FIRM SPECIFIC FACTORS AFFECTING MARKET PRICE OF SHARE

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T.U. Regd. No. 7-2-0271-0030-2012
2nd Year Exam Symbol No.: 390460

A Thesis

Submitted to:
Office of the Dean
Faculty of Management
Tribhuvan University

In partial fulfillment of the requirement for the degree of
Master of Business Studies (MBS)

Kathmandu, Nepal
June, 2024

RECOMMENDATION

This is to certify that the thesis

Submitted by:

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FIRM SPECIFIC FACTORS AFFECTING MARKET PRICE OF SHARE

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

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DECLARATION

I hereby declare that this thesis work entitled **FIRM SPECIFIC FACTORS AFFECTING MARKET PRICE OF SHARE** submitted to Office of the Dean, Faculty of Management, Tribhuvan University, is my original work done in the form of partial fulfillment of the requirement for the degree of Masters of Business Studies which is prepared under the supervision of respected supervisor Dr. Prakash Kumar Gautam, PhD of Shanker Dev Campus, T.U.

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5265420-571500CHAPTER I INTRODUCTION 1.1 Background of the Study A profit is an installment made by a partnership to its investors, typically as a circulation

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. Shareholders typically have to pay income taxes when dividends are paid, and the corporation does not receive a deduction for dividend payments on its corporate income tax return (Kagan, 2021).

A profit is distributed as a decent **sum for** every **offer with investors** getting **a profit** in relation **to their shareholding**

(Kagan, 2021). Dividends have the potential to sustain income and boost shareholder morale. Dividends are not an expense for the joint-stock company; rather, they are the distribution of profits after taxes among shareholders. In the same way that the company's issued share capital is shown in the shareholders' equity section of its balance sheet,

ACKNOWLEDGEMENTS

This entitled thesis **FIRM SPECIFIC FACTORS AFFECTING MARKET PRICE OF SHARE** has been prepared in partial fulfillment for the Degree of Master of Business Studies under the Faculty of Management, Tribhuvan University.

I have great pleasure to express my appreciation and sincerity to my thesis supervisor Dr. Prakash Kumar Gautam, PhD 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.

My special thanks goes to Asso. Prof. Dr. Sajeeb Kumar Shrestha, Head of Research Department of Shanker Dev Campus for his suggestion and cooperation. I would like to thank Asso. Prof. Dr. Krishna Prasad Acharya, Campus Chief of Shanker Dev Campus and all the others campus staffs for their valuable supports and assistance to complete my overall thesis work.

Similarly, I would like to express my sincere to my friends for their support, encouragement and help for this study work.

Aliza Manandhar

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ABBREBIATIONS

BOD	:	Board of Directors
C.V.	:	Coefficient of Variation
DPR	:	Dividend Payout Ratio
DPS	:	Dividend per Share
EPS	:	Earnings per Share
FNCCI	:	Federation of Nepalese Chamber of commerce and Industries
GDP	:	Gross Domestic Product
ICAN	:	Institute of Chartered Accountants of Nepal
IPO	:	Initial Public Offering
LC	:	Letter of Credit
MVPS	:	Market Value per Share
NEPSE	:	Nepal Stock Exchange
NRB	:	Nepal Rastra Bank
NWPS	:	Net Worth per Share
PER	:	Price Earnings
ROC	:	Registrar of Companies
S.D.	:	Standard Deviation
EBL	:	Everest Bank Limited
SEB	:	Securities Exchange Board
NIMB	:	Nepal Investment Mega Bank Limited
SEC	:	Securities Exchange Centre

CHAPTER I

INTRODUCTION

1.1 Background of the Study

A profit is an installment made by a partnership to its investors, typically as a circulation of benefits. At the point when a partnership procures a benefit or excess, the company can re-put the benefit in the business (called held income) and pay an extent of the benefit as a profit to investors. Circulation to investors might be in real money (typically a store into a financial balance) or on the other hand, on the off chance that the enterprise has a profit reinvestment plan, the sum can be paid by the issue of additional offers or offer repurchase. Shareholders typically have to pay income taxes when dividends are paid, and the corporation does not receive a deduction for dividend payments on its corporate income tax return (Kagan, 2021).

A profit is distributed as a decent sum for every offer with investors getting a profit in relation to their shareholding (Kagan, 2021). Dividends have the potential to sustain income and boost shareholder morale. Dividends are not an expense for the joint-stock company; rather, they are the distribution of profits after taxes among shareholders. In the same way that the company's issued share capital is shown in the shareholders' equity section of its balance sheet, retained earnings are profits that have not been distributed as dividends. Public companies typically pay dividends on a predetermined schedule, but they can also declare a dividend at any time, which is sometimes referred to as a "special dividend" to differentiate it from the predetermined dividends. However, because cooperative dividends are distributed based on member activity, they are frequently regarded as a pre-tax expense (Bajracharya, 2021).

Inefficiency is illegal to control the security market in every nation, and no one can gain more from it. Nonetheless, since the subject of this study is profit strategy and what it means for financial exchange value, it is vital to discuss the many models and practices that either essentially influence MPS or don't. As a result, MPS and security valuation are crucial components of it. Without evaluation, business is unimaginable and nobody can provide a cost estimate (Duncan, 2020). MPS and dividend policy are always linked: if a company pays out a lot of dividends, MPS goes up, and vice versa. However, as a result of this interaction, the price may fluctuate or remain the same in some instances. As a

result, the MPS analysis relies heavily on the flow—or lack thereof—of information (Boyte, 2021).

The dividend policy's primary objective is to maximize wealth. Profit strategy decides the designation of net benefit between installment to investors and reinvestment in the firm (Chen, 2020). Divide the earnings equally between dividends and retention, then, to put it another way, is what dividend policy is. The acquiring which is stayed with as save by the is known as held income. According to Om & Geol (2017), retained earnings are one of the most significant sources of funds required for the expansion of the business. Toward the finish of the financial year, the board needs to conclude how much cash ought to be kept as maintenance and how much ought to be conveyed to the investors. The crucial aspect of the dividend policy is this. The company's financing decision is heavily influenced by its dividend policy. However, dividend decision remains a crucial and contentious area of managerial finances. The profit strategy of the firm is viewed as a device to decide the proper distribution of benefit between profit installment and add up to be held in the firm or stopping them back into business (Kagan, 2021).

A dividend is a portion of a company's earnings given to its shareholders. By issuing new equity and retaining earnings, each company can obtain additional funds through a capital structure decision. So in the wake of estimating the company's benefit there is further issue of the amount of this benefit ought to be circulated regarding profit. It is a major monetary choice on the grounds that the firm needs to pick between conveyances of the benefit to the investors of reinvesting them to back the business (Ritter and Silber, 2007). Dividend distribution is handled differently by different businesses. To expand the investor abundance, there ought to be involved enormous measure of benefit for installment of profit. According to Arkan (2016), if the company's objective is business expansion, profits are retained for investment program refinancing. It would appear that decisions regarding financing and dividend policy are distinct. Nonetheless, actually, they are not. The company's financing strategy relies heavily on the dividend choice. The company's creditworthiness and, consequently, the cost of debt and cost of equity may be affected by the dividend payout method chosen. The company's value will also change if the cost of capital changes. Sadly, one can't decide if the adjustment of significant worth will be positive or negative without find out about the optimality of the company's profit

strategy. According to Bhajracharya (2001), there is no uniformity in the dividend distribution that is carried out by the various corporations in Nepal.

