FACTORS AFFECTING THE STOCK PRICE: A CASE OF DEVELOPMENT BANKS

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

By

Susmita Lama
Campus Roll No.: 3925/075
Exam Roll No: 14230/19
Registration No: 7-2-431-4-2013
Shanker Dev Campus

Group: Finance

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CERTIFICATION OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled "**Factors Affecting the Stock Price: A Case of Development Banks**". The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor. It has been proposed and presented as part of requirements for any other academic purposes.

The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declare that all information sources and literature used are cited in the reference section of the dissertation.

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Susmita Lama

REPORT OF RESEARCH COMMITTEE

Miss Susmita Lama has defended research proposal entitled "**Factors Affecting the Stock Price: A Case of Development Banks**", successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestions and guidance of supervisor Dr. Pitri Raj Adhikari and submit the thesis for evaluation and viva voce examination.

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Dr. Pitri Raj Adhikari
Dissertation Supervisor

Dissertation Proposal Defended Date:
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Dissertation Submitted Date:
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Asso. Prof. Dr. Sajeeb Kumar Shrestha
Head of Research Department

Dissertation Viva Voce Date:
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APPROVAL SHEET

We, the undersigned, have examined the thesis entitled "**Factors Affecting the Stock Price: A Case of Development Banks**" presented by Susmita Lama 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 thesis is worthy of acceptance.

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Dr. Pitri Raj Adhikari
Dissertation Supervisor

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Internal Examiner

……

Internal Expert

…….
External Expert

…….

Asso. Prof. Dr. Sajeeb Kumar Shrestha
Chairman, Research Committee

……..

Campus Chief

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This study entitled "**Factors Affecting the Stock Price: A Case of Development Banks**" has been prepared in partial fulfillment for the Degree of Master of Business Studies (MBS) under the Faculty of Management, Tribhuvan University is based on research models involving the stock price of development banks.

I have great satisfaction and pleasure to express my appreciation and sincerity to my thesis supervisor Dr. Pitri Raj Adhikari of Shanker Dev Campus, TU for his excellent and effective guidance and supervision. I will remain thankful for his valuable direction useful suggestion and comments during the course of preparing this thesis without his help this work would not have come in this form. I also would like to extend my debt of gratitude Asso. Prof. Dr. Sajeeb Kumar Shrestha, Head of Research Department and I owe a deep debt of gratitude to Campus Chief of Shanker Dev Campus who provided me an opportunity to undertake this research work. Similarly, I would like to express my sincere to my friends for their support, encouragement and help for this study work.

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Susmita Lama
September, 2024

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Abbreviations

AD	:	Anno Domini
ATM	:	Automated Tailor Machine
CV	:	Coefficient of Variation
DPR	:	Dividend Payout Ratio
DR	:	Debt Ratio
EPS	:	Earnings per Share
GABBL	:	Garima Bikas Bank Limited
GBBL	:	Green Bikas Bank Limited
Ltd.	:	Limited
LUBL	:	Lumbini Bikas Bank Limited
MUBBL	:	Muktinath Bikas Bank Limited
MVPS	:	Market Value per Share
NRB	:	Nepal Rastra Bank
PER	:	Price Earnings Ratio
SADBL	:	Shangrila Bikas Bank Limited
SD	:	Standard Deviation
TU	:	Tribhuvan University

Abstract

This research sought to examine the factors influencing the stock prices of development banks in Nepal. To meet the study's specific objective, both descriptive and causal-comparative research methods were employed. The analysis was based on panel data from Nepalese development banks over a 10-year period, from 2013/14 to 2022/23. The dependent variable was market value per share (MVPS), which reflects the market price, while the independent variables included the debt ratio (DR), earnings per share (EPS), dividend payout ratio (DPR), price-to-earnings ratio (P/E), and SIZE.

In this study, secondary data were utilized. Panel data analysis using ordinary least square (OLS) regression served as the primary analytical method. The price-earnings ratio was found to have a significant positive correlation with MVPS, while size showed a significant negative relationship with MVPS. The regression results indicated that the debt ratio, EPS, and P/E ratio had a positive and significant impact on MVPS. However, the DPR and size variables were statistically insignificant in relation to MVPS. Overall, a linear relationship exists between the debt ratio (DR), earnings per share (EPS), dividend payout ratio (DPR), price-earnings ratio (P/E), and size, and their effect on market value per share (MVPS).

Keywords: *Stock price, Development Banks, MVPS, PER, EPS, Debt Ratio.*

Chapter I
Introduction

1.1 Background of the study

Nepal's economy is still in its infancy. The slow rate of economic growth can be attributed to a number of factors, including unplanned economic operations, an unstable political environment, and an unfavorable geographical location. However, financial institutions and related economic activity have spread throughout the nation's cities as a result of the implementation of appropriate financial regulations and the adaptation of economic liberalization (Ministry of Finance Economic Survey, 2006). Capital mobilization and resource utilization make up the majority of the nation's economy. It is perceived as an expansive mark of the suitable social event and preparation of investment funds from the area that creates cash and is useful. The stock market index is one common way to gauge an economy (Bam & Thagurathi, 2018). Since it indicates investors' optimism regarding the future state of the economy, growth in the stock index is typically regarded as positive. A sharp rise or fall in the stock market index, on the other hand, is cause for concern. If the fundamentals don't support an increase or decrease in the index's price. Therefore, in order to prevent bubbles from forming and the market from collapsing, it is absolutely necessary for policymakers to keep an eye on the stock market's performance and be ready to take the necessary measures if they become necessary. According to Shrestha and Subedi (2014), it is essential to comprehend the relationship between the stock market index and its influencing components (Gurung, 2004).

The financial market is the place where you can buy and sell financial products and services. There are two types of the financial market: the money market and the capital market. The capital market manages long haul monetary business sectors, while the currency market manages transient ones. There are primary and secondary markets in the capital market. New securities issued by governments and organizations are traded on the primary market. According to Shrestha and Subedi (2014), newly issued shares can be purchased and sold on the secondary market by businesses and governments (Shrestha & Subedi, 2014).

The protections trade resolution of 1983 considered the making of SEBON and NEPSE in 1993, and from that point forward, Nepal's capital market has been step by step creating. The SEBON is a first-line regulator that uses a number of act rules to both promote and discourage investor interests (Pandey, 2017). The Securities Board has identified policy development, legal and regulatory reform, standardizing disclosure, bringing enforcements to ensure compliance, and fostering board-based markets as its primary areas of reform in addition to its regulatory function (SEBON Journal, 2017). Panday (2017), registered brokers can conduct stock trades on the sole organized stock exchange, NEPSE.

Securities in dematerialization form are handled by the company CDS and Clearing, which was established in accordance with the company act supported by NEPSE. The floor price of shares is determined by the market's interaction of supply and demand forecasts. Non-economic and economic market forces are the most common causes of the market's upward and downward fluctuations. The issued financial statements, company dividend declarations, interest rate changes, business cycle trades, and other factors can all have an impact on the listed share price (Tandon & Malhotra, 2013).

While a variety of approaches can be used to predict the behavior of a share's price, software nor instrument can precisely predict the behavior of a share's movement. The securities market's capacity to mobilize savings and direct them toward profitable investments is crucial to the nation's expansion of trade and economic progress. Be that as it may, the Nepalese market is as yet extending. Because it is a dependable source of long-term capital for businesses and the general public, the security market is essential to the expansion of a robust economy (Panday, 2017).

The stock market gives emerging businesses a low-cost way to raise funds, which has the potential to boost economic expansion. Organizations ordinarily take out bank credits to cover their transient liquidity needs. However, if they require long-term financing, they may sell their ownership stake in the company using ordinary and preferred shares. The stock exchange serves two essential functions: it acts as a middleman between businesses seeking funding to expand their operations or launch new ventures and investors with excess capital. Additionally, it provides a regulated share market in which the price of shares is determined by supply and demand. Financial specialists lead us to expect that

organic market Elements in an unrestricted economy decide stock costs. The securities industry's primary and secondary markets are affected by the macro and microeconomic perspectives. Microeconomic variables incorporate profit per share, MVPS, Obligation proportion, yield, financial backer response to tales, government arrangements, profit and right offer statement, and so on, while macroeconomic elements incorporate legislative issues and in general monetary circumstances. The cost of stocks vacillates day to day available as opposed to staying steady. The market cost of a stock contrasts from its book worth and standard worth. The idea of stock value development isn't autonomous, and it has been demonstrated the way that both inborn and outward factors can influence cost vacillations (Tandon & Malhotra, 2013). It is anticipated that the study's findings will provide investors and policymakers alike with an insightful understanding of the factors influencing the development banks' performance.

1.2 Problem statement

Nepal as opposed to other modern and powerful business sectors all over the planet, the securities exchange is little. There are only a few listed businesses and brokers and relatively few transactions. Stock prices are influenced by supply and demand dynamics. The stock not entirely set in stone by both subjective and quantitative components; yet, pinpointing the exact variables that impact the stock price is easily proven wrong and unsure. The price of stocks fluctuates on a regular basis as the stock exchange responds to changes in the environment.

Basically, stock price is determined by demand and supply forces. Both, the qualitative and quantitative factors determine the stock price. However, to specify exactly what factors are responsible to determine stock price is a controversial or an unpredictable issue. Share price is the function of the several factors. However, for some environmental changes, the stock exchanges have no effect (Joshi, 2016).

Past review like Phuyal (2016) and Kumar (2019) have demonstrated a connection between expanded cost unpredictability in the securities exchange to the development of monetary pointer factors. As a result, it is essential to investigate similar connections between the financial indicator variables and the stock market. The primary objective of

this research is to determine whether indicators work together or individually to influence stock market dynamics.

The financial indicators market price per share (MVPS), earnings per share (EPS), and debt ratio (DR) do not appear to match the market price of a share of common stock. All things considered, in assurance of the market cost of offer, there has been significant impact of tales rather strength of the organizations. Market price per share (MVPS) has been significantly higher than MVPS in other industries for banks, particularly foreign joint venture banks. Additionally, such businesses' MVPS are critical to the overall NEPSE (Paudel, 2013).

The problem with the Nepalese stock market has actually not been thoroughly investigated. Policies that are suitable for the expansion of the stock market cannot be developed by the decision-makers. The majority of government efforts toward the development of the stock market since 1976 did not make a significant contribution until the early 1990s, following economic reform and liberalization. However, the government's reforms to the capital market under the Extended Structural Adjustment Program (ESAP) have had some positive effects on the growth of the stock market. However, this endeavor is also unsustainable due to the policy's improper application.

