motives behind these financial choices.

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APPENDIX

Year	Banks	MPS	Loan Ratio	SDPS	CDPS	DPR	DY	Bank Size	BVPS	Inflation	GDP
2013/14	SHINE	450	74.09	10.00	12.00	22.00	0.05	5,736,366,088	127.00	9.04	5.74
2014/15		360	71.58	27.00	1.42	28.42	0.08	7,226,748,912	146.16	8.36	3.51
2015/16		650	73.77	27.00	0.00	27.00	0.04	9,759,164,352	149.45	7.87	0
2016/17		425	72.24	25.00	0.00	25.00	0.06	12,020,134,016	149.41	8.79	8.59
2017/18		271	73.58	17.70	0.93	18.63	0.07	16,658,731,046	141.73	3.63	7.37
2018/19		252	40.06	15.00	0.00	15.00	0.06	21,463,341,905	121.09	4.06	6.39
2019/20		222	69.17	13.00	0.00	13.00	0.06	35,212,358,530	116.14	5.57	2.42
2020/21		256	69.07	10.93	0.57	11.50	0.04	42,230,035,268	142.39	5.05	4.49
2021/22		294	68.02	13.30	0.70	14.00	0.05	50,673,224,332	143.12	4.15	5.26
2022/23		384	68.98	10.50	0.55	11.05	0.03	63,418,815,119	141.40	7.65	2.16
2013/14	EXCEL	665	58.38	35.00	1.84	36.84	0.06	3,075,064,573	170.77	9.04	5.74
2014/15		610	62.51	26.00	1.36	27.36	0.04	3,356,444,476	160.37	8.36	3.51
2015/16		696	74.55	25.00	1.31	26.31	0.04	4,197,322,028	154.80	7.87	0
2016/17		624	70.30	30.12	1.58	31.70	0.05	5,337,803,644	161.38	8.79	8.59
2017/18		326	67.32	0.00	17.00	17.00	0.05	6,286,644,938	123.53	3.63	7.37
2018/19		283	74.15	17.10	0.90	18.00	0.06	8,588,989,226	148.67	4.06	6.39
2019/20		298	88.69	12.00	0.63	12.63	0.04	11,434,048,524	141.30	5.57	2.42
2020/21		855	68.82	8.50	0.45	8.95	0.01	13,359,188,283	161.73	5.05	4.49
2021/22		327	71.46	0.00	0.00	0.00	0.00	14,318,190,754	141.83	4.15	5.26
2022/23		325	65.63	0.00	0.00	0.00	0.00	16,194,958,494	151.59	7.65	2.16
2013/14	JYOTI	207	67.51	7.00	0.00	7.00	0.03	6,194,759,851	114.19	9.04	5.74
2014/15		164	66.77	9.00	0.47	9.47	0.06	7,423,089,453	115.62	8.36	3.51
2015/16		169	66.07	11.70	0.00	11.70	0.07	8,917,851,666	124.66	7.87	0
2016/17		207	68.07	10.00	0.00	10.00	0.05	13,188,433,142	115.07	8.79	8.59
2017/18		141	68.01	0.00	8.40	8.40	0.06	23,346,804,376	109.83	3.63	7.37
2018/19		163	67.95	12.75	0.00	12.75	0.08	36,459,941,714	129.25	4.06	6.39
2019/20		166	70.16	10.00	0.00	10.00	0.06	42,361,101,622	128.86	5.57	2.42
2020/21		478	71.67	11.00	4.50	15.50	0.03	59,879,025,109	136.44	5.05	4.49
2021/22		302	67.80	3.00	3.80	6.80	0.02	71,256,609,378	132.09	4.15	5.26
2022/23		298	70.10	0.00	0.00	0.00	0.00	72,674,949,581	134.20	7.65	2.16
2013/14	KAMANA	640	68.56	21.00	1.11	22.11	0.03	3,025,383,771	114.99	9.04	5.74
2014/15		108	70.42	22.60	0.00	22.60	0.21	3,588,700,976	116.66	8.36	3.51
2015/16		330	74.15	0.00	0.00	0.00	0.00	7,944,979,040	117.56	7.87	0
2016/17		355	72.58	5.50	6.50	12.00	0.03	8,249,053,482	120.80	8.79	8.59
2017/18		141	67.90	1.50	8.00	9.50	0.07	19,396,495,124	115.16	3.63	7.37
2018/19		160	70.83	0.00	6.80	6.80	0.04	26,691,891,150	127.75	4.06	6.39
2019/20		145	70.79	4.40	0.23	4.63	0.03	36,621,711,872	126.13	5.57	2.42
2020/21		580	75.20	18.50	0.97	19.47	0.03	51,304,904,226	144.73	5.05	4.49
2021/22		349	70.74	4.41	0.23	4.64	0.01	59,881,699,953	138.89	4.15	5.26