According to the budget speeches and economic surveys published by the Nepali government's Ministry of Finance over the past few years, the government cannot receive dividends from public enterprises. Joint venture banks and other public limited companies have recently adopted a new practice of paying dividends to shareholders. Some Nepalese corporations are also increasingly paying bonus shares (Armour & Cheffins, 2009). Stock split is one more part of profit strategy which is famous in the created capital market yet this perspective is nearly disregarded in the capital market of Nepal. An elective type of profit is share repurchase. It is in the best interest of the shareholder to distribute the funds if a company has too much cash and not enough profitable investment opportunities to justify using them (K.C., 2006). Shares can be repurchased or the money can be distributed through increased dividends or other means. As a result, share repurchase is frequently regarded as an alternative to dividend payments. However, according to Erdugan (2012), the Nepal Company Act, section 47 forbids the company from purchasing its own shares.

To establish a favorable image in the financial sector, some businesses may initially distribute the entire earnings as dividends, but they may later alter their policy and announce a specific percentage of dividend payout terms. The choice to keep some piece of income and to pay some part of profit as profit is known as profit strategy. The common dividend payout ratio in forty percent of the studies reveals that the dividend payout ratio may vary. By not providing a sufficient dividend, it would appear that the corporation's actual owners are not being treated fairly. Albeit the real proprietors of the organization are investors, they are delivered low profits in certain organizations though in certain organizations the profit isn't declared. However, dividend payments have recently increased (Bajracharya, 2001).

As per regulation, profit ought to be proclaimed out of the net benefit. Dividends are typically distributed monthly, semiannually, quarterly, or annually. Dividends are paid out annually in Nepal. In the beginning, some businesses may pay out all of their earnings as dividends in order to build a favorable reputation in the market. Later, however, they

may alter their policy and announce a different percentage of the dividend payout term; in Nepal, the typical dividend payout ratio appears to be forty percent.

1.2 Statement of the Problem

Profit strategy is an indispensable piece of monetary administration of a business firm. In terms of investment and return, it applies to all institutions that raise funds. In the early part of the 21st century, it became recognized as its own distinct field of study. According to Phuyal (2016), the term "dividend" refers to the portion of a company's net earnings that is distributed to shareholders. The most important question in dividend policy is whether dividends affect the company's value. The company ought to keep earnings only in accordance with its investment opportunities if dividends are irrelevant. In the event that there are not adequate speculation amazing open doors giving expected returns in abundance of the necessary return, the unused assets ought to be delivered out as profits (Kumar, 2019).

Nonetheless, Nepalese business bank has not had the option to give acceptable outcome on profit choice. Government strategy is additionally part of the way capable on the profit choice. Business banks in Nepal have no consistency strategy on profit choice and profit conveyance doesn't coordinate with the acquiring as well as there could be no legitimate connection among profit and provided market cost estimate of offer (Shield and Cheffins, 2019). In addition, the dividend procedure in the commercial bank is poorly managed and disclosed. The dividend policy of these commercial banks does not provide a clear outline of the payment procedure, preventing the market from understanding how these banks declare dividends and pay dividends (Paudel, 2013).

In Nepal, there are a couple of organizations that consistently deliver profit to investors. Joint venture banks, in particular, can pay dividends and have sufficient earnings. However, they are not following the proper profit approaches. They pay a high dividend when their earnings are low, but they pay a low dividend when their earnings are high. We can't see the consistency of profit pay-out proportion in the example banks (Arkan, 2016). Presently, we realize that all banks have adequate profit yet they are not appropriating the profit in equivalent extent. They have not followed the consistency in profit circulation strategy and we were unable to get consistency of profit pay-out

proportion in these example banks (Gupta, 2018). The questions that were investigated for the purpose of this study are listed below.

- Should the sample banks have uniformity in dividend distribution?
- Is there any relationship between dividend per share, earning per share, price earnings ratio, dividend payout ratio and market value per share in the sample banks?
- What is the impact of DPS, DPR, PER and EPS on MVPS of sample banks?

1.4 Objectives of the Study

The study's primary goal is to compare and contrast various banks' dividend policies. The following are the additional specific goals.

- To evaluate the dividend distribution of the sample banks.
- To analyze the relationship of price earnings ratio on DPS, EPS, PER and MVPS of the corresponding bank.
- To examine the impact of DPS, DPR, PER and EPS with MVPS of sample banks.

1.5 Significance of the Study

The decision to distribute earnings or keep them for reinvestment in the company is called dividend policy. The stock price of the company and the overall profitability of the business are affected in both positive and negative ways by any change in dividend policy. When deciding whether or not to alter the dividend policy, this research report will be of assistance. Dividend distribution has already been used by Nepalese financial institutions. As a result, it is deemed important to investigate the financial institution's dividend policy. One of an organization's most crucial decisions is the dividend policy. It is anticipated that this study will contribute to the financial literature on the dividend policy and fill a research void. The following groups may benefit from the findings.

1) To the management: - Dividend Policy may affect value of the firm; moreover, most common objective of the firm is to maximize shareholder wealth. Therefore, management may adopt appropriate dividend policy.
2) To the shareholders**: -** Shareholders are more concerned with the amount of dividend paid by the firm. Therefore, they have more curiosity on the dividend policy adopted by the concerned banks. With this study, they can make their mind more comparable in terms of dividend pattern and value of the firm.

3) To the perspective investors: - Generally, most of the investors prefer to invest in preferable firm and expect high return. Corporate sector is expanding but there is information gap between the management of Nepalese companies and investors, who are eager to invest in shares. They are just investing in the shares in trial and error methods. So, the dividend behavior should be effective to attract new investors keeping the previous investors satisfied and should maintain the reputation of the firm.
4) To the researcher: - The outcome of this study is expected to be an important for the researcher who are working in this area or will be interested to work in the same area. Besides these, it will also be beneficial for the policy makers from the comparative study of dividend policy formulation. Dividend policy of the banks helps the customers, financial agencies, stockbrokers, interest person and scholars to find out appropriate dividend policy. It is believed that other banks will also be benefited from this study for policy implementation point of view.

1.6 Limitations of the Study

This study attempts to assess the profit practices of business banks of Nepal. This exploration make sense of and investigation the topic with the assistance of notable or currently settled logical strategies and method accordingly as end arranged research it doesn't a lot of worry with essential and choice situated research. The significant restrictions of the review are as per the following.

- Only secondary data are analyzed to interpret the results emerging from decision, so the result depends on the reliability and accuracy of secondary data.
- This study covers the study period from the fiscal year 2013/14 to 2021/22.
- Out of 20 commercial banks, only one public sector and one joint venture commercial banks listed in Nepal stock Exchange are taken as sample.
- The main focus is given to the quantitative aspects; qualitative factors are not carried out.
- There are many factors those affect decision and valuation of the firm. However, only those factors related to dividend have been considered in this study.
- Data related to cash dividend and stock dividend are analyzed and interpreted.