The stock price behavior of listed companies has been the subject of a few studies conducted in Nepal. Nonetheless, these examinations don't completely look at every one of the subjective and quantitative components that assume a huge part in deciding stock cost. The findings of the study may vary due to the symmetrical nature of the data, and it would be inappropriate to generalize given the significant volatility of stock prices. Therefore, the objective of this study is to address the following issues in the Nepali setting:

i. What is the current status of market price per share, Debt ratio (DR), Earning per share (EPS), Dividend payout ratio (DPR), price earnings ratio (P/E) and SIZE of Nepalese Development banks?
ii. Is there any relationship of market price per share with Debt ratio (DR), Earning per share (EPS), Dividend payout ratio (DPR), price earnings ratio (P/E) and SIZE in Nepalese Development banks?

iii. How Debt ratio (DR), Earning per share (EPS), Dividend payout ratio (DPR), price earnings ratio (P/E) and SIZE effect on market price per share in Nepalese Development banks?

1.3 Objectives of the study

The study's overarching objective is to investigate the factors that influence the price of life development banks' market share in Nepal. The particular goals are:

i. To compare the current status of market price per share, Debt ratio (DR), earning per share (EPS), Dividend payout ratio (DPR), price earnings ratio (P/E) and SIZE of sample Development banks.

ii. To examine the relationship of market price per share with Debt ratio (DR), Earning per share (EPS), Dividend payout ratio (DPR), price earnings ratio (P/E) and SIZE in sample Development banks.

iii. To analyze impact of Debt ratio (DR), Earning per share (EPS), Dividend payout ratio (DPR), price earnings ratio (P/E) and SIZE on market price per share in sample Development banks.

1.4 Hypothesis

In this study, market price is the dependent variable, while earnings per share after taxes, the dividend payout ratio, and price earnings ratio are the independent variables. It is anticipated that each of these factors will have a significant effect on stock prices.

H_1: There is significant positive relationship between MVPS and EPS of life development banks in Nepal.

H_2: There is significant positive relationship between MVPS and DPR of life development banks in Nepal.

H_3: There is significant negative relationship between MVPS and PE ratio of life development banks in Nepal.

1.5 Rationale of the study

When determining an appropriate dividend policy, the management of any company may find it helpful to examine the connection between dividends and share price. Because of an absence of information, financial backers in Nepal are as yet compelled to make speculations without completely dissecting the organization. This study is important for

rational investors who want to allocate their funds in accordance with the necessary trade-off between risk and return. Similar to this, management of a bank can look at the dividend policies of other companies and choose the one that works best for them. This study will be helpful to college students who are interested in learning more about Garima, Muktinath, Lumbnini, Shangrila, and Green's development, issues, and growth prospects. The circulation of profit, past or present as genuine resources among an organization's investors as per their possession stake is known as profits (Horne, 2004).

Harshapriya (2015) claims that the intrinsic value of a firm, which is determined using its financial performance results, including growth, dividends, and needed rate of return, determines the stock price in the market. When there is an efficient market, the stock price reflects intrinsic value because both the buyer and the seller are fully informed about the company's financial situation. Thus, it is possible to argue that there is a correlation between market price and financial performance, but the situation at hand is entirely unrelated to that. When investing in common stock, courage and faith are important intermediary factors because there are a number of questions that may come up for individual investors at the time of the investment.

Considering that profit strategy is quite possibly of the most fundamental choice and that profit is perhaps of the most basic variable in any firm. A small number of research studies have examined the dividend policy of sample corporations. Consequently, I've made this tame endeavor to fill in the exploration in a way that is reasonable. The data from this study could be very helpful in understanding these issues. Since the review depends on their profit strategy, it is accepted that Garima, Muktinath, Lumbnini, Shangrila and Green will benefit most.

There are further advantages for public restricted firms and other monetary organizations. It is also thought to provide new researchers with insightful insights. Since financial backers have barely any insight into finance, their portion ventures are unpredictable. It's essential to scatter normal misinterpretations with respect to the profit from speculation acquired from protections. As a result, researching dividend policy is essential. Finally, the sample companies' dividend policies pique the interest of a wide range of outside parties, including investors, stockbrokers, customers, and academics. I believe that the

study's findings will be more beneficial to the development banks mentioned earlier because of their dividend policy.

1.6 Limitations of the study

This study is not all-encompassing. There are some flaws in the research. The primary limitations of the study are as follows:

i. This study is based on the 10 years data starting from 2013/14 to 2022/23. The result may vary with inclusion of data before 2013/14 and after 2022/23.
ii. Besides there are 17 development banks, only five are taken as sample for the study due to the lack of time availability, lack of resources and purpose of the research.
iii. Secondary data are only taken for the study. This study does not consider primary survey of data.

Chapter II

Literature Review

The academic literature has been an excellent source for providing precise guidance on real-world issues. The literature review section, which includes reputable books, journals, and reports on prior research on dividend policy, is still in the process of being completed.

2.1 Theoretical review

How much of a company's profits are given to shareholders as dividends and how much is kept for investment is determined by the dividend policy. Every aspect and question concerning dividend payments is covered by a dividend policy. Cash dividends and retained earnings are linked in a reciprocal manner. If the company has fewer retained earnings, the dividend will be paid out more or less the same amount.

Modigliani and Miller (1961) In 1961, Franco Modigliani and Metron Miller presented the most comprehensive argument for the irrelevance of dividend payout. The study says that a company's value comes from its investment strategy or from the earning potential of its assets. It doesn't matter how dividends and retained earnings are split up in the earnings stream. The ideal capital market with rational investors is the foundation of this study. In this perspective, taxes and the company's securities' floating expenses are ignored. The irrelevance argument also assumes that brokerage fees and capital gains taxes do not exist. Detractors of the dividend irrelevance theory point out that none of its presumptions are true. Both businesses and investors are required to pay income tax. Transaction and floatation costs also influence investor behavior. Detractors can now make the case that a company's dividend policy actually has an impact on investor behavior, the capital structure of the company, and the overall worth of the company.

2.1.1 Theory of stock price

Long-term securities, such as those backed by debt and equity, are purchased and sold on the financial market known as the stock market. Stocks, also known as "shares" or "equity," are the securities that are traded the most frequently in financial markets. It is thought considered as a drawn out monetary source. Stockholders acquire ownership of a portion of the company and the right to profit or lose the same amount as shares in the

event that the business succeeds. According to Arkan (2016), the stock market gives businesses and investors access to low-cost long-term funding while also providing businesses with a platform to invest their savings.

The long-term time series characteristics of stock prices have piqued the interest of research on the behavior of stock prices, with the goal of determining whether or not stock prices can be described as random walks. Due to the tendency for the price level to eventually return to its trend path, investors may be able to predict future returns by utilizing historical return data in the event that stock prices exhibit a mean reverting process. On the other hand, a random walk process suggests that any shock to the stock price cannot be reversed and that the price level does not have a tendency to eventually revert to a trend path.

2.1.2 Shareholder value theory

The central narrative surrounding shareholder value is that management should prioritize maximizing shareholder wealth. Expansions in profit installments and the financial worth of the speculation (capital additions) are two signs of developing investor riches. Developing the profit from resources yet to be determined sheet over the long run is an indication of progress while assessing the exhibition of an organization's supervisory group (Fligstein & Shin 2007).

A greater emphasis on shareholder wealth has been a significant factor in capitalist nations since the 1980s (Martin et al., 2007). Companies in the United States, Australia, and Great Britain identified shareholder pleasure as a fundamental concept of corporate administration in the 1980s and 1990s. From that point forward, the idea has gotten momentum in numerous different countries (Lazonick & O'Sullivan, 2000). The focus on maximizing shareholder value has continued to gain traction into the twenty-first century. The quest for amplifying investor esteem has heightened because of the ascent of institutional investors comparative with state run administrations and individual investors. It was less complex to complete the takeovers recommended by office scholars when stockholding moved from private people to organizations (Lazonick & O'Sullivan, 2000). Performance indicators that motivate managers and inform investors of the organization's level of performance are based on the objective of maximizing shareholder value, as stated by Martin et al. (2007). According to Ponomareva (2018), individual activist

investors are becoming increasingly involved in businesses, primarily with the intention of influencing management's actions in order to raise the company's intrinsic value and market value and, ultimately, the value of their stakes. According to Armour and Cheffins (2009), hedge funds have become an increasingly significant part of institutional investors' shareholder activism.

2.1.3 Stakeholder theory

An alternative to the shareholder value theory is the "stakeholder theory." As per this methodology, chiefs ought to create and carry out strategies that consider the requests of all partners impacted by the firm. This theory holds that important stakeholders' interests should be taken into consideration by a company's management in order to improve the company as a whole over the short and long term. According to Schwab and Kroos (1971), a company's level of success is determined by its capacity to effectively manage the competing demands of its stakeholders.

Freeman argued, in 1984, in his ground-breaking formulation of stakeholder theory that an organization's primary goal should be to meet the interests of its stakeholders rather than just its own financial gain. According to Freeman and McVea (2001), a stakeholder approach includes actively promoting shared affairs, partnerships, and business circumstances. Jensen (2001) scrutinized the partner approach, asserting that supervisors can't make wise decisions as a result of the conditions they are set in. Managers are not held accountable for their actions because the concept does not specify any performance metrics. Therefore, managers who place their own interests above all else will find the theory appealing. In addition, Jensen (2001) noted that data spanning more than 200 years indicate that economies in which every business has unrestricted capacity to increase its market value produce the highest levels of societal welfare. It has been found that organizations with powerful investor privileges show more noteworthy execution on different boundaries (Gompers et al., 2003). According to a 1990s study of 1500 large companies, strong shareholder rights are linked to higher valuations, more profitability, higher revenue growth, lower costs for capital expenditures, and less need for acquisitions.

2.1.4 Arbitrage pricing theory (1976)

The two APT variations are the macro variable model and the factor loading model. Counterfeit factors created by factor examination are utilized in factor stacking models. Erdugan (2012) says that the macro variable model uses macroeconomic variables that affect stock prices in a way that can be understood economically. The Able was made by Ross in 1976, and Roll and Ross (1995) investigated its advantages for portfolio the executives and offered a more clear clarification of the idea. The APT is an alternative to the CAPM, which has emerged as the primary analytical tool for elucidating capital market phenomena. The APT and the CAPM are not the same asset-pricing model in that they make different assumptions and explain different risk factors that affect an asset's risk. Returns are just indicated as a straight capability of orderly gamble by the CAPM.