2022/23		327	70.07	0.00	0.00	0.00	0.00	62,581,150,000	138.27	7.65	2.16
2013/14	LUMBINI	158	60.30	0.00	0.00	0.00	0.00	7,462,214,483	58.00	9.04	5.74
2014/15		155	54.54	0.00	0.00	0.00	0.00	9,167,554,786	75.00	8.36	3.51
2015/16		152	70.21	0.00	0.00	0.00	0.00	7,417,610,195	92.00	7.87	0
2016/17		78	70.51	0.00	0.00	0.00	0.00	21,205,746,737	136.00	8.79	8.59
2017/18		146	68.82	17.07	0.00	17.07	0.12	25,725,376,703	126.24	3.63	7.37
2018/19		197	70.42	5.00	15.00	20.00	0.10	30,027,318,517	190.43	4.06	6.39
2019/20		181	70.50	7.00	3.00	10.00	0.06	34,496,583,890	163.60	5.57	2.42
2020/21		585	67.25	13.00	0.68	13.68	0.02	44,125,173,171	182.17	5.05	4.49
2021/22		341	67.15	3.00	9.00	12.00	0.04	56,688,511,309	174.47	4.15	5.26
2022/23		28	70.34	4.00	4.50	8.50	0.30	58,891,462,645	178.61	7.65	2.16
2013/14	SANGRILA	147	85.30	15.00	6.30	21.30	0.14	6,029,435,191	133.26	9.04	5.74
2014/15		314	71.61	20.85	0.00	20.85	0.07	9,000,471,560	140.10	8.36	3.51
2015/16		425	75.46	16.07	0.85	16.92	0.04	11,959,418,636	138.26	7.87	0
2016/17		390	71.79	2.50	9.30	11.80	0.03	16,043,807,949	125.56	8.79	8.59
2017/18		157	67.82	4.00	5.45	9.45	0.06	21,218,542,441	118.02	3.63	7.37
2018/19		159	72.31	0.00	8.96	8.96	0.06	26,283,651,999	127.95	4.06	6.39
2019/20		141	69.71	5.00	0.26	5.26	0.04	32,898,334,087	126.83	5.57	2.42
2020/21		424	69.08	10.00	0.53	10.53	0.02	47,836,876,600	135.64	5.05	4.49
2021/22		290	67.82	8.53	0.45	8.98	0.03	59,822,417,677	139.13	4.15	5.26
2022/23		322	67.96	5.26	0.26	5.53	0.02	58,649,961,444	137.47	7.65	2.16
2013/14	MAHALAXMI	173	86.72	0.00	0.00	0.00	0.00	4,612,393,111	65.46	9.04	5.74
2014/15		133	67.09	0.00	0.00	0.00	0.00	7,452,362,537	75.50	8.36	3.51
2015/16		330	66.78	7.90	0.00	7.90	0.02	29,241,466,775	101.80	7.87	0
2016/17		219	77.66	0.00	9.00	9.00	0.04	19,592,339,997	132.45	8.79	8.59
2017/18		171	65.77	8.00	7.00	15.00	0.09	31,827,194,630	133.25	3.63	7.37
2018/19		195	68.97	8.00	9.89	17.89	0.09	37,925,726,261	16.41	4.06	6.39
2019/20		183	68.24	8.80	0.46	9.26	0.05	43,140,370,581	155.85	5.57	2.42
2020/21		445	63.53	20.00	1.05	21.05	0.05	47,461,586,749	166.93	5.05	4.49
2021/22		347	63.63	4.00	6.47	10.47	0.03	54,867,029,134	157.27	4.15	5.26
2022/23		325	60.05	6.40	6.40	12.80	0.04	61,857,374,137	156.28	7.65	2.16
2013/14	MUKTINATH	630	51.35	38.00	2.00	40.00	0.06	969,893,920	162.12	9.04	5.74
2014/15		564	54.19	31.00	1.63	32.63	0.06	1,219,698,120	151.88	8.36	3.51
2015/16		1307	75.74	34.00	0.00	34.00	0.03	12,936,752,306	160.34	7.87	0
2016/17		971	85.83	20.00	1.05	21.05	0.02	17,662,114,796	148.43	8.79	8.59
2017/18		378	72.16	18.25	0.96	19.21	0.05	34,649,257,217	135.62	3.63	7.37
2018/19		370	73.37	17.60	0.93	18.53	0.05	51,991,396,287	145.18	4.06	6.39
2019/20		312	71.83	11.25	4.26	15.51	0.05	66,348,092,711	134.53	5.57	2.42

2020/21		657	72.10	17.58	0.93	18.51	0.03	101,131,723,360	141.98	5.05	4.49
2021/22		439	71.70	13.50	0.71	14.21	0.03	121,083,468,422	142.77	4.15	5.26
2022/23		407	71.70	9.75	0.51	10.26	0.03	131,738,727,544	143.48	7.65	2.16
2013/14	GARIMA	345	43.16	20.00	1.05	21.05	0.06	1,422,110,024	140.03	9.04	5.74