CHAPTER II

REVIEW OF LITERATURE

2.1 Conceptual Review

Investors purchase company shares in the hope of receiving a share of the company's profits. because shareholders want to see returns on their investments. They are happiest when they are aware that the company is growing its profits, paying out more dividends, and boosting its stock price. Benefits are direct and already exist if profits are distributed. Assuming they are contributed, the advantages are roundabout and come in some future period as expected stock cost increment that outcomes in capital addition when they sell shares. There is a corresponding connection between held profit and money profit. At the point when how much hold procuring is high, the organization pronounces less profit and when profit paid is a major sum than hold procuring diminished, which decrease the open door to reinvest and grow the association. "Since profit would be more appealing to investor, one could imagine that there would be a propensity for companies to build conveyance of profit. However, one could also argue that gross dividends would be reduced to some extent, resulting in an increase in retained earnings for the corporation and an increase in net after-tax dividends still available to stockholders (Throp, 1977).

As a result, dividend selection is a significant managerial finance decision. The crucial choice here is whether to return shareholder profits to the business or distribute them to shareholders. The choice of dividend has a significant impact on the financial structure, fund flows, corporate liquidity, and other aspects. There is no clear connection between the dividend and the share's value. Before deciding whether to distribute dividends and retain earnings from the company's earnings, the financial manager must comprehend the various conflicting factors that influence the dividend policy. However, opinions regarding the effect of dividends on the company's valuation diverge. As indicated by one way of thinking, profits are unimportant so how much profits paid affects the valuation of a firm. Then again, certain speculations consider the profit choice as applicable to the worth of the firm estimated as far as the market cost of the offers (Khan and Jain, 1992).

Consequently profit are superfluous, depends with the understanding that the financial backers are impassive among profits and capital increases. Inasmuch as the firm can acquire more than the value rate of return, the financial backers would be happy with the

firm holding the income. Investors, on the other hand, would rather receive the dividend if the return is lower than the equity capitalization rate.

2.1.1 Concept of Security Market

Security market is where individuals trade monetary instruments. Government bonds, corporate bonds or debentures, ordinary shares, preference shares, and so on are examples of these financial instruments. Concerning security markets, they are an essential component of capital markets. It encompasses both buyers and sellers, as well as all organizations and institutions that aid in the resale of corporate securities. In spite of the fact that security market is worry in couple of areas, they allude more to component as opposed to put intended to work with the trading of protections. Protections market can be characterized as a system for uniting purchasers and venders of monetary resources to work with exchanging. The security market should be able to price shares solely based on economic considerations based on publicly available information in order to efficiently allocate capital to maintain a higher degree of liquidity in securities (Van Horne, 2000).

"A productive market is one where current cost of offers gives the best gauge of its actual worth. As a result, a security market is a location where the organized brokerage system allows for the trading or transfer of shares of companies that are listed. The primary function of the security market is to import future market capability and liquidity through competitive prices. According to Van Horne (2000), "it is a medium through which scattered savings and scarce resources are transferred to productive areas that ultimately aid in the nation's economic development and industrialization."

One type of secondary market is the stock market, also known as the stock exchange market. It is a significant part of optional market and a medium through which corporate area prepare assets to back the efficiency projects by giving offer on the lookout. It is a location where organized brokerage firms transfer shares of listed companies to others at a fair price. The stock exchange is a type of financial market that probably gets a lot of attention but is probably not as well-known as other security markets. It exists to bring together buyers and sellers of securities to make asset trading easier. As a result, it increases and creates securities' liquidity. Consequently, in keeping with the practice of public companies listing their stock on the stock exchange, they must satisfy exchange

requirements pertaining to factors such as the market value, the number of shares outstanding, the company's size, and the number of years in business. The status of being listed boosts a company's reputation and provides them with a certain amount of free publicity. The stock trade market gives essentially monetary capabilities, which are as per the following.

- Security exchanges make investing easier by providing a marketplace where efficient and relatively inexpensive transactions can be carried out. As a result, investors guarantee that they will have access to securities.
- The securities market ensures greater stability in the price of securities. By providing a continuous market that makes price changes less frequent, they increase liquidity.
- The investor can handle testing the value of securities continuously. Investors can gain a better understanding of a company's prospects and value from the records of securities transactions. Those possibilities are passed judgment on well the financial backers, which prompts higher worth and work with new supporting and development (Van Horne, 2000).

Every business in the capital market operates for profit. Shareholders contribute equity capital in the hope of receiving a share of these profits, either directly or indirectly. For instance, if a company distributes a dividend to its shareholders, the shareholders directly share in the profits. Shareholders stand to gain indirectly through an increase in stock price in the future if, instead of paying dividends, the company keeps the profits to take advantage of other growth opportunities. Therefore, dividends or capital gains can increase shareholder wealth (Van Horne, 2000).

2.1.2 Concept of Dividend

Profits are installments made by a partnership to its investor individuals. It is the part of corporate benefits paid out to investors. A corporation's surplus or profit can be used for one of two things: it can be given to shareholders or reinvested back into the business (referred to as retained earnings). Share repurchases or dividends are the two methods by which cash can be distributed to shareholders. According to Panday (1999), a lot of businesses keep some of their earnings and distribute the rest as dividends.

Each share receives a fixed dividend amount. As a result, a dividend is paid to shareholders in proportion to their shareholding. Dividends are not an expense for the joint stock company; rather, they are the distribution of profits after taxes among shareholders. Held income (benefits that poor person been dispersed as profits) are displayed in the investor value segment in the organization's monetary record - equivalent to its given offer capital. Public companies typically pay dividends on a predetermined schedule, but they can also declare a dividend at any time, which is sometimes referred to as a "special dividend" to differentiate it from the predetermined dividends. Cooperatives, then again, distribute profits as per individuals' movement, so their profits are frequently viewed as a pre-charge cost (Weston and Copeland, 1992).

Cash, store credits (common in retail consumers' cooperatives), and shares in the company (either newly created shares or existing shares purchased on the market) are typically the means by which dividends are paid. Further, numerous public organizations offer profit reinvestment plans, which naturally utilize the money profit to buy extra offers for the investor. The term Profit is characterized as a return from interest in value shares. The benefit made however the firm which is dispersed to the investors named as profit. After making a profit, every business either keeps the money for future investments or gives it to shareholders. The business should decide whether to distribute the dividend or keep the money as retained earnings. It could be in shares, cash, or a combination of the two. The company's dividend policy is its approach to the dividend versus retention decision. Profit strategy of various association may same or unique, however the approach followed by the firm ought to be reasonable for both the investors as well as the actual firm.