The APT defines returns as a linear function of a number of factors. Utilizing a straight blend of factors, it figures a connection between the profits of a portfolio and the profits of a specific resource. In contrast to the CAPM's risk vs. return rationale, the APT strategy fully utilized the concept of "pricing by arbitrage." According to Ross (1976), arbitrage-theoretic reasoning is not exclusive to any one theory because it is the fundamental logic and procedure of almost all finance theory. The literature contains a number of multifactor asset pricing models that have been developed and published. According to Sinclair (1984), each and every multifactor asset pricing model published in the literature can be considered a distinct theoretical example of the APT.

The APT has been the focus of empirical research in the United States and other countries. Chen et al., Chen (1983). (1986), Clare and Thomas (1994), Priestly (1996), Cheng (1995 and 1998), and Chen and Jordan (1980) are a few examples. Various observational investigations on Adept have been directed with Australian information, including those by Groenewold and Fraser (1997), Faff and Chan (1998), and Sinclair (1984). Groenewold and Fraser (1997) compared the CAPM, the macro variable model of the APT, and the factor loading model. While it was seen that both Well-suited variations performed essentially better compared to the CAPM, there was no unmistakable champ when it came to inside and out-of-test informative power. The factor loading model employs a factor analysis method based on artificial factors to identify the number of factors and their significance in predicting the responsiveness of individual securities to various systematic risk variables.

2.2 Empirical review

Bhatti, Patoli and Kumar, (2023) assess on dividend policy and its impact on market price: an empirical study of chemical sector. The motivation behind this study is to investigate what market costs are meant for by the profit strategy in the substance business. Information was gathered from sixteen of the 26 firms in Pakistan's compound areas somewhere in the range of 2013 and 2022. Panel data have been used to investigate fixed effect models, which are subsets of panel models. The analysis was conducted using the E-views software. The dataset was used for the Durban Watson, Hauseman, Wald, VIF, tolerance, and Levin li Chu tests. Except for profit after taxes, all explanatory factors are shown to be important. Because dividend policy has an effect on share prices, dividend policy proxies are crucial for any financial decision. Therefore, dividend policies must take into account the current market price. This study demonstrates that stock buyers are naturally price-sensitive. An empirical study of various Pakistani businesses demonstrates that dividend relevance is a widely accepted idea.

Goenawan and Subandriyo (2023) explored on effect of profitability and solvency on stock prices with dividend policy as an intervening variable. Research aims to determine and significantly analyze whether dividend policies have an impact on stock prices by utilizing a number of variables to be analyzed, including profitability and solvency ratios as free variables, stock prices as bound variables, and the varied role of mediation using dividend policies. The yearly stock shutting cost is picked as the stick cost in this review. The terms "ROA," "DER," and "DPR" refer to profitability, "solvency," and "dividend policy." The study included up to sixteen businesses that consistently follow the LQ45 election. Analyze the data gathered by Partial Least Square Structural Equation Modeling with the Smart PLS 3.2.9 analytical tool. The study found that stock prices had no significant impact on dividend policy, DER, or profitability. However, it is believed that the dividend policy is ineffective in mediating the correlation between ROA, DER, and stock price.

Hikmah, Pahlevi and Damang (2022) studied on the effect earning per share (EPS), return on equity (ROE), and debt to equity ratio (DER) toward stock return with dividend policy. One of the objectives of the study is to investigate how dividend policy affects the market price of shares. The population of the study is made up of companies in the

transportation and logistics industry that will be listed on the Indonesia Stock Exchange between 2016 and 2020. There were 34 samples gathered. Purposive inspecting was the technique for examining that was utilized. The method, which made use of SPSS software version 21 and multiple linear regression analysis, was validated using the standard assumption test. In this study, the Sobel test was used. According to the findings, earnings per share (EPS) has a negligible impact on stock returns, return on equity (ROE), and debt-to-equity ratio (DER) while dividend policy (DPR) has a significant impact on stock returns. Additionally, the results demonstrate that EPS has a significant positive impact on dividend policy.

Aktürk, Karan and Pirgaip (2022) studied on the title the impact of dividend policy on stock price volatility by examining the relationship between volatility and three dividend policy indicators, Dividend payout ratio, dividend payout, and stock repurchases, for 1,221 firms in eleven developed and emerging countries in Europe during the 2003–2017 period. The potential effects of the global financial crisis of 2008–2009 on the relationship under study are examined using panel data analysis with fixed effects. The outcomes are inversely correlated in a comprehensive and comparative setting. The results hold up well for the established and emerging country subgroups, as well as the crisis subsamples from 2003 to 2007 and 2010 to 2017.

Usman, Lestari and Sofyan (2021) study on the objective of the empirical study is to examine and analyze the impact of dividend policy on the share prices. The research sample consisted of manufacturing businesses that were listed on the Indonesia Stock Exchange between the years 2014 and 2018. Obligation proportion, profit per share, Profit payout proportion, maintenance proportion, and return on value are the autonomous factors. The dependent variable is the share prices of the manufacturing sector. This study's sample size was 36 businesses using the purposive sampling method. The results of the panel data regression model suggest that share prices are influenced positively by dividends per share. Dividend payout ratio has a negative impact on share prices. The impact of income per share, return on value, and maintenance proportion on share costs is irrelevant. The review's discoveries could act as an aide for organizations and financial backers to support share costs.

Kengatharan and Ford (2021) studied on the title dividend policy and share price volatility: evidence from listed non-financial firms in Sri Lanka with the objective of this research is to investigate the impact of dividend policy on share price volatility in Colombo Stock Exchange (CSE). Board information examination is utilized to take a gander at 81 recorded non-monetary undertakings from the CSE in Sri Lanka throughout the span of five years, from 2013 to 2017. In the wake of adapting to business size and monetary influence, the review's illustrative factors profit pay-out, Profit payout proportion, and Obligation proportion were utilized to check the organizations' profit approaches. The logical factors thought about in this concentrate just record for 25% of the progressions in share costs, as per the arbitrary impact relapse examination. While Obligation proportion displays serious areas of strength for an effect on share cost developments, Profit payout proportion exhibits a huge helpful effect on unpredictability in share costs. Firm size shows that a huge organization's portion value instability is high, which demonstrates a significant adverse impact on share cost unpredictability. Financial leverage, dividend payout, and share price volatility are not correlated in any significant way in this analysis. Therefore, in the context of Sri Lanka, firm size, dividend payout ratio, and debt ratio all have a significant impact on price volatility. The dividend relevance theory is further supported by the study's findings. Dividend policy could be viewed as a safeguard against share price volatility in order to boost owners' wealth.

Hossin (2020) examined a study on dividend policy and stock price volatility in the Bangladesh capital market: An experimental analysis. The reason for this paper is to analyze what profit strategies mean for Bangladeshi financial exchange costs. In the Dhaka Stock Trade, there are 330 organizations as per measurements. The sample includes ten companies that are listed on the DSE index for the Food & Allied, Ceramics, and Cement industries between 2008 and 2017. In order to estimate the results, this study utilized both the Fixed Effect Model and the Random Effect Model. After adjusting a number of variables, including earnings per share, the logarithm of profit after taxes, asset growth, and the dividend payout ratio, the two models are applied to panel data to explain the connection between dividend payments and share prices. Additionally, the study found that the Random Effect Model is more important than the Fixed Effect Model when comparing the two models. The multicollinearity test was then utilized in this review to check whether there was any connection between the factors, and the outcomes showed

that there was none. This study found that the form market in Bangladesh is weak and that investors prefer stock dividends to cash dividends.

Kanakriyah (2020) investigated on dividend policy and companies' financial performance. 92 companies in the industrial and service sectors that were listed on the Amman Stock Exchange (ASE) between 2015 and 2019 were included in the study. The goal of the study is to determine the nature of the relationship between dividend policy and a company's financial success in emerging economies as well as the key factors that may have an impact on financial performance. Board information examination, cross-sectional time series information, and single and numerous direct relapse models were completely utilized in the review. A multiple regression model was also developed in order to investigate the possibility of the dividend payout ratio, dividend pay-out ratio, firm size, leverage ratio, and current ratio all having an impact on financial performance. The information for the years 2015 to 2019 was taken from the annual reports and information on the ASE website. The outcomes recognize serious areas of strength for a between DPR, DPR, and FSIZE factors that make sense of firm execution. Additionally, ROA and AOE are significantly and negatively correlated with leverage ratio. Additionally, there was no correlation found between the current ratio and financial performance. The study's conclusion is that a company's dividend policy has a statistically significant impact on financial performance because it explains a lot of a company's financial performance.

Araoye (2019) examined a study on effect of dividend policy on stock price volatility in Nigeria Stock Exchange. The purpose of this paper is to ascertain how dividend policy and dividend payment affect the volatility of Nigerian share prices. Dividend policy has been shown to be inversely correlated with share price volatility and the duration effect, according to a number of studies. The review utilized information from the effectively exchanging organizations recorded in the Nigeria Protections Trade for a time of ten (10) years from 2005-2014. Panel data analysis between dividend policy measures (dividend payout, debt ratio, earnings after taxes, declared dividend, and number of shares) and share price volatility is the basis for the estimation. The results of the random effects regression revealed that NSE share price volatility is primarily influenced by the debt ratio (= 0.6870, 0.05). Earnings after taxes have a negative impact on share price volatility (=0.038, 0.05), and the dividend payout ratio has a negative impact on share

price volatility (=0.612, 0.05). As a result, share price volatility decreases when the payout ratio is higher and earnings after taxes are higher. In conclusion, market share prices are correlated positively and inclusively with debt ratio.

Joseph and Symon (2019) studied on effect of dividend policy on share price performance: A Case of Listed Development banks at the Nairobi Securities Exchange, Kenya, International Journal of Accounting, Finance and Risk Management**.** The motivation behind this study was to decide the impact of profits strategy on share value execution of advancement banks recorded at the Nairobi Protections Trade (NSE). This study was directed by the accompanying goals: to decide the impact of profit payout on share value execution of improvement banks recorded at the Nairobi Protections Trade (NSE), to look at the impact of Profit payout proportion on share value execution of advancement banks recorded at the Nairobi Protections Trade (NSE), to dissect the impact of income per share on share value execution of improvement banks recorded at the Nairobi Protections Trade (NSE) and to decide the impact of expansion on share value execution of advancement banks recorded at the Nairobi Protections Trade (NSE). Commercial bank lending in Malaysia is positively influenced by bank size (0.0906) and deposit volume (0.163), while lending activities are negatively influenced by liquidity (-0.2464) (All has a P-value of less than 5%). This study does not find any conclusive evidence (P-value greater than 5%) to support the influence of GDP on macroeconomic determinants (GDP P-value of 0.14).