2014/15		305	46.22	20.00	0.00	20.00	0.07	115,715,842	137.23	8.36	3.51
2015/16		356	74.76	20.00	0.00	20.00	0.06	10,578,839,428	141.32	7.87	0
2016/17		356	66.42	15.00	0.00	15.00	0.04	2,265,977,764	128.31	8.79	8.59
2017/18		218	73.77	10.00	3.75	13.75	0.06	25,237,498,469	124.95	3.63	7.37
2018/19		224	72.80	16.15	0.85	17.00	0.08	38,749,107,242	135.94	4.06	6.39
2019/20		223	69.32	13.50	0.71	14.21	0.06	50,293,647,873	134.21	5.57	2.42
2020/21		544	70.86	16.00	0.00	16.00	0.03	72,947,556,943	145.49	5.05	4.49
2021/22		387	72.44	13.00	1.50	14.50	0.04	80,129,118,628	144.03	4.15	5.26
2022/23		405	69.42	9.50	0.50	10.00	0.02	89,250,825,021	148.55	7.65	2.16
2013/14	SINDHU	160	53.38	7.50	0.40	7.90	0.05	127,457,755	113.12	9.04	5.74
2014/15		227	56.67	12.50	0.66	13.16	0.06	2,041,565,597	129.63	8.36	3.51
2015/16		580	87.55	16.80	0.88	17.68	0.03	72,149,957	233.83	7.87	0
2016/17		366	67.77	5.95	0.31	6.26	0.02	165,087,300	113.79	8.79	8.59
2017/18		131	79.55	0.00	0.00	0.00	0.00	357,222,811	112.21	3.63	7.37
2018/19		144	77.77	11.51	0.58	12.09	0.08	664,261,706	119.87	4.06	6.39
2019/20		134	82.45	0.00	0.00	0.00	0.00	134,254,041	109.42	5.57	2.42
2020/21		401	55.59	0.00	0.00	0.00	0.00	216,711,721	106.73	5.05	4.49
2021/22		268	71.13	0.00	0.00	0.00	0.00	494,833,840	110.25	4.15	5.26
2022/23		279	61.71	0.00	0.00	0.00	0.00	770,422,691	106.04	7.65	2.16
2013/14	CORPORATE	100	55.67	0.00	0.00	0.00	0.00	520,000,000	11.81	9.04	5.74
2014/15		110	56.78	0.00	0.00	0.00	0.00	1,632,126,945	28.15	8.36	3.51
2015/16		120	66.78	0.00	0.00	0.00	0.00	2,700,502,654	28.44	7.87	0
2016/17		130	76.55	0.00	0.00	0.00	0.00	3,525,001,083	57.59	8.79	8.59
2017/18		126	64.92	0.00	0.00	0.00	0.00	144,461,375	72.19	3.63	7.37
2018/19		119	78.65	0.00	0.00	0.00	0.00	90,917,280	140.77	4.06	6.39
2019/20		124	88.77	0.00	0.00	0.00	0.00	6,580,206,520	150.81	5.57	2.42
2020/21		751	78.98	0.00	0.00	0.00	0.00	6,705,119,712	142.63	5.05	4.49
2021/22		312	77.76	5.00	0.26	5.26	0.02	7,519,995,403	140.50	4.15	5.26
2022/23		350	75.66	0.00	0.00	0.00	0.00	8,097,846,626	144.67	7.65	2.16
2013/14	NARAYANI	490	65.78	0.00	0.00	0.00	0.00	520,000,000	742.91	9.04	5.74
2014/15		500	66.87	0.00	0.00	0.00	0.00	298,005,890	583.03	8.36	3.51
2015/16		861	88.45	0.00	0.00	0.00	0.00	2,006,656,836	440.56	7.87	0
2016/17		520	78.95	0.00	0.00	0.00	0.00	2,251,237,771	162.45	8.79	8.59
2017/18		288	89.25	0.00	0.00	0.00	0.00	4,576,756,151	17.56	3.63	7.37
2018/19		234	77.56	0.00	0.00	0.00	0.00	5,759,979,010	20.93	4.06	6.39
2019/20		307	78.26	0.00	0.00	0.00	0.00	4,564,226,664	73.01	5.57	2.42
2020/21		691	85.25	0.00	0.00	0.00	0.00	5,224,045,265	62.67	5.05	4.49
2021/22		380	83.25	0.00	0.00	0.00	0.00	5,062,662,634	45.79	4.15	5.26
2022/23		414	85.45	0.00	0.00	0.00	0.00	5,293,210,661	26.12	7.65	2.16
2013/14	MITERI	193	87.45	25.00	1.32	26.32	0.05	1,422,110,024	148.01	9.04	5.74
2014/15		267	78.56	30.00	1.58	31.58	0.06	2,041,565,597	156.37	8.36	3.51
2015/16		303	66.56	30.00	1.58	31.58	0.04	434,887,395	164.78	7.87	0