In point of fact, a dividend is the portion of a company's net earnings that is distributed to shareholders. After effectively finishing the business exercises of an organization, in the event that the budget report shows the net benefit, the directorate chooses to pronounce profit to the investors. As a result, the BOD can decide whether or not to pay the corporate dividend. The strategy of an organization in the division of its benefit between to investors as profit maintenance for its venture is known as profit strategy. The choice between dividend payments to shareholders and reinvestment in the business is made by dividend policy. Profit strategy alludes to the issue of the amount of the all-out benefit a

firm ought to pay to its investors and the amount to hold for speculation so the consolidate present and future advantages boost the abundance of investors. There is a complementary connection between held income and money profits. Assuming that held profit are stayed with more by the less will be profit as well as the other way around. One of managerial finance's most important decisions is the dividend decision. In the sense that the company must decide whether to return profits to the business or distribute them to shareholders. The choice relies up upon the target of the administration for abundance augmentation and benefit amplification. The firm will involve the net benefit for delivering profits to the investors in the event that the installment will prompt amplification of the abundance of the proprietors it not, it is smarter to hold them to fund in speculation programs. As a result, the metric that should be used in making decisions should be the connection between the dividend and the company's value.

Most investors acknowledge two types of return from the acquisition of normal stock. These are capital increases and profits. The cumulative market value of the common stock is one way to define capital gain. The investors expect, sooner or later, a circulation of the company's procuring as a profit. The majority of investors anticipate regular dividend payments on the common stock of mature and stable businesses. The need to keep earnings in order to finance expansion and growth is less important than this expectation. Therefore, shareholders' expectations can be met through dividends or capital gains. Therefore, "Financial management is concerned with the activities of the corporation that affect the well-being of stockholders," and "well-being" can be partially measured by dividends received, but "market value of stock" is a more accurate measurement. "Since profits would be more appealing to investor, one could feel that there would be inclination for partnerships to build circulation of profits. However, one could also argue that the gross dividend would be reduced to some degree, resulting in an increase in the corporation's retained earnings and net after-tax dividends available to stockholders.

The commercial bank basically provides not only economic resources but also technical expertise and support in the planned economy. They, on the other hand, do not differentiate between public, joint venture, private, or government organizations or investment areas. The production plans that are financed by banks include all of these sectors equally. Not just in the exceptionally evolved modern a non-modern financial matters of the existence where in a manner the business and modern exercises are

deadened without any banks keeping their entryways open , even in the emerging nations most monetary exercises, especially in the economy's coordinated area, are bank based.

2.1.3 Types or Major Forms of Dividends

Cash profit is the most famous type of profit. In light of their goals and policies, banks and corporations must adhere to a variety of dividends. Bank and corporation dividends are distributed in a variety of ways, including cash dividends, stock dividends, script dividends, property dividends, and bond dividends, partly due to directors' attitudes and partly due to various circumstances and financial constraints. Profit is the occasional installment made to investors to repay them for their riches and speculation reserves. Profits are favorable to rata dispersions to investors held income. They can be as money, stock or property. Although some states' laws and corporate agreements permit the declaration of dividends from sources other than earnings, corporations can typically only declare dividends from earnings (Hasting, 1996).

2.1.3.1 Cash Dividend

The piece of net profit, which are circulated to the investor as money with respect to their portions of the organization is called cash profit. On the off chance that the organization doesn't have adequate money at the hour of profit installment, organization looks to orchestrate reserves, which will oversaw by get. The most common type of dividend is the cash dividend, which is paid to shareholders in cash from the profits of the business. For the most part, investors have solid execution for cash profit.

The company's total assets automatically fall when a cash dividend is paid. Thus, the organization needs to have sufficient money and adequate equilibrium for the installment of money profit. It will be difficult for the business to borrow money if it does not have a sufficient balance. When the company has a stable dividend policy, they use a cash budget to show how much money would be needed to pay out dividends on a regular basis. Most Organizations deliver profit in real money. A cash dividend is one that is paid to shareholders in cash from the company's profits. "Both complete resources and total assets of organization are decreased when cash profit is conveyed. According to Gupta (2009), "the amount of cash dividend distributed in most cases causes a drop in the share price on the market."

2.1.3.2 Stock Dividend

A stock profit is the installment of existing proprietors of a profit in is the firm of stock albeit stock profits don't have a genuine worth, firms deliver stock profit as a swap for an enhancement to cash profit. If the pronounce profit is give as offer as opposed to paying in real money, the profit is supposed to be stock profit. The current market price of shares decreases as a result of the dividend and stock dividend, but this has no effect on shareholders' wealth. "A stock dividend is nothing more than the payment of additional stock to stockholders; it is nothing more than a recapitalization of the company in which the proportion of stock owned by stockholders remains unchanged." A stock dividend is a payment of additional shares of stock to shareholders, which is frequently utilized in addition to or in place of a cash dividend. Bonus shares are another name for stock dividends (Van Horne, 2000).

An issue of reward share addresses a circulation of offers notwithstanding the money profit (known as stock profit in U.S.A.) the current investors (Pandey; 1995). The following is a summary of the effects that the dividends on stock issued had.

- Expansion in number of remarkable offers
- Converts the capital's retained earning balance
- Has the company's net worth and par value changed?
- Doesn't influence the investors relative possession and
- It is theoretically unimportant to shareholders.

A stock split is when the par value of the stock is reduced proportionally to increase the number of outstanding shares. At the point when stock parts happen, investors get enormous number of offers for the old offers they have. The following are the results of a stock split:

- It makes more shares in circulation.
- Lowers the share price and par value
- Doesn't change the corresponding responsibility for investors
- It has no effect on the capital account or net worth,
- Hypothetically, it's anything but a thing of significant worth to investors

The company's assets do not change as a result of the stock dividend or stock split. In the two cases, relative expansions in shares, no progressions in total assets, not a thing of significant worth to investors are similar highlights.

Difference between stock dividend and stock split

- Utilization of hold acquiring
- Change in capital record, however in the event that organization pronounces in excess of a fifth of stock profit, there is no distinctions between stock profit and stock parts in light of the fact that main delivered up worth of stock profit is moved from hold procuring to capital record

2.1.3.3 Property Dividend

"On the off chance that the pronounce profit is give as property (resources) rather than cash, the profit is supposed to be property profit. When assets are no longer required for business operations or in unusual circumstances, this type of dividend may be paid. Examples of things that have been paid as property dividend include the company's own products and the securities of its subsidiaries" (Shah, 2009).

2.1.3.4 Scrip Dividend

Scrip dividends are paid (issued) when a company has a cash problem but has made a profit. Scrip is a type of promissory note promising to pay then holder at indicated later date. Under this kind of profit organization issues and disseminates to investors adaptable promissory notes which might be revenue bearing or not. Scrip dividend refers to dividend payments made in promissory notes or scrip. As a result of transitory money deficiency, some of the time the firm necessities cash produced by business income to meet the various prerequisites. For those requirements, scrip profit is given promising the installment will be made in future.

This kind of dividend affects the proportion of shares held by stockholders rather than the total number of shares of stock. According to Modigliani and Miller (1961), scribe dividends have a lower psychological value to stockholders than other types of dividends.