Dynamic regression analysis was used to determine the connection between the share prices of the listed development banks and dividend policies. According to the findings of this study, the dividend payout, dividend payout ratio, earnings per share, and inflation can all be combined to predict the share price's value. Since advancement banks have huge impact over stock costs, the review encouraged them to assess their profit strategy cautiously. The liquidity ratio, interest rate spread, and exchange rate were found to be significant in determining lending behavior in Nepal's development banks (0.007, 0.048, and 0.057, respectively, with p-values of 0.295, 0.538, and 0.000). The discoveries showed financing cost spread adversely and essentially on all out credits progressed (r = -0.088) to individual and foundations. The study's findings help development banks and authorities like the NSE, IRA, and CMA make better decisions. All NSE-listed

companies need additional research on how dividend policies affect share prices over longer time horizons.

Pradhan (2018) examined the effects of dividends on common stock prices: The Nepalese Evidence, This paper attempts to explain the effect of dividend payment and retained earnings on market price of share in the context of Nepalese companies. The majority of previous research conducted in the United States indicates that, given investment options, the retained earning effect is greater than the dividend effect. An examination of data from India reveals that the Indian stock market has also begun to recognize the significance of retained earnings. There isn't a lot of proof to help the ramifications this examination investigates inside the setting of Nepal. The normal least squares model was utilized to examine the information. The bank's WACC was significantly influenced by two predictor variables: total assets and debt ratio (0.161 and -02.671). Banks' WACC, on the other hand, was not significantly affected (-0.007) by the predictor variable earnings growth rate. Dividends are comparatively more appealing to Nepalese investors. As a consequence of this, they favor dividends over retained earnings.

Bokpin (2016) studied on investment opportunities, corporate finance, and dividend payout policy evidence from emerging markets. The goal of this study was to see how investment options and company finances affect dividend distribution policy. This issue is tested using a sample of 34 emerging market nations from 1990 to 2016 over a 17-year period. For estimation, the panel model with fixed effects is used. The review's essential decisions incorporate the perception that the profit installment strategy and the venture opportunity set have an emphatically horrible relationship. The outcome shows that venture portfolio (0.0837487), cash hold proportion (0.00353405) and bank size (0.947409) make positive and huge impacts (P-esteem is under 0.05) borrowed and advance. However, the loan and advance have negative liquidity (-0.0120832), which is statistically significant (P-Value is 0.0001). When a loan or advance's P value is greater than 0.05, the macroeconomic variables of gross domestic product growth rate (-0.00312389) and inflation rate (-0.0143113) do not play an effective role.

Raza (2018) investigated on the effect of dividend policy on share price: A conceptual review. The study intends to conduct a non-systematic review of the empirical and theoretical works on the subject in order to comprehend the nature and dimensions of

corporate dividend policy. After a thorough review of the relevant literature, three distinct approaches—or schools of thought—have been identified. The belief that a higher dividend payment will raise the company's value, or share price, is one common misconception. Second, agrees with Miller and Modigliani's (1) claim that dividend policy has no effect on either, and third, believes that increasing the dividend will lower the business value (share price). The study demonstrates that agricultural output is positively impacted by credit to the agricultural sector (3.668951), government spending on the agricultural sector (1.342700), and the agricultural credit guarantee scheme (2.145270) fund (P0.05), while agricultural output is negatively impacted by interest rate (-0.537317) and is insignificant (0.64235). The ongoing and diverse discourse that surrounds dividend policy, which is expanding on a daily basis, has resulted in the development of a substantial body of literature. Accordingly, it is unimaginable to survey each question completely.

Table 1

Summary of Empirical Review

Authors /Year	Variables	Methodology	Findings
Azeem Akhtar Bhatti Abdul Qadir Patoli Tahal Kumar, (2023)	Dependent Variables- Market Price Independent variables- DY, RR, PAT, ROE and EPS.	Panel data have been examined for fixed effect models (categories of panel model)- Regression Analysis (2013-2022). Population- All active chemical industry companies listed in the PSX i.e. 21. Sample- 10 company where data is available i.e. purposive sampling	All of the explanatory factors, with the exception of Profit after Tax, are shown to be significant—each is less than 0.05. (The DY is -138.8898, the ROE is 3.760277, the PAT is -15.40872, the EPS is 2.282437, and the RR is -6.201589). The dependent variable, the market price of its shares, can be explained by dividend policy proxies to the extent that the adjusted R square is 0.83. The Durbin Watson value of 1.84 indicates that there is no autocorrelation because the close

		method.	value is 2. DY, ROE, PAT, EPS, and RR have beta values of -2.26, 2.19, -0.136, 6.43, and -2.25, respectively.
Hikmah, Pahlevi and Damang (2022) (Base Article)	Variables are: ROE, DER, EPS, Stock return.	The analytical method used multiple linear regression analysis with SPSS software version 21 which is supported by the classical assumption test. And Sobel Test. (2016-2020). Population- s the transportation and logistics sector companies listed on the Indonesia Stock Exchange. Sample- 34 samples from purposive sampling method.	The results indicate that a profit allocation of 66.07% of the company's total assets has a significant positive impact on dividend policy, i.e. 7.692, return on value (ROE) for example -13.404 and obligation to value proportion (DER) for example -13.178 affect profit strategy, profit strategy (DPR) affect stock returns, income per share (EPS) affect stock returns, return on value (ROE) and obligation to value proportion (DER).
Usman, Lestari and Sofyan (2021)	Independent variables- DR, RR, ROE, DY, EPS and dependent variables- Share price.	Panel data regression model. (2014-2018).	The coefficient of 1.067095 indicates that the debt ratio has a positive effect on share prices. The probability value of 0.725 on the Bruech Pagan Godfrey Test is greater than 5%. Share prices are negatively impacted by dividend yield, which is -0.006578. -0.006478 for the retention ratio and a return on equity of

			0.028793 and earnings per share, also known as 0.000119 irrelevantly affects share costs.
Lingesiya Kengatharan, and Jeyan Suganya Dimon Ford (2021)	Dependent variables- Share Price Independent variables- DP, DY, DR, LEV and Firm Size.	Random effect regression analysis. (2013-2017). Population- All listed companies in Colombo Stock Exchange (CSE) Sample- 81 listed non-financial firms in CSE from Random sampling method.	Debt ratio, whose f-value / Statistics is 20.09 and r-squared is 0.85, has a significant negative impact on share price movements, whereas dividend yield has a significant positive impact on share price volatility. DP is -0.0103, DY is -0.5551, DR is -0.0027, leverage is 0.0743, and firm size is -0.3643) are the coefficients of Pooled OLS. DP is -0.0026, DY is -0.3772, DR is -0.0008, leverage is 0.0355, and firm size is -0.0873) are the coefficients of the fixed effect. DP = -0.0032, DY = 0.4406, DR = -0.0016, leverage = 0.0441, and firm size = -0.0494) are the Random Effect Coefficients.
Reyhan Farras Brastama , I Putu Yadnya (2020)	Dependent variable Market Price of stock Independent variables: Profitability, Capital adequacy ratio, Non-	Regression analysis with SOBEL test Purposive sampling method. (2011-2018). Population- All listed companies in Indonesia Stock Exchange Sample- 4	With a significance level of 0.043, the CAR regression coefficient value of 0.451 indicates a positive effect on ROA. The NPL regression coefficient's value of -0.108 demonstrates a significance level of 0.000, or less than 0.05, of a negative effect on ROA. Stock prices are influenced positively by the CAR variable (57.862).

	performing loan.	companies from purposive sampling method.	NPL (- 2.691) variable adversely affects stock costs. Vehicle variable impacts stock costs through ROA. Additionally, stock prices are influenced by the NPL variable via ROA.
Kadek Yurika Dwi Safitri1 , I Made Mertha ,Ni Gusti Putu Wirawa ti , Ayu Aryista Dewi (2020)	Dependent variable Market price of stock Independen t variables: Debt to equity ratio, price earnings ratio, earning per share	Multiple linear Regression analysis. : Y = -3638,048 + 17,766DER + 3,161PER + Purposive sampling. (2014-2018)	A high dividend yield (0.835) and high earnings per share (0.797) may indicate that the business can increase its value. On the other hand, the debt to equity ratio of 0.835 has no effect on the price of the shares.
Joseph and Symon (2019)	Dependent Variables- MPS Independen t Variables- DY, DPR, EPS, Inflation, Firm size, GP	This study adopted a combination of descriptive design and historical research design. (2006-2015) Population/Sample- All Development banks (6) listed in Nairobi Securities Exchanges.	This study found that the effects of dividend payout, dividend yield, earnings per share, and inflation can be combined to predict the value of the share price. DPR has a beta value of -30.83, a DY value of 157.36, an EPS value of 4.35, inflation of -2.03, and a firm size of -1.047. These are the independent variables' beta values or t-statistics. The r-squared value of 0.715 in the study indicates that

			the independent variable is the dependent variable.
Asuil Alaagam (2019)	Dependent variable: stock price Independent variables: Net Profit Margin, Return on Asset and Return on Equity.	Panel unit Root test with regression model.Δ in stock $price_{it}$= C_o+ßNPM$_{it}$+ß2inROA$_{it}$+ß3inROE$_{it}$+$\sum_{it}$ a Population is all Saudi banks and Sample is 11 banks from Lottery model. (2011-2018)	It can be seen that profitability and stock prices have no long-term relationship (0.66), but ROA and stock prices have a positive and significant short-term relationship (-1.61537).
Radhe Shyam Pradhan (2018)	Dependent variables- MPS. Independent Variables- DR, EPS and PE.	Least square regression analysis. (1991-1999). All listed companies listed in NEPSE i.e.110. Sample- 29 companies from pooled cross section.	The coefficients, which represent the usual strong dividend and very weak retained earnings effect on share price, are 4.72 and 1.71, respectively. The study demonstrates that retained earnings have no effect on share price, whereas dividends do. 4.71, 1.69 and 0.28. Profits are viewed as generally more appealing among the Nepalese investors for example coefficient of DR, RE and MPS are 0.82, 2.78 and 8.08 separately. As a result, they are not uninterested in dividends or retained earnings.
Nugi Mohammad Nugrah	independent variable: Company Size Profit	Correlation analysis, coefficient of determination, and regression.	The hypothesis testing criteria, H0 is rejected and Ha is accepted, and there are no significant effects between the variables of

aa, Mochamad Raficky Riyadhib (2018)	dependent variable: Stock Price.	Hypothesis testing uses the F test for hypotheses together, and the t test for hypotheses individually with program e views Cash Flow as a free variable, (2013-2018). Population- All Listed companies in Indonesia Stock Exchange. Sample- 10 BUMN Issuers companies from purposive sampling method.	that partially cash flow does not have a significant effect on stock prices Cash Flow(0.687). Additionally, the size of the company partially does not have a significant effect on the stock price Company Size(-0.193). This indicates that profit partially influences stock prices in a significant way. Profit (1.827) on Stock Prices
Husam RJOUB, Irfan CIVCIR and Nil Gunsel RESATOGLU (2017)	management quality, earning, size, money supply and interest rate	Panel data analysis with regression analysis. The relationship between bank stock prices and a set of both micro and macro variables. (1995-2015), Population- All Macroeconomic indicators and all stock Exchange companies. Sample- Banking industry from	Stock price is significantly correlated with asset quality (-1.3443), management quality (-2.5480), earning (2.2208), size (0.3978), money supply (0.6743), and interest rate (-0.6154). Bank stock price was also found to be bidirectional correlated with bank size (0.3987), asset quality (-1.2988), and money supply (0.67008). That is to say, investors ought to pay consideration of specific bank information in making their decision.