2016/17		317	87.56	31.48	1.66	33.14	0.06	583,395,774	154.37	8.79	8.59
2017/18		106	74.54	17.00	0.89	17.89	0.06	3,049,110,792	139.34	3.63	7.37
2018/19		114	88.57	18.52	0.98	19.50	0.08	3,960,165,846	143.96	4.06	6.39
2019/20		100	74.45	15.00	0.79	15.79	0.05	1,870,237,897	146.38	5.57	2.42
2020/21		586	71.23	13.30	0.70	14.00	0.02	2,450,799,965	145.63	5.05	4.49
2021/22		347	76.23	12.35	0.65	13.00	0.04	3,732,575,063	143.66	4.15	5.26
2022/23		404	88.23	9.50	0.50	10.00	0.02	4,766,169,260	135.03	7.65	2.16
2013/14	KARNALI	100	60.29	25.00	0.00	30.00	0.16	127,457,755	133.96	9.04	5.74
2014/15		110	67.45	11.00	0.00	16.00	0.06	1,632,126,945	144.92	8.36	3.51
2015/16		120	66.58	8.00	0.00	8.00	0.03	72,149,957	141.65	7.87	0
2016/17		130	67.59	0.00	0.00	0.00	0.00	165,087,300	150.97	8.79	8.59
2017/18		142	77.45	0.00	0.00	0.00	0.00	1,113,284,076	103.00	3.63	7.37
2018/19		101	77.45	0.00	0.00	0.00	0.00	1,621,086,268	106.00	4.06	6.39
2019/20		112	78.12	0.00	3.80	0.00	0.00	134,254,041	108.00	5.57	2.42
2020/21		354	79.23	0.00	3.80	0.00	0.00	216,711,721	109.00	5.05	4.49
2021/22		232	81.23	0.00	3.80	0.00	0.00	494,833,840	112.00	4.15	5.26
2022/23		282	83.45	0.00	3.80	0.00	0.00	770,422,691	105.75	7.65	2.16
2013/14	GREEN	120	67.88	5.00	0.00	0.00	0.00	520,000,000	87.76	9.04	5.74
2014/15		130	69.78	5.00	0.00	0.00	0.00	298,005,890	82.74	8.36	3.51
2015/16		140	87.45	0.00	0.00	0.00	0.00	2,700,502,654	45.51	7.87	0
2016/17		150	88.45	0.00	0.00	0.00	0.00	3,525,001,083	92.35	8.79	8.59
2017/18		160	84.55	0.00	0.00	0.00	0.00	357,222,811	101.14	3.63	7.37
2018/19		170	86.25	0.00	0.00	0.00	0.00	664,261,706	103.82	4.06	6.39
2019/20		180	77.54	0.00	0.20	4.00	0.04	6,580,206,520	106.73	5.57	2.42
2020/21		358	76.28	0.00	0.20	4.00	0.01	6,705,119,712	106.88	5.05	4.49
2021/22		230	84.42	0.00	0.20	4.00	0.02	7,519,995,403	108.98	4.15	5.26
2022/23		306	85.23	0.00	0.20	4.00	0.01	8,097,846,626	112.74	7.65	2.16

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DIVIDEND POLICY AND ITS IMPACT ON SHARE PRICE OF NEPALESE DEVELOPMENT BANKS A Dissertation Submitted to the office of the Dean, Faculty of Management in partial fulfilment of the requirements for the Master's Degree of Business Studies By Aakash Bhattarai Campus Roll No.: 585/074 Exam Roll No.: 5217/18 T.U. Registration No.: 7-2-39-1237-2010 Shanker Dev Campus Putalisadak, Kathmandu July 2024 i Abstract This study investigates the dividend payment practices and their impact on market prices of Nepalese Development Banks listed on the Nepal Stock Exchange (NEPSE). The objectives include examining the status of key financial indicators such as book value per share (BVPS), loan ratio (LR), cash dividend per share (CDPS), stock dividend per share (SDPS), dividend payout ratio (DPR), dividend yield (DY), bank size (BS), inflation rate (IR), and gross domestic product (GDP) growth rate. It also aims to analyze the effects of these variables on market price per share (MPS) and book value per share (BVPS). A descriptive and causal comparative research design was employed, utilizing