2.1.3.5 Bond Dividend

A profit that is paid in stock or bonds as opposed to cash. When the company lacks cash and cannot afford a dividend otherwise, a stock dividend may be declared. Despite the fact that stock dividends do not result in a cash gain for the shareholder, they are generally not regarded as desirable due to the requirement to pay capital gains tax on

them. Another name for it is a scrip dividend. Bond profit assists with delaying the installment of money. Even though dividends can take many different forms, cash dividends and stock dividends are the most common ones in Nepal. Cash dividends were chosen as the dividend format for this study. When bonds are used to pay interest, the company takes on the fixed obligation of paying the bond's principal and interest each year at maturity. The characteristics of a bond dividend are as follows:

- Bond dividends can temporarily postpone dividend payments, but more often than not, they are an obligation.
- It was unable to restore the psychological value that the cash dividend provided,
- Bond and scrip profit are same, just the distinction between these are development time for example scrip has somewhat less development time than bond profit (Pandey; 1995).

2.1.4 Dividend Dates

Any profit that is proclaimed should be supported by an organization's Top managerial staff before it is paid. There are four crucial dividend dates for public companies to keep in mind. On the website of the Securities and Exchange Commission, these are discussed in detail with examples.

1. Declaration date

Statement date is the day the Directorate declares its goal to deliver a profit. The company incurs a liability on this day, and it records that liability in its books. As a result, it now owes the money to the stockholders. On the statement date, the Board will likewise report a date of record and an installment date.

2. In-dividend date

The stock is said to be cum dividend (literally, "with [including] dividend") on the last day, one trading day before the ex-dividend date. To put it another way, the dividend will be paid to current holders of the stock as well as to anyone who purchases it on this day; however, holders of the stock who sell it will lose their entitlement to the dividend. After this date the stock becomes ex profit.

3. Ex-dividend date

Ex-profit date (commonly two exchanging days before the record date for U.S. protections) is the day on which all offers traded presently not come joined with the option to be delivered the most as of late proclaimed profit. This date is crucial for any

company with a large number of stockholders, including those that trade on exchanges, as it makes it easier to reconcile who will receive the dividend. The dividend will be paid to current stockholders even if they sell their shares, but it will not be paid to anyone who buys shares right now. On the date of the ex-dividend, it is fairly typical for the price of a stock to decrease by roughly the same amount as the dividend that was paid. This mirrors the diminishing in the organization's resources coming about because of the announcement of the profit. The organization makes no express move to change its stock cost; in a proficient market, purchasers and venders will naturally value this in.

4. Book closure Date

When a company announces a dividend payout, it should also specify a date on which it will, ideally, temporarily close its books to allow for new stock transfers.

5. Record date

Investors enlisted in the investors of record at the very latest the date of record will get the profit. The dividend will not be paid to shareholders who are not registered as of this date. Shares purchased prior to the ex-dividend date are almost always automatically registered in the majority of nations.

6. Payment date

The day on which dividend checks will actually be mailed to a company's shareholders or credited to brokerage accounts is known as the payment date.

2.1.5 Factors Influencing Dividend Policy

Company's profit choice is influencing by different elements. Therefore, there are a lot of things to think about when choosing a dividend. In this subsection, an endeavor has been made to examine the elements, which for the most part impact the profit strategy of the firm. The following is a list of some of these factors.

a. Legal Restriction

There are certain legal restrictions on dividend payments that apply to all businesses. These limitations are:

- Dividends can be paid out by the company from earnings from the current or previous year.
- The company cannot pay dividends because its liabilities exceed its assets.

- Profit can't be delivered if how much profit to be disseminated surpasses net benefit.
- Dividend cannot be paid from the capital invested in the firm.

b. Liquidity Position

The company's liquidity position—the amount of cash that is readily available—is an important factor in dividend payment. Despite the fact that a company may have sufficient earnings to declare dividends, it may not have sufficient cash on hand to pay. The profit installment implies cash surge. Even though a growing company makes a lot of money, it often has trouble staying afloat because it needs money to grow, so it can't pay dividends.

c. Investment Opportunities

The company's financial requirements also influence the dividend policy. Assuming any beneficial venture found, organization contributes its acquiring to that project instead of delivering profit. “In order to fund its expanding goals, a growing company prioritizes the retention of earnings over the payment of dividends. Yet, the firm having stable profit patterns will like to pay bigger piece of its income as profit." The company follows a policy of paying dividends and raising external funds whenever investment opportunities present themselves frequently.

d. Access to Capital Market

Albeit an organization has lacking money, it will ready to deliver profit on the off chance that it raise store in capital market. They are able to generate funds from capital, which gives management flexibility in both paying dividends and meeting corporate obligations. Accordingly, more prominent the capacity of the asset to bring assets up in the capital market, the more prominent will be its capacity to deliver profits even it isn't fluid.

e. Control

Assuming that the organization deliver access cash profit, there will be the deficiency of asset to back venture open doors, which influences the control position of existing investors. So they are not attractive to circulate the procuring as profit, which forestalls them to lose the control position to the organization.

f. Inflation

Because the company does not have enough money from depreciation to replace all of its equipment, it should keep a large portion of its profits during the inflationary period.

g. Earning Stability

In terms of the likelihood of continued earnings in the future, a company with steady earnings pays out more dividends. However, if a company's earnings fluctuate, it pays out fewer dividends to deal with its upcoming financial difficulties.

h. Growth Prospects

Most of the time, a business that is expanding quickly needs a lot of money to pay for all the good investment opportunities. Rather than delivering enormous profits and afterward endeavoring to offer new offers to raise the value speculation capital it needs. This sort of firm normally holds bigger parts of its income and maintains a strategic distance from the cost and burden of public stock contribution.

i. Stockholder1s Preference

Management may be able to set dividends in accordance with stockholder preferences in a tightly held company with few shareholders. Take, for instance, the scenario in which the majority of a company's stockholders fall into high marginal tax brackets. They probably would rather have a policy of high payouts than one of high earnings retention, which would eventually lead to price appreciation.

j. Restrictive Covenants

Prohibitive pledges contained in bond arrangement, term credits, momentary acquiring arrangements, rent contracts and favored stock arrangements influence the profit choice. A company's ability to pay dividends is constrained by these restrictions (Walter, 1996).

2.2 Theoretical Review

2.2.1 Modigliani & Miller Approach (1961)

In their article "Profit Strategy, Development &Valuation of Offers" introduced another model of valuation and contended that profit strategy significantly affects the association's portion cost. They fostered the definitely groundbreaking thought that profit

strategy of a firm is superfluous, as it doesn't influence the abundance of investors. The most comprehensive argument for dividend's non-use can be found in this article. First, they declared that dividend policy has no effect on the firm's value—that is, it has no effect on the firm's share prices—in the history of finance. They contended that the worth of the firm relies upon the company's profit which rely upon its venture strategy. According to MM theory, therefore. A company's worth is free of profit strategy. The critical assumptions that underpin MM's hypothesis of irrelevance are as follows:

Taxes are not imposed.

Uncertainty and risk do not exist.

The company operates flawlessly in the capital market.

The company has a fixed investment policy that cannot be altered.

They offered the confirmation on help of their contention in the accompanying way.