		purposive sampling method	
Dr. Nandan Velankar, Ankita Chandani & Amanpreet Kaur Ahuja (2017)	Dependent variable :stock price Independent variables: EPS, DR.	Cause and effect relationship using Regression model of E-views 7. (y = a + b1x1 +b2x2+e) y=stock price, x1=DR, x2=EPS (2006/7 -2014/15). Population- All Banking industry. Sample- twelve public sectors banks from purposive sampling method.	The probability of the t-statistic of the independent variables, DR (0.0224) and EPS (0.0006), is less than 0.05, indicating that DR and EPS have a significant impact on stock price. According to research, EPS (0.641126) and DR (0.413117) have a significant impact on stock price. Analysis of regression. The coefficient of assurance 0.831156 variety in Stock Cost is being made sense of by the autonomous factors EPS and DR, Worth of F-measurement 264.3607 is critical at 0.000000 which is under 5% uncovers, model is solid match
Gusti Ayu Purnamawati (2016)	Dependent Variables: Stock Price. Independent variable: Capital Structure, Profitability.	Causal Quantitative Research Method has been used and (2010-2013). Population-All listed companies in Indonesia Stock Exchange. Sample-All manufacturing companies in Indonesia Stock Exchange from purposive sampling	profitability and the structure of capital jointly influence the share price Capital structure to the stock price Pyx1 coefficient of 0.151.capital structure has positive influence on the share price of 12.4%. R2yx1x2 p-value = 0.0000.05 no effect on the capital structure and profitability of the company's stock price and Coefficient of determination R2yx1x2 amounted to 0,044the results showed that the capital structure and profitability affect

	method.	the share price by 4.4%.

2.2.1 Nepalese studies

Dhodary (2023) studied on the determinants of stock market price in Nepalese development banks. The reason for this study is to inspect the elements that influence Nepalese improvement banks' stock costs. The study employs a quantitative approach followed by descriptive research in order to produce a concise and accurate analysis of specific variables and pooled cross-sectional data gathered from NEPSE-listed banks at a single point in time. During the fiscal years 2011–2012 and 2020–21, data were collected. The intended population of 26 development banks was represented by a sample of ten development banks. The research variables include book value per share, PE ratio, market price per share, business size, dividend payment, return on equity, and dividend payment. Statistics include multiple regression analysis, correlation analysis, and descriptive statistics. This investigation discovers that there is the critical and positive connection among LNLA and LNTD (0.975). LNLA has huge and negative relationship with IR (-0.598). LNTD and IR have a significant impact on LNLA (P-value less than 5%), while CRR and ISR have no significant impact on LNLA (P-value greater than 5%). Firm size (FS) has a negative correlation with the share price of development banks in Nepal, while BVPS, PE, ROE, and DIV all have positive correlations. Except for firm size (FS), none of the independent variables are statistically significant. Regression analysis reveals that firm size (FS) has a negative impact on MPS, while BVPS, PE, ROE, and DIV have a significant and positive impact on MPS.

Kattel (2023) investigated on impact of firm specific factors affecting stock price of Nepalese development banks. This study examines how stock prices of Nepalese development banks are affected by firm-specific factors. The reliant factors picked are market cost per offer and stock return. The selected independent factors are premium growth, return on equity, and return on assets, debt ratio, earnings per share, price-to-earnings ratio, and firm size. The analysis was done using secondary data from 140 observations from 20 banks firms between 2014–15 and 2020–21. The data came from the annual reports of the Rastriya Beema Samiti, NEPSE, and a small number of Nepalese development banks. Regression models are estimated to determine the significance and impact of firm-specific determinants on the stock price of development banks in Nepal.

Non-performing loans account for 37.2% of the variation in the capital adequacy ratio, as shown by the result. Variations in capital adequacy ratios and non-performing loans account for 35.2% and 64.8% of the variation in return on assets, respectively. Accounted for by additional variables not included in the model. It suggests that the company's size would cause an increase in the market price per share. Return on equity also has a positive effect on stock return and market price per share. It suggests that rising return on equity is responsible for rising stock returns and market price per share. The premium growth also has a positive effect on the stock return and the market price per share. This demonstrates that rising premium development causes market cost per offer and stock re-visitation of ascend too. Additionally, dividends per share have a positive effect on the market price per share. It demonstrates how rising market prices for each share are accompanied by rising dividends per share.

Maskey (2023) researched on specific determinants of share prices: a case study of listed life development banks in Nepal Stock Exchange. Scholars have attempted to comprehend and establish the relationship between various factors that influence stock market value. Similar research has focused solely on Nepal's banking sector. However, the objective of this study is to investigate the factors that influence the market share values of life banks listed on the Nepal Stock Exchange (NEPSE). The research utilized a sample of all life development banks that were listed on the Nepal Stock Exchange and panel data from 2012/13 to 2017/18. The data were evaluated using descriptive and inferential statistics, and regression coefficients based on the results of the multiple regression model were used to test the hypothesis in this study. The study found that non-performing loans have a negative effect on ROA and ROE (-0.028 and -17.4785, respectively). Likewise, financial strategy rate adversely affects ROA and ROE (- 0.3304 and - 29.9483). Although insignificant in relation to the economic value-added measure, the P-value is greater than 5%). In addition, it was discovered that investors in Nepal are significantly influenced by the dividend policies of the companies.

Bhatt (2022) examined a study on economic policy uncertainty and dividend policy: evidence from development banks in Nepal. In order to provide some data from the prospects of emerging nations, the study examined how Economic Policy Uncertainty (EPU) affected dividend distribution strategies. Our primary tracking down shows that the Cook, Sprout, and Davis Record, which we utilized as a substitute for EPU, has no

significant direct connection with the financial company's profit choice. From 2009 to 2020, we used a sample of 19 development banks to accomplish this. The experimental discoveries show that during EPU, the financial organization in Nepal doesn't begin or quit delivering profits. Additionally, the study found no evidence of a preventative incentive response among bank executives to policy difficulties. Foreign banks are the only group that is affected by all external determinants of credit risk. Credit risk decreases by 0,228 percent with a 1 percent increase in economic growth, by 0,227 percent with an increase in unemployment, and by 0,192 percent with an increase in inflation. We recommend that banking organizations consider, evaluate, and modify their dividend policy in light of the opportunities and risks presented by the national economic strategy. This is due to the fact that the findings conflict with the conclusions of previous, substantial research conducted in established market environments.

Goet (2022) examined a study on factors influencing stock price variability of development banks in Nepal. This study examines how factors like net worth per share, earnings per share (EPS), dividends per share (DR), and the price-earnings ratio (PER) affect the market price per share of Nepalese development banks. The panel data (40 observations) of four development banks have been used to evaluate the influence and correlation of factors influencing stock price behavior. Optional board information traversing 10 years (2011/2012-2020/2021) were utilized in this examination. The consequences of this study show that profit per share has a negligible positive relationship with the market cost per share, income per offer, and total assets per portion of improvement banks, however a huge positive connection with the profits per offer and cost profit proportion.

Shrestha (2020) examined a study on effect of dividend on stock market price: a panel data approach. Dividend policy is a major concern for managers, investors, and policymakers. The company's goal of maximizing wealth is helped along by adopting a sound dividend policy. The impact of profits on Nepalese organizations' securities exchange costs has been explored in this review. 33 profit paying firms that are recorded on the NEPSE have been picked as an example for this reason. This analysis also made use of imbalance panel data for the years 2000/01 to 2018/19. The Pooled Regression model and the Random Effect model were found to be incompatible with the data used in this study by the Breusch and Pagan Lagrangian multiplier test and the Hausman test,

respectively. As a result, the Fixed Effect model was used in this study to investigate the effect that dividends have on the price of stocks. With an r-square of 81.48 percent, this study found that dividends have a significant impact on the stock market price of Nepalese companies after accounting for return on equity, earnings per share, and return on equity. The study's conclusion was that cash dividends have a significant negative impact on the stock market price of Nepalese companies, whereas stock dividends have a significant positive impact.

Bhattarai (2020) studied on effect of dividend policy on volatility of stock prices of financial sector firms of Nepal. This study's essential objective is to learn, subsequent to representing procuring instability, resource development, firm size, and influence, the effect of profit strategy on the stock value unpredictability of Nepalese monetary area organizations recorded on the Nepalese Stock Trade. The review utilized fixed impact relapse investigation to analyze the connection between profit strategy and stock cost unpredictability. According to the findings, there is a significant inverse relationship between dividend distribution and price volatility as well as between dividend payout ratio and NEPSE-listed firms. As per the review, profit strategy assumes a critical part in deciding offer costs in emerging countries like Nepal.

Baral (2018) examined a study on impact of dividend policy on share price of commercial bank in Nepal. This study plans to examine what profit strategies mean for Nepali advancement banks' portion costs. The combined cross-sectional data sets of ten development banks serve as the study's foundation. In view of their presentation on the Nepalese financial exchange — that is, the top gainers and top failures — banks were picked, and data was assembled from Nepalese improvement banks recorded in NEPSE for the monetary years 2012-2013 through 2016-17. The study looks at how these factors affect stock price using descriptive statistics like correlation and regression, ANOVA, the Wilcoxon Signed Rank Test, P/E ratios, and DPR. With the exception of DPR, the papers conclude that the EPS and P/E ratio are positively correlated with stock price. P/E is the most important factor in determining share price for top-performing development banks; EPS, P/E ratio, and DPR all have a positive effect on stock price. In case of the top misfortune bank, DPR is the perspective that impacts the offer value the most.