secondary data collected from 15 selected development banks over a period spanning from fiscal year 2013–14 to 2022–23. Data were sourced from bank websites, NEPSE reports, balance sheets, and profit and loss statements. Descriptive analysis revealed substantial variations across banks in terms of financial indicators, indicating diverse financial strategies and market conditions. Regression analysis demonstrated that DPR positively influences MPS, suggesting that higher dividend payouts are perceived positively by investors. Conversely, DY exhibited a negative impact on MPS, implying that higher dividend yields may signal limited growth potential. Bank size and GDP growth rate were found to positively affect MPS, underscoring their significance in market valuation. The findings suggest that development banks in Nepal should strategically manage their dividend policies to enhance investor confidence and stock performance. Larger banks are perceived as more stable and attractive, highlighting the importance of growth and expansion strategies. Moreover, macroeconomic factors, particularly positive GDP growth, significantly influence stock prices, emphasizing the need for banks to monitor and respond to economic trends. In conclusion, this study contributes to understanding the dynamics of dividend policies, bank size, and macroeconomic conditions on the market prices of Nepalese Development Banks. Future research could explore the long-term impacts of these factors across different economic environments to enhance the robustness and applicability of these findings in global financial contexts. Keywords: Dividend Policies, Market Price, Development Banks, Nepal and Financial Performance ii CHAPTER I INTRODUCTION 1.1 Background of the Study The dividend, or the portion of a company's net income sent to shareholders in line with its dividend policy, is a tactical instrument for returning investors' capital (Adhikari, 2020). Dividend practices are the policy decisions that establish the quantity and timing of cash payouts within the fiscal year. Although managers, lawmakers, and academics cannot agree on how payment rules impact stock prices, payout policies remain one of the most researched subjects in corporate finance (Pradhan, 2003). Some contend that a company's worth is not affected by its dividend policy since a company's value is derived from its earning potential and business risk, not from the distribution of profits between retained earnings and dividends. Miller and Modigliani (1961) assert that investors' primary concern is the total returns they get, which may be capital gains, dividends, or both. We call this point of view dividend irrelevance hypothesis. Conversely, proponents of dividend relevance assert that dividend policy has an effect on corporate value. Lintner's (1956) results demonstrate a clear correlation between a company's dividend policy and stock price, implying that larger payments are linked to superior market value. Dividend