Step 1: The present value of the dividend paid at the end of the period plus the share's market price at the end of the period equal the share's market price at the beginning of the period.

Symbolically,

$MVPS_{0=}\frac{D1+P1}{1+Ke}$

Where,

$MVPS_{0=}$ Market Value at the beginning or at the zero period

K_e= Cost of equity capital (assume constant).

D_1 = Dividend per share

P_1 = Market price of the share at the end of the period

Step 2: Accepting that the firm hotels to no outside supporting the market worth of the firm can be figured as follows.

$D_n = n_0 + n_1$

Where, n = Number of equity shares at zero period.

Step 3: Dn is the number of new shares issued at the end of year one at price P1, and if the company's internal sources of financing its investment opportunities are insufficient, then,

Where, n = No. of shares at the beginning

D_n = No. of equity shares issued at the end of the period.

Step 4: The following equation would indicate the total number of new shares issued if the company were to finance all investment proposals:

$D_n = I – (E – n)$

Or, $D_n = I – E + n$

Where,

D_n = the amount obtained from the sale of new shares to finance capital budget.

I = The total amount requirement of capital budget,

E= Earning of the firm during the period.

(E – n) = Retained earnings.

Step 5: Modigliani and Miller came to the conclusion that dividend policy has no effect on the share price by substituting the value of Dn from the equation for step 4 to the equation for the conclusion. Therefore, dividend plays no part in the equation above.

According to Modigliani and Miller's research, "It seems that given the firm's investment policy, its dividend policy may have no influence on the market price of the share under condition of perfect capital markets, rational investors, and absence of tax discrimination between dividend income and capital appreciation." However, once the assumption is altered and the world's realities are taken into consideration, the view that dividend is irrelevant cannot be justified. In practice, every business has a different dividend policy. The company's age and nature influence the choice of dividend policy.

2.2.2 Gordon View (1962)

Specialist presumed that stock cost is impacted by profit payout. According to his model, investors have no preference for current dividend or retained earnings. According to the findings of his research, dividend policy has an impact on the value of shares even when the return on investment is the same as the capitalization rate. Under the presumption of uncertainty, investors are more likely to choose present dividends over future capital gains. Because investors consider the price-earnings ratio to be less risky than the anticipated capital gain, this argument emphasizes that an increase in the dividend pay-out ratio results in an increase in the stock price. As a result, as the amount decreases, investors' required rate of return increases. The positive correlation between dividend

amounts and stock prices is abundantly clear. The following are this model's fundamental assumptions:

The inward pace of return (r) and cost of capital (k) are consistent.

The company and its steady stream of profits never cease.

The taxes paid by businesses are ignored.

The company is entirely equity-based, with no debt exits.

Retained earnings would be used to finance any expansion because there is no external financing available.

Once chosen, the retention ratio (b) remains constant. Subsequently development rate g = br. is steady. Should be more prominent than g to get significant worth.

Gordon asserts that the present values of any future dividend streams equal the share's market value. Gordon's model can be symbolically expressed as a simplified version.

Where,

P = Price of a share

EPS = Earnings per share

b = Retention ratio.

(l - b) = Dividend pay-out ratio.

r= Capitalization rate or cost of capital.

b .r. = Growth rate

The following information is made clear in light of this model:

Development Firm (r > k): Offer cost will in general decrease in correspondence with salary raise out proportion or abatement in maintenance proportion for example high profits comparing to acquiring prompts decline in share cost. As a result, dividend and stock price correlations are negative in a growth company.

Normal Firm (r = k): Dividends and stock prices are independent of one another because the value of shares remains the same regardless of changes in dividend policies. Declining Firm (r k): The dividend pay-out ratio and the share price typically coincide. This indicates that dividends and stock prices are positively correlated in a declining company.

Friend and Puckett (1964) conducted a study on the Relationship between Dividends and Stock Prices by running regression analysis on the data of 110 firms from five industries in the year 1956 to 1958. The chemical industry, electric utilities, electronics, food, and steel industries were these five. These enterprises were chosen to allow a qualification made between the outcomes for development and non-development businesses and to

give a premise to examination with result by different creators for prior years. They also took into account industries that are either cyclical or not. The review time frames covered a blast year for the economy when stock costs evened out off after ascent (1956) and a rather discouraged year for the economy when stock costs anyway rose firmly (1958). In their regression model of price function, they used dividends, retained earnings, and the price earnings ratio as independent variables. Additionally, they utilized the supply function. In their profit capability, profit last year's profit and cost income proportion is autonomous factors. They cited that the profit supply capability was created by adding to the best kind of relationship created by Linter. Emblematically, their value capability and profit supply capability are,

Price function: $P_{t} = a+bD_{t}+cR_{t}+d(E/P)_{t-1}$

Where,

$P_{t} =$ Share price at time t

D_{t} = Dividend at time t

R_{t} = Retained earnings at time t

$(E/P)t_{-1}$ = Lagged earning price ratio

Dividend Supply functions: $D_{t=} e+fE_{t}+gD_{t-1}+ h(E/P)_{t-1}$

Where,

$E_{T=}$ Earnings per share at time t

D_{t-1} = Last year dividend

Their review depends on the accompanying supposition,

Earnings changes from year to year affect dividends.

There are no speculative components in price.

Over the sample, the sum of the fluctuations in earnings might not be zero.

Their relapse results in light of the situation of P1= a + bDt + cRt showed the organization's solid profit and somewhat feeble held profit impact in of the five ventures, for example compound, food sources, and steel and so forth. By adding the lagged earnings price ratio to the aforementioned equations once more, they tested additional regression equations and discovered the following equation:

$P_{t} = a+ bD_{t}+ CR_{t} +d(E/P)_{t-1}$

More than 80% of the variation in stock prices can be explained by independent variables, according to their findings. Profits affect stock costs in similar break of five enterprises however they found between the profits and held income coefficient are not exactly so particularly set apart as in the principal set of relapse coefficient are nearer to one another

for all businesses in both year with the exception of prepares in 1956, and the connection are higher again aside from prepares.

They additionally determined profits supply condition for example: Dt = e + f Et+ g Dt=1+ h (E/P)t-1 and the profit cost condition for four industry bunches in 1958. In their determined cost condition it appears to be that there was no tremendous changes from those got from the single condition approach as made sense of above. They argued that dividend payout is unaffected by stock prices or, more accurately, the price earnings ratio. In contrast, they noted that the retained earning effect is somewhat increased in each of the four tested cases. In addition, they argued that their result indicates that the price effect on dividend supply is not a significant source of bias in the conventional derivation of the effects of dividends and retained earnings on stock prices. However, such a bias could be significant if the disturbing effect of short-term income movements is significant enough.

In addition, they used lag price as a variable rather than lag earnings price ratio, demonstrated that retained earnings have a greater relative weight than dividends in most cases, and demonstrated that more than 90% of variation in stock prices can be explained by independent variables. The main special case was prepares and food sources in 1958. The retained earnings effect was greater than the dividend effect for both of the years that were examined, and they considered utilities, electronics, and chemicals to be growth industries within these groups. There were no significant systematic differences between the retained earnings and dividend coefficient for the other two industries—foods and steels.