2.3 Research gap

During the survey of past examinations, it was seen that as a large portion of the explores (Bhattarai 2020, Silwal and Napit 2019, Baral and Pradhan 2018, Ghimire and Mishra 2018, Adhikari 2015) has been directed on the determinants of stock cost of improvement banks in Nepal recorded in the NEPSE. When the previous thesis of Gaire (2017) was reviewed, it was discovered that this study uses data from five years ago from two development banks and ten years ago from five. The information used in this study comes from three development banks.

According to a review of a previous thesis, Badruzaman (2020) only looked at the market trend of MVPS using other financial indicators. This study, on the other hand, looked at the internal factors that are important in determining the market price of development banks. This concentrate additionally looks at the effect and relationship of market cost with other monetary markers like EPS, P/E Proportion, DPR, size and DR. Raza et al (2021) and Niroula (2021) have investigated just the subjective elements influencing stock cost however this exploration depends on quantitative variables influencing stock cost. Utilizing secondary data, Ali (2022) has investigated stock price behavior and movement. The purpose of this study is to fill in the gaps and discover subjective facts.

Chapter III
Research Methodology

In order to carry out the research with the intention of achieving its overall objectives, the systematic method was used. The various types of data as well as the methods and steps involved in data analysis are discussed in this chapter.

3.1 Research design

The descriptive and causal research design is used in this study. Expressive examination configuration is utilized to look at the connection among reliant and free factor while causal exploration configuration is utilized to arrange the qualities of the autonomous factors that influence the benefit for example subordinate factors of the advancement banks.

3.2 Population and sample, and sampling design

This study uses population data from all 17 listed development banks that will begin operations in Nepal in mid-April 2024 (NRB Report). There were only five development banks among them, Shangrila, Green, Muktinath, and Lumbnini Irregular examining technique was utilized to pick an example of five improvement banks.

3.3 Nature and sources of data, and the instrument of data collection

The optional information utilized in this examination. Optional sources have given the quantitative information that have been extricated. The organization's yearly monetary report gave the data expected to decide the stock cost of the organization. Secondary data sources include the company's balance sheet, income statement, and financial ratios, as well as other information like dividends, earnings, prices, and market prices. The selected banks' annual reports for the relevant years, from 2013/14 to 2022/23, served as the source for the secondary data.

3.4 Methods of analysis

This study has been analyzed using a variety of statistical and financial tools. The connection between dividends and a number of relevant financial indicators has been examined using statistical and financial methods. The processed results have been

counted, differentiated, and investigated. Simple regression analysis has been used to study how independent variables affect dependent variables.

Descriptive Analysis

A few factual procedures have been utilized in this work to look at the Figures and determine a solitary, huge outcome. The statistical instruments are described in detail here.

Mean

The most popular and widely used metric for summarizing all of a variable's data is the arithmetic mean. It is calculated by dividing the total number of items by their sum. The typical worth during the review time frame is addressed by the method for the different factors.

$$\text{Mean } (\bar{X}) = \frac{\Sigma x}{n}$$

Where,

$\bar{X}$= Sum of the variables 'x'

N = No. of Observation

Standard deviation

Dispersion is the degree to which individual items depart from a core value. The standard deviation is used to calculate the absolute dispersion. The standard deviation increments with the level of scattering. Minimal standard deviations are a sign of series homogeneity and observational regularity at high levels, and vice versa. In this study, the standard deviation for the price earnings ratio, dividend payout ratio, market value per share, retained earnings, and earning per share were calculated.

$$\text{Standard Deviation (SD)} = \sqrt{\frac{\sum(X - \bar{X})^2}{n}}$$

Correlation analysis

Correlation analysis is one statistical technique for describing how closely one variable is related to another. The ongoing examination has utilized basic relationship. The connection coefficient between the following monetary factors has been figured, broke down, and showed in a network design. A straightforward correlation coefficient exists between the Debt ratio, earnings per share, and market value per share.

The formula below can be used to calculate the correlation coefficient between these two variables, X and Y. However, Microsoft Excel 2013 will be used for measurement, making it easier and more appropriate to achieve the desired result.

$$\text{Correlation Coefficient (r)} = \frac{n\Sigma xy - \Sigma x\Sigma y}{\sqrt{n\Sigma x^2 - (\Sigma x)^2}\sqrt{n\Sigma y^2 - (\Sigma y)^2}}$$

r = 0 indicates that there is no correlation between the variables; r = -1 indicates that there is a perfect negative correlation; r = +1 indicates that there is a perfect positive correlation.

Coefficient of determination (r^2)

The coefficient of determination is a measure of the degree of linear relationship or correlation between two variables, one of which is dependent and the other independent. The overall percentage variance in the dependent variables is referred to as r. There are values for the coefficient of assurance that reach from zero to one. A value of one can only occur when the unexpected variation is zero or when every data point in the scatterplot is exactly on the regression line.

Regression analysis

Relapse examination demonstrates development heading yet not relative development in that frame of mind being scrutinized. Regression analysis enables us to determine the relative movement of the variables. For the given variable, regression analysis has been computed and analyzed.

The econometric factors that have an effect on MPS estimates can be quantified and estimated using multiple regression analysis. Multiple regression analysis is a statistical method that makes it simpler to estimate or predict the value of the dependent variable from the value of the independent variable. MVPS is the study's dependent variable, and the independent variables are the P/E ratio, EPS, DR, and DPR. In multiple regression analysis, the standard error of estimate, least squares, and multiple coefficient of determination approaches are typically used to calculate this. For multiple regression, the equation is

Model 1: $MVPS = \beta_0 + \beta_1 DR + \beta_2 EPS + \beta_3 DPR + \beta_4 PE$

Where,

MVPS= market value per share

EPS= earnings per share

DR= Debt ratio

DPR= dividend payout ratio

PE = price earnings

β_0, β_1, β_2, β_3, β_4 are regression coefficient

3.5 Research framework and definition of variables

According to the literature review, the Debt ratio (DR), Earnings per Share (EPS), Dividend payout ratio (DPR), Price Earnings Ratio (P/E), and SIZE are the primary factors that influence stock prices and are taken into account in this study.

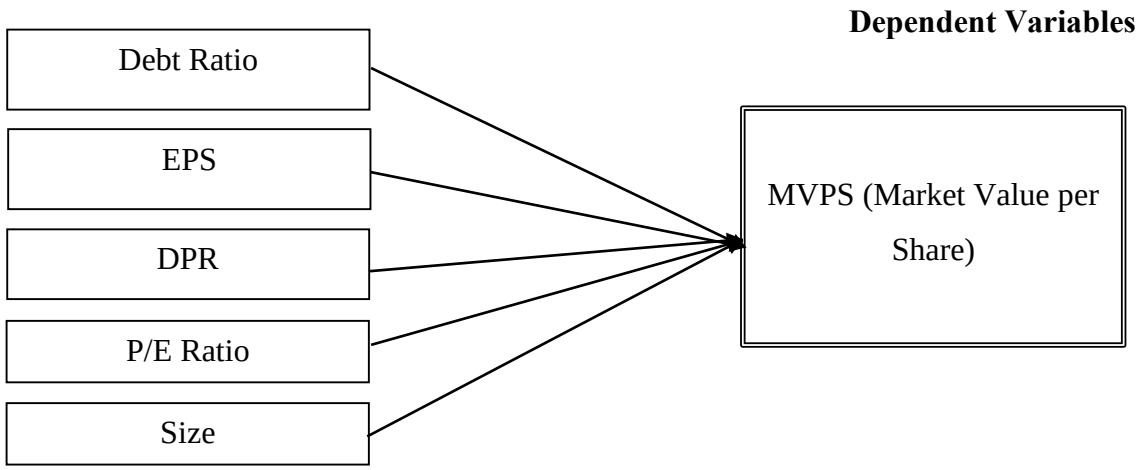

Figure 1

Research framework

Market Values per Share (MVPS)

Use the share's market value per share to determine its market value. The MVPS of a company is the business's assessed market value divided by the total number of stockholder shares. The cost at which an organization's portions are exchanged on the financial exchange is its fairly estimated worth. In many situations, it is essential to comprehend a company's MVPS, or add market value in a broader sense. This pertains to situations in which shares are transferred as a result of inheritance or divorce (Akram, 2020).

Debt ratio (DR)

The ratio of total debt to total assets, expressed as a percentage or decimal, is the debt ratio. It can be interpreted as the amount of debt used to finance a company's assets. The total debt includes both long-term debt and current obligations. According to Carter et al. 2022, creditors favor low debt ratios because the greater the cushion against creditors' losses in the event of liquidation, the lower the ratio.

Earnings per Share (EPS)

The profitability of the investment made by common shareholders can be evaluated using numerous additional metrics. Profit per Offer gives data about the pay per normal offer. The banks' businesses' earnings power has changed over time, as shown by the earnings power per share (EPS) calculations over time. Earnings per share (EPS) are calculated by dividing the net profit after taxes by the total number of outstanding common shares (Monti, 2012).

Dividend payout ratio (DPR Ratio)

This ratio shows the relationship between the Debt ratio and the market value per share. Investors greatly benefit from it. Partition the Obligation proportion by the market esteem per offer to show up at the estimation (Fligstein & Shin, 2021).

Price earnings ratio (P/E Ratio)

The market's current price for each rupee of reported earnings per share (EPS) is reflected in this ratio. It is additionally extremely helpful to planned financial backers. Market value share (MVPS) is divided by earnings per share (EPS) to arrive at the figure (Gaire, 2017).

Size

Total assets can help determine a portion of the size. A company's assets are its resources. Cash on hand, investments, shares, and other investments, as well as loans, advances, fully paid invoices, fixed assets, and other assets, make up those businesses' assets. All hence, an organization's all out resources are the summit of its present and long haul possessions. If an asset can be sold in less than a year, it is considered current, and if it takes longer to sell, it is considered long-term. It is important to note that the customer deposits that a bank holds comprise all of its obligations (K.C., 2020).

Chapter - IV

Results and Discussion

The information are given and analyzed cautiously in this part. These additional details were only included in annual reports. In accordance with the study methodology described in the third chapter, the obtained data are presented, evaluated, and interpreted in this chapter. The behavior of development banks' share prices is contrasted with pertinent facts and data.

An unmistakable examination of the piece of the pie, income per share, Obligation proportion, Profit payout proportion, size, and cost - income proportion of the example improvement banks is introduced toward the start of the part. This is followed by an explanatory and hypothetical analysis. The two statistical methods are used to compare the financial variables. The relationship and relapse examination of the example banks firms, as well as a broad arrangement of the outcomes, adjust this part.

4.1 Descriptive Statistics of Variables

Table 2 displays the descriptive statistics for the variables used in the study. Along with other independent variables like market value per share, earnings per share, debt ratio, dividend payout ratio, size, and price-earnings ratio of development banks in Nepal, the outcome demonstrates the lowest and highest performance of market value per share.

Table 2

Descriptive Statistics of Variable of Development banks

Variables	Minimum	Maximum	Mean	Std. Deviation
Dependent Variables				
Market value per Share	250.00	4351.00	1629.1800	1037.47060
Independent Variables				
Debt ratio	.00	2.49	.7817	.54
Earnings per Share	6.32	121.51	29.8794	22.12
Size of Firm	5227	185547	50201.16	42853.77
Dividend payout ratio	.41	2.64	1.2608	.46544
Price Earnings Ratio	6.75	231	71.7912	45.67

Source Annual Report of Sample Banks

The descriptive statistics of the study's dependent and independent variables are presented in Table 2. The summary of MVPS reveals that the maximum market per share was 4351

and the minimum was 124, with an average market value per share of 1475.42 and a standard deviation of 1058.18. The companies' level of profitability is demonstrated by the market per share.

The Debt ratio (DR) is the first independent variable. Over the course of the trial, the DR averaged 27.2704 percent, with a standard deviation of 23.36919 percent. At its highest and lowest points, the DR ratio ranged from negative 0.00 percent to 78.40 percent. Earnings per share experience similar ratio shifts, with an average of 29.6553 percent and a standard deviation of 21.35969. The earnings per share range from a minimum of 10.11 percent to a maximum of 100.81 percent.

Size, the third free factor, shows likewise enormous fluctuation, with a normal of 168.756 percent and a standard deviation of 38.78566. Size ranges from a minimum of 126% to a maximum of 250.83%. The dividend payout ratio was anywhere from 0.94% to 0.94%. The average deviation is 0.7860 percent, with a standard deviation of 0.24133. To wrap things up, the cost profit proportion has a standard deviation of 25.63025 and a normal of 48.9907. A PER can range anywhere from 10.11 to 100.81.

4.2 Correlation Analysis

The correlation coefficients between variables are shown in a table called a correlation matrix. The correlation between the various variables is shown in each cell of the table. A good way to summarize data is with a correlation matrix. A succinct summary of the variables with varying degrees of correlation and importance can be found here. There is no direct connection between two factors when their relationship esteem is zero. The correlation coefficient ranges from +1 (perfect positive link) to -1 (perfect negative relationship). Table 3 depicts the correlation matrix as follows:

Table 3

Correlation Coefficients of Study Variables

Variables	MVPS	DR	EPS	SIZE	DPR	PER
Market Per Share	1					
Sig. (2-tailed)						
Debt ratio	-.118	1				
Sig. (2-tailed)	.415					
Earnings Per Share	.160	.084	1			
Sig. (2-tailed)	.268	.563				
Size	-.313*	.403**	-.259	1		
Sig. (2-tailed)	.027	.004	.070			
Dividend payout ratio	-.070	-.067	-.269	.227	1	
Sig. (2-tailed)	.628	.644	.059	.114		
Price Earnings Ratio	.505**	-.340*	-.426**	-.068	.365**	1
Sig. (2-tailed)	.000	.016	.002	.641	.009	

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

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

Source SPSS Output

The results of a correlation test between the dependent and independent variables using a correlation coefficient matrix are shown in Table 3. The correlation test reveals a significant positive relationship between MVPS and the price earnings ratio at the 0.05 and 0.01 levels of significance. Moreover, there is a low level of positive and irrelevant connection among EPS and MVPS. Then, SIZE and other factors have a tiny positive correlation. Then again, there is major areas of strength for a relationship among MVPS and cost profit proportion.

4.3 Regression Analysis

The relationship between the independent variables (market share, earnings per share, Debt ratio, dividend payout ratio, and price earnings ratio) and the dependent variable (MPS) is examined in this section. The Table displays MVPS regression results on five explanatory variables for three NEPSE-listed sample banks. This table shows the entire population of 17 development banks licensed by the NRB with 50 observations for the years 2013/14 to 2022/23. MVPS is the reliant variable. The independent variables are the SIZE, DPR, EPS, DR, PER, and DPR. In business jargon, the terms "company size" (SIZE), "market value per share" (MVPS), "earnings per share" (EPS), "debt ratio" (DR), "price earnings ratio" (PER), "dividend payout ratio" (DPR), and "company size" are all

used interchangeably. The risk sign and the t-value both indicate that the result is significant. Parenthesis separate these figures. F and Adj signify the F-statistic and the Adjusted R square, respectively. R2, in each case.

Table 4

Model Summary of MVPS

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.886a	.785	.761	.27836

a. Predictors: (Constant), PER, SIZE, DPR, DEBT, EPS

b. Dependent Variable: MVPS

Here, r^2 address the level of the changeability of stock costs that can be made sense of by MVPS. Because it takes into account the sample size as well, the adjusted r^2 statistic is more reliable. The magnitude of the effect on dependent variables is indicated by the coefficient's size for independent variables. The effect's direction is indicated by the coefficient's positive or negative sign. The average distance at which the coefficient deviates from the regression line is referred to as standard error. Dispersion is measured.

Table 5

ANOVA Table

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	12.479	5	2.496	32.212	.000b
	Residual	3.409	44	.077		
	Total	15.888	49			

a. Dependent Variable: MVPS

b. Predictors: (Constant), PER, SIZE, DPR, DEBT, EPS

The overall summary and significance of the dependent and independent variables can be seen in the ANOVA table. This table shows that the impact of the independent variable, which is EPS, DR, SIZE, and DPR on the dependent variable, which is at significance level 0.05, MVPS is statistically significant, 0.000. To conclude that these variables have a significant relationship, the obtained p-value needs to be less than the 5% significance level.

Table 6

Regression Coefficients

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	4.774	.186		25.725	.000
	Debt Ratio	-.284	.046	-.759	-6.216	.000
	EPS	.046	.006	1.064	8.405	.000
	Size	-.020	.021	-.080	-.952	.346
	DPR	-.046	.120	-.030	-.387	.701
	PER	.036	.005	.592	7.626	.000

a. Dependent Variable: MVPS

Regression analysis output: coefficient

The linear equation of this model is,

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4$

MVPS = 4.774 – 0.284 DR + 0.046 EPS – 0.020 SIZE – 0.046 DPR + 0.036 PER

Table 5 shows the regression analysis and significance of DR, EPS, SIZE, DPR and PER on MVPS. The negative coefficients of Debt ratio, Size and DPR indicate that MVPS decreases by 0.284, 0.020 and 0.046, respectively, when DPR and SIZE increase by Rs.1. It suggests that the MVPS of Nepalese development banks would be lower if the Debt ratio, SIZE and DPR were higher. The EPS and PER have positive beta coefficients. It suggests that the stock price of development banks would rise in tandem with the EPS and PER.

The coefficient of determination (r^2) is 0.785 for example 78.50%. As shown in the table above, the constant variable has a p-value of 0.000 at the significance level of 0.05, making it statistically significant. The constant term, Debt ratio, EPS and PER, on the other hand, is statistically significant because of its p-value, which is 0.000, 0.000, 0.000, and 0.000, at 0.05, which is lower than the significance level.

4.4 Discussions

As the review has the primary targets is to inspect the connection between EPS, DPR, DR, PER and MVPS. There is positive connection between EPS, DPR, DR, PER and MVPS of test organizations. DR has positive huge connection with MVPS. Size and DPR are statistically insignificant even at the 10% level of significance, whereas EPS and PER

are also statistically significant. It indicates that these businesses manage more effectively overall. The stock price should be in a positive relationship to each other in order to properly manage it. As a result, the analysis's other objective justification reveals that EPS, DPR, PER, and DR have no overall impact on MVPS.

According to clear and inferential insights, EPS, Price-earning relationship, and DPR affect the market cost of an offer. According to Tiwari's research, DPR and DR have a positive effect on the market price, but it is not significant. DR and DPR have negligible and negative effects. The aftereffects of this study support the speculation that income per share, cost profit proportion and DPR affect market cost per portion of improvement banks during the time of 2013/14 to 2022/23.

This is more in line with the findings of Karlsson, Häggqvist, and Hedberg (2020), which show that banks' MVPS rapidly rise in the Nepalese context. It explains that the capital market in Nepal is extremely volatile. The DR, EPS, DPR, SIZE and PER has positive connection with Market esteem per share. This suggests that the stock price of Nepalese development banks would rise in proportion to the DR, EPS, DPR, SIZE, and PER. DPR and MVPS have a positive correlation, but DPR and DR have a significant positive correlation, according to the findings. Price-to-earnings ratio, on the other hand, has a significant positive correlation with EPS but a negligible negative correlation with size. There are significant positive correlations between EPS and MVPS. At long last, this examination likewise shows that DR has huge positive relationship with EPS yet immaterial negative connection with PER which is steady with the investigation of Niroula (2021).

On the other hand, DR has a significant and negative effect on MVPS. The relationship between MVPS and EPS is also positive and statistically significant, as is the relationship between PER and MVPS. MVPS is significant statistically. To conclude that these variables have a significant relationship, the obtained p-value needs to be less than the 5% significance level. As an independent variable, PER is significant statistically. The constant term, Debt ratio, EPS, and PER, on the other hand, are statistically significant, contradicting the results of Aktürk, Karan, and Pirgaip (2022) and Usman, Lestari, and Sofyan (2022), but supporting the findings of Kengatharan and Ford (2021).

The negative DPR coefficient indicates that MVPS decreases by respective coefficients when DPR increases by Rs.1. It suggests that the stock price of Nepalese development banks would decrease the higher the DPR. The EPS and PER, beta coefficients are positive. This is in line with the findings of Bhatti, Patoli, and Kumar (2023) and Hikmah, Pahlevi, and Damang (2022), but it is in opposition to the findings of Kengatharan, Ford (2021), Joseph, Symon, and Bokpin (2019) and Bokpin (2016). It indicates that the stock price of development banks would rise in proportion to EPS, PER, and DR.

Chapter – V

Summary and Conclusion

5.1 Summary

This study's essential objective is to survey banks firms' reasonable worth per share, Profit payout proportion, cost income proportion, and income per share. Additionally, investigate the connection between MVPS, EPS, DPR, DR, PER, and Size, as well as their impact on MVPS at development banks. There are a lot of questions about whether to pay share prices or keep earnings. To achieve the specific objective of the study, descriptive and causal comparison research has been carried out. A descriptive design is used to examine dividend practices' current state and trend. Causal research design and explanatory design are utilized to ascertain the effects of EPS, DR, PER, and DPR on the MVPS of Nepali development banks. This investigation relied on secondary data. The data comes from the annual reports of the associated office for ten years, from 2013–2014 to 2022–23. The population data used in this study come from all 17 listed and operating development banks in Nepal. The sample only includes Garima, Muktinath, Lumbnini, Shangrila, and Green development banks. In terms of dividends, these three banks currently rank highest.