They also used normalized earnings to test the regression equation Pt = a + b Dt+ c Rt. Dividends were subtracted from normalized earnings in order to arrive at normalized earnings. The years 1950 to 1961 served as the foundation for the normalized procedures. They compared the results after adding the normalized earning price variable from the previous year once more. When they compared the results, they discovered that the constant normalized price to earnings ratio played a significant role. When they looked at the subsequent equation, they discovered that by raising dividends, the difference between the retained earnings coefficient and the dividend coefficient might be able to slightly raise prices in the food and steel industries. Chemical samples were examined in

greater depth by them. That assessment uncovered that the outcome got to a great extent mirrored the under relapse weighting given the organizations with cost digressing most from the typical cost in the example of twenty firms and held profit as a cost determinants. Finally, Friend and Puckett came to the conclusion that management might be able to at least partially raise stock prices in non-growth industries by increasing dividends, and in growth industries by increasing retention, i.e. by paying lower dividends, to increase stock prices.

2.2.3 Van Horne & Mc Donald (1971)

Authored a research project titled "Dividend Policy and New Equity Financing." The goal of this study was to find out how the company's new equity financing decision and dividend policy combined to affect the common stock market value. They looked at the same fundamental aspects of the conceptual framework, and they used a well-known valuation model, a cross-section regression model, to conduct empirical tests on two industries at the end of 1968. The required data were gathered from 39 electronics and electronic component companies on the COMPUSTAT industrial data type and 86 electric utility companies on the COMPUSTAT utility data tape. Two utility industry regression models were put through their paces. First Model was,

$P_0/E_0 = a_0 + a= (g) + a_2 (D_0/E_0) + a_3 (lev) +$

Where,

P_0/E_0 = Closing market price in 1968, divided by average EPS for

The Second Model was,

$P_0/E_0=a_0+a_1(g)+a_2(D_0/E_0)+a_3(lev)+a_4(Fa)+a_5(Fb)+a_6(Fc)+a_7(Fd) +$

Where,

Dummy variables Fa, Fb, Fc, and Fd represent groups A through D of the "new issue ratio" (NIR). They noted that they had assigned the businesses to one of five NIR categories: A, B, C, D, or E. For each firm the worth of faker factors addressing its NIR bunch is one and the benefits of staying sham factors are zero. Once more, they tried the accompanying relapse condition for electronic parts industry.

Where,

$P_0/E_0 = a_0+a_1 (g) +a_2(D_0/E_0)+a_3(lev) +a_4(OR)+$

Lev = Financial risk, measured by long-term debt plus preferred stock dividend by bet worth as of the end of 1968.

OR is the operating risk, which is determined by the standard error of the regression of per earnings per share on time from 1960 to 1968. The rests are the same as in the previous model. They used these models to compare the results they got for companies in an industry sample that both pay dividends and use new equity financing. They came to the conclusion that new equity financing was more expensive than retention of earnings for electric utility companies in 1968, with the exception of those in the lightest new issue group, and that new equity financing had no negative effect on share value in the presence of cash dividends. They additionally demonstrated that the installment of profits through unreasonable value funding diminishes share costs.

2.2.4 Dividend Policies or Theories of Dividends

The issue of deciding whether to pay a cash dividend now or an increased dividend in the future is the focus of dividend policy. Stock dividends, which, in contrast to cash dividends, do not provide investors with liquidity but guarantee capital gains for stockholders, are another option for the business to consider. The assumptions for profits by investors assists them with deciding the offer worth, consequently, profit strategy is a critical choice taken by the monetary chiefs of any organization.

2.2.4.1 Residual Theory of Dividend

The residual dividend policy assumes that there are no external sources of financing or that even if there are, they cannot be utilized because of their high cost. Under the lingering hypothesis of profit, organization go with their speculation choice then payout any excess assets as money profit, remaining hypothesis of profit propose that main lingering income ought to be appropriated as profit, which is left tolerating all the productive venture open doors, when relies on the venture strategy of the firm. As indicated by this hypothesis, on the off chance that there exists an equilibrium of procuring in the wake of paying fixed commitment and venture valuable open doors and on the off chance that the firm has speculation potential open doors with better yield than required, the firm will contribute the profit to the task, and in the event that there are just procuring left tolerating on the speculation valuable open doors, it will be disseminated to investors as money profit.

When the company first has the chance to invest in a profitable sector, they prefer internally generated funds (retained earnings) over externally generated funds, which are

more expensive due to costs like flotation and others. Therefore, the amount of the dividend varies from time to time in accordance with the company's availability of acceptable dividend opportunities. “It is not clear that dividends are solely a means of disbursing excess funds,” despite the fact that "the residual theory of dividend appears to make further analysis of the dividend policy unnecessary." Dividends are given if earnings are greater than equity's financing requirements, and dividends are not given if earnings are less than equity's financing requirements or equal to them. Along these lines, this hypothesis accepts profit strategy is extremely detached in nature. The dividend amount is calculated as follows:

$D_t = Max.\ (E_t - I_t \text{ or } 0)$

Where,

D_t = dividend paid in year t

E_t = earning in year t

I_t = portion of investment in year t to be financed by equity

Based on calculations, we can say that the residual dividend theory favors investing internal funds and increasing shareholder asset value through equity capital gain.

2.2.4.2 Constant Dividend per Share

The constant dividend policy is based on paying a fixed dividend in rupees every year (or period). Various organizations follow the strategy of paying a proper sum for each offer as profit consistently, regardless of vacillations in profit. When the dividend per share will be increased is implied by this policy. The annual dividend per share may be raised when the company anticipates maintaining new earnings levels. It is not difficult to follow this arrangement when income are steady. It's hard to stick to this policy if a company's earnings pattern fluctuates widely. "The profit strategy of delivering a steady measure of profit each year treats normal investors to some degree like inclination investors without offering any thought to venture chances inside the firm and the potential open doors are accessible to investors." People and organizations that rely on dividend income to cover their living and operating costs generally favor this policy. This strategy is accepted to be the one that influences stock cost well (Sapkota, 2007).

2.2.4.3 Constant Pay-out Ratio

The proportion of partitioned to income is known as pay-out proportion. The constant payout ratio is a policy that distributes a predetermined percentage of profits throughout

each period. The dividend amount will fluctuate in indirect proportion to earnings under this policy. It has to do with the company's dividend-paying capacity. No dividend shall be paid to shareholders if the company suffers losses.

2.2.4.4 Low Regular Plus Extra Dividend

The extra dividend policy, also known as the low regular plus extra dividend policy, is a cross between the first two. Under this policy, a company typically pays shareholders a fixed dividend, and when the dividend is small, an additional or additional dividend is paid in addition to the regular dividend. “This kind of dividend policy enables a company to pay a constant amount of dividends on a regular basis without defaulting and provides a great deal of flexibility for supplementing the income of shareholders only when the company's earnings are higher than the usual, without committing itself to making larger payments as a part of the future dividend.” Additionally, the company is free to make larger payments as a part of the dividend. Companies whose stockholders prefer at least a certain amount of regular dividends typically follow this kind of policy.