The stock market gives emerging businesses a low-cost way to raise funds, which has the potential to boost economic expansion. Organizations ordinarily take out bank credits to cover their transient liquidity needs. However, if they require long-term financing, they may sell their ownership stake in the company using ordinary and preferred shares. There are two primary functions served by the stock exchange. It fills in as a crucial conductor between financial backers with overabundance capital and organizations needing subsidizing to send off new pursuits or grow existing tasks. It likewise offers a directed offer market where costs are constrained by market interest. To address the research objectives, the study has been organized into five chapters.

The first chapter covers the primary topic of the study, the general background, a brief description of the sample development banks, the problem statement, the goals, the significance of the study, and the study's limitations. Theoretical analysis is the primary focus of the second chapter, which also includes a brief synopsis of the relevant and related literature. A rundown of the significant examination overall is incorporated,

alongside a clarification of the reasonable structure. The study's research strategy is explained in detail in the third chapter. The definition of statistical tools, research design, data source, analysis methodology, and examination of financial indicators and variables are all covered in this chapter. The fourth chapter presents and analyzes data using statistical methods to demonstrate quantitative factors affecting dividend policy. The information study exhibits a huge positive connection between Obligation proportion (DR), EPS, SIZE, and MVPS utilizing relationship and relapse. The conversations are remembered for this part also. The fifth section sums up, closes, and makes a proposal. It additionally makes a few examinations with other observational information and presents a few suggestions.

5.2 Conclusion

The logged estimate showed that Nepal's market value per share has been strongly influenced by EPS, DR, PER, and DPR. According to observations of the daily stock prices of sampled development banks, there is a normal distribution pattern in the behavior of their stock prices, with some banks showing consistent variation and others showing slight variation. In this manner, the Nepalese securities exchange is wasteful in valuing the offers. The results of the runs test also demonstrate that there is a significant percentage of deviation between the observed and actual number of runs in the price change sequence.

When a company distributes dividends to its shareholders, both the shareholders and the company's market value rise. Shareholders stand to gain indirectly through a rise in the price of their shares if the business uses its profits to pursue specific growth opportunities. To put it another way, it is the right dividend decision because it maintains a balance between the interests of shareholders and the growth of the company through funds generated internally. The assets that couldn't be utilized because of absence of advantageous speculation amazing open doors ought to be better delivered as profits. This study came to the conclusion that the sample development banks have sufficient earnings based on the major finding that was mentioned earlier. Different things continuing as before, Obligation proportion isn't more steady than the Profit payout proportion, that is the reason Obligation proportion and other variable have been changed. One more intriguing end is that market cost of offer is drawn in by profit.

The percentage of the Market Value per Share (MVPS) that is explained by the independent variable is indicated by the coefficient of determination r2, which is 0.617, or 61.70%. The positive coefficient of DR and PER demonstrates that the mean of the dependent variable, i.e., MVPS additionally will in general increment. It explains that the capital market in Nepal is extremely volatile. The dividend payout ratios of Nepalese development banks show that the capital market in Nepal is extremely volatile. The findings of Ali (2021) are comparable to those of this study, which demonstrate that there are not that many differences in the sizes of Nepalese development banks.

While DPR and Size have a negative relationship with MPS, the DR, PER, and EPS all have a positive relationship with market value per share. This suggests that the stock price of Nepalese development banks would rise in tandem with the DR and EPS. The finding demonstrates a negative correlation between PER and market value per share. Similar to Niroula's research, it suggests that a rise in DPR results in a fall in stock price. The coefficient of determination r2 indicates how much the stock price of Nepalese development banks would rise in proportion to the DPR, EPS, PER, and DR. As shown in the table above, the independent variable DR is statistically significant due to its p-value of 0.000 at the 0.05 significance level. DPR and EPS, on the other hand, are not statistically significant, even though they are greater than the significance level at 0.10, which is in line with Ashraf's (2020) research but not Endyi's (2021).

5.3 Implications

The recommendation is based on the study's empirical findings, observations of MVPS with DR and another variable in sampled development banks, and an empirical view of how financial performance affects the impact of dividends on share price. The accompanying proposals are made.

- Each company ought to have a strategic dividend policy that is documented. Before it can be made public, it must be approved by the Supervisory Board or the General Meeting in accordance with the rules for public corporations.
- The sample development banks' dividend policies are inconsistent, according to the DR analysis. As a result, these businesses need to find a way to pay a dividend that is reasonable each year. This is because investors and shareholders, who are seen as valuable assets on their own, benefit from higher dividend payments. The

example improvement banks have extraordinary change in DR, EPS, DPR, and MVPS . Controlling the fluctuation is essential, and keeping the variable consistent has become especially important. Partners of the two organizations would be fulfilled in the event that major monetary pointer demonstrates uplifting tones in the market any other way in long haul it will be unsafe for monetary foundation.

- The company has inconsistent dividend payout policies. When dividends are paid in small amounts, it can be hard to figure out a share's true market value without taking into account the risk-free rate of return. This is especially true when shares for which there is no dividend are rising in price. Thus, an exact strategy for DR installment ought to be made, and profits ought to be controlled, stable, and decently evaluated. In order for development banks to thrive in today's fiercely competitive environment, they should have long-term goals for earnings and dividend payments. Before making a choice, a number of internal and external factors should be taken into consideration.
- Clear instructions on how to implement the dividend distribution plan will be provided by the establishment of a dividend policy. A low regular plus extra dividend policy, a consistent payout policy, or a steady dividend policy should be chosen by the development banks. When should the long-term start? The dividend payout ratio, whether it be pure residual, fixed dividend payout, or smooth residual, ought to have been explained in the dividend policy. As a result of an increase in the value of the shares or dividend payments, the goal of the dividend policy ought to be to provide shareholders with a fair return on equity.
- The dividend policy of a strategic company ought to be in line with the NRB's recommendations for regulatory and supervisory authorities. The adoption of the proposals ought to take precedence over the company's value to shareholders in this instance. This essentially relates to ideas concerning the areas of energy security and monetary strength. The two organizations the executives board ought to propose measure of the profit to be paid for a given financial year and convey this data to the public well before the yearly regular gathering of the organization's investors.
- Development banks ought to implement formal policies regarding strategic dividends. Before it can be made public, it must be approved by the Supervisory

Board or the General Meeting in accordance with the rules for public corporations.

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APPENDICES

APPENDIX- I

Green	EPS	DPR	PER	SIZE	MVPS	Debt Ratio
2013/14	-32.82	0	-5.27	0	173	-5.58
2014/15	10.04	0	13.24	0	133	1.47
2015/16	24.08	0	13.7	12396	330	2.69
2016/17	27.84	0.65	7.57	29224	219	2.51
2017/18	19.25	1.14	8.88	31827	171	1.59
2018/19	23.12	1.2	8.43	37926	195	1.73
2019/20	13.14	0.7	9.27	43140	183	1.39
2020/21	19.75	1.07	20.2	47461	445	1.55
2021/22	22.56	0.46	16.58	54867	374	1.65
2022/23	9.05	1.41	35.96	61857	325.5	0.61

Garima	EPS	DPR	PER	SIZE	MVPS	ROA
2013/14	27.87	0.83	12.38	4612	345	0.02
2014/15	20.33	0.99	15.01	7452	305	0.02
2015/16	25.82	0.81	13.79	10578	356	0.02
2016/17	15.83	0.95	18.69	17662	296	0.02
2017/18	17.43	0.79	12.51	25286	218	0.02
2018/19	21.32	0.79	10.51	38749	224	1.53
2019/20	17.82	0.8	12.51	50294	223	1.15
2020/21	22.75	0.7	23.91	72958	544	1.15
2021/22	22.49	0.64	17.21	80031	387	1.29
2022/23	24.38	0.41	16.61	89163	405	1.42

Shangrila	EPS	DPR	PER	SIZE	MVPS	Debt ratio
2013/14	7.94	0.97	26.07	4902	207	1.73
2014/15	12.13	0.82	13.49	6195	164	1.86
2015/16	16.45	0.71	10.27	7423	169	2
2016/17	10.73	0.93	19.29	13188	207	2.21
2017/18	11.42	1.47	12.34	23401	141	1.73
2018/19	17.14	0.74	9.51	36460	163	1.46
2019/20	13.97	0.72	11.88	42361	166	1.15
2020/21	17.27	1.16	27.68	59879	478	1.11
2021/22	15.7	0.68	19.25	71408	302.2	0.94
2022/23	6.87	0	43.4	72786	298	0.41

Muktinath	EPS	DPR	PER	SIZE	MVPS	ROA
2013/14	41.32	1.02	15.25	6029	630	2.52
2014/15	35.99	0.95	15.25	9000	564	2.42
2015/16	43.1	0.79	30.32	12937	1307	2.79
2016/17	32.09	0.72	30.26	19592	971	2.49
2017/18	22.2	0.91	17.03	34649	378	1.28
2018/19	27.94	0.66	13.24	51991	370	1.65
2019/20	16.56	0.94	18.84	66348	312	1.07
2020/21	24.03	0.77	27.34	101132	657	1.14
2021/22	23.72	0.6	18.55	121083	440	1.11
2022/23	19.44	0.7	20.94	131611	407	0.95

Lumbini	EPS	DPR	PER	SIZE	MVPS	Debt ratio
2013/14	-33.46	0	-3.2	5879	107	-5.11
2014/15	17.27	0	8.97	5473	155	2.89
2015/16	17.24	0	8.82	7448	152	2.12
2016/17	8.71	0	8.95	21206	77.99	0.82
2017/18	15.19	1.12	9.61	25725	146	1.22
2018/19	28.38	0.70	6.94	30027	197	2.07
2019/20	13.94	0.72	12.99	34496	181	1.10
2020/21	14.93	0.92	39.18	44125	585	0.98
2021/22	19.4	0.62	17.58	56688	341	1.12
2022/23	14.71	0.58	28.07	58891	413	0.85

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Abstract This research sought to examine the factors influencing the stock prices of development banks in Nepal. To meet the study's specific objective, both descriptive and causal-comparative research methods were employed. The analysis was based on panel data from Nepalese development banks over a 10-year period, from 2013/14 to 2022/23. The dependent