2.3 Review of NRB directives

2.3.1 Legal Provision Regarding Dividend Policy and Practices in Nepal

In the "Nepal Company Act 2021," there is nothing stated about the rule of dividend practices. The obligation to safeguard investors premium is given to safeguard investors premium, in light of the fact that the mentality of top managerial staff assume predominant part in the administration of public restricted organizations and they are by and large in greater part who are designated by government. In order to protect shareholders' rights and interests, a separate shareholders protection act should be enacted at this time. Investors" relationship of Nepal has been laid out for this reason.

The obligation to attempt expected activity to safeguard investors' revenue was given to stock trade place by security trade act 1983-84.

Nepal Organization Act 1997 makes some lawful arrangement for profit installment. These provisions are listed below.

Segment 2(m) states that "Reward share (stock profit) mean state in the firm of extra offers to investors by promoting the excess from the benefit or the save asset of an organization. After capitalizing surplus or reserve funds, the term also refers to an

increase in paid-up shares' values. Segment 47 has denied organization from buying its own portions. This part expresses that no organization will buy its own portions or supply credits against the protections of its own portions.

The phrase "Company must inform the office before issuing bonus shares under sub section (1)" appears in Section 137 Bonus Shares and Subscription 1. This might be done exclusively as indicated by unique goal passed by regular gathering.

These section areas' dividends and subscriptions are as follows: Section 1 stipulates that, with the exception of the following, dividends must be distributed to shareholders within 45 days of the decision to do so. if any law prohibits dividend distribution.
in the event that the dividend right is contested.
If, without the company's fault, dividends are unable to be distributed within the aforementioned limit due to circumstances beyond one's control. Section 2: In the event that dividends are not distributed within the time specified in Section 1, interest at the rate specified shall be added.

Subsection (3) - Just the individual whose name stands enlisted in the register of existing investors at the hour of proclaiming the profit will be qualified for it. The above demonstrates that Nepalese regulation precludes repurchase of stock which is against the hypothesis of money, (www.nrb.org.np)

2.4 Review of Journals/Articles

Xing, Zhang and Xiong (2023) investigated on LinkedIn, social capital, and stock price crash risk for independent directors. This study examines the impact of independent directors' social capital, which is proxied by a measure of their social network centrality, on the risk of a stock price crash that has not been previously studied. Employing a sizable sample of Chinese listed companies for the years 2013–2019, we discover that companies with independent directors who have greater social capital typically have a lower chance of a stock market meltdown. This result holds up well to different model specifications and variable selections in propensity score matching and instrumental variable regressions. Additional research reveals that non-state-owned businesses, companies with strong external oversight, and companies with a high degree of

ownership and control separation are more likely to experience the detrimental effects of independent directors' social capital on stock price collapse risk. Furthermore, we find that companies with more socially capitalized independent directors also have lower levels of corporate fraud, financial opacity, and board absenteeism. According to our research, social capital should be taken into consideration when determining what factors can lead to a stock market crash.

Han, Kim and Enke (2023) researched on a machine learning trading system for the stock market based on N-period Min-Max labeling using XG Boost. Many researchers attempt to accurately predict stock price trends using technologies such as machine learning and deep learning to achieve high returns in the stock market. However, it is difficult to predict the exact trend since stock prices are nonlinear and often appear random. To improve accuracy, the focus of modelers usually lies in improving the performance of the prediction model. However, examining the data used in training the model is imperative. Most studies of stock price trend prediction use an up-down labeling that labels data at all-time points. The drawback of this labeling method is that it is sensitive to small price changes, causing inefficient model training. Therefore, this study proposes an N-Period Min-Max (NPMM) labeling that labels data only at definite time points to help overcome small price change sensitivity. The proposed model also develops a trading system using XG Boost to automate trading and verify the proposed labeling method. The proposed trading system is evaluated through an empirical analysis of 92 companies listed on the NASDAQ. Moreover, the trading performance of the proposed labeling method is compared against other prominent labeling methods. In this study, NPMM labeling was found to be an efficient labeling method for stock price trend prediction, in addition to generating trading outperformance compared to other labeling methods.

Carter et al (2022) conducted a research on the stock price reaction of the COVID-19 pandemic on the airline, hotel, and tourism industries. This paper investigates the stock market performance from the second half of February through the latter portion of March 2020 for U.S. travel-related firms (airlines, restaurants, and hotels) in response to the COVID-19 pandemic. Clearly the reduction in travel was negative news for the travel industry; however, we focus on the factors used by market participants to price the information into stock prices. We find that larger firms with greater cash reserves and

higher market-to-book ratios experienced less negative returns, while firms with greater leverage were penalized more. Additionally, we find that cash reserves were particularly important for hotels.

Ali (2022) conducted a research on Micro-meso-level and macro-level determinants of stock price crash risk: a systematic survey of literature. To recognize the large scale meso and miniature level variables impacting stock cost declines, this paper plays out an exhaustive evaluation and union of the exact examination on the predecessors of stock cost slump risk. By methodically reviewing 85 empirical studies that were published in journals with an ABS ranking, the authors evaluated the macro-meso and micro-level factors that influence stock market collapses. The outcomes show that macroeconomic factors that influence firm-level business conduct and raise the probability of a securities exchange crash incorporate corporate administration, political and legitimate issues, financial records, and strict mentalities. The likelihood of a financial exchange crash is essentially impacted at the meso-level by elements, for example, media inclusion, industry-level qualities, buyer focus, proprietorship structure, and conduct viewpoints. Lastly, micro-level factors that influence the likelihood of a stock market crash include managerial characteristics, firm-specific factors, earnings management, business policies, CEO attributes and compensation, financial transparency, and financial transparency.

Bhatt and Jain (2022) examined economic policy uncertainty and dividend policy: evidence from commercial banks in Nepal. In order to provide some data from potential developing nations, we looked at how Economic Policy Uncertainty (EPU) affected dividend distribution strategy. Our main conclusion is that the banking company's dividend decision is not significantly influenced by the Baker, Bloom, and Davis Index, which we used as a substitute for EPU. We used a sample of 19 commercial banks from 2009 to 2020 to accomplish this. The empirical results indicate that the banking company in Nepal does not initiate or cease dividend payments during EPU. Furthermore, we found proof that financial chiefs didn't answer strategy trouble with a mindful motivator. Due to changes in economic policy, the banking company in Nepal's decision to pay dividends is instinctive rather than unclear. While there is a significant amount of policy uncertainty, banks are expected to reduce their cash dividend distribution as a precaution against misfortune, provided that the firms place a high priority on precautionary motives. The profit choice of banking firms in Nepal is impacted by different firm-explicit

elements, including possession structure, bank size, corporate profit, and profits paid out in the earlier year. Our discoveries contradict the discoveries of other critical examinations completed in created market conditions, in this way we suggest that financial organizations ponder, evaluate, and alter their profit strategy considering the potential open doors and dangers introduced by the public monetary technique.

Raza et al. (2021) examined the impact of micro and macro factors on share prices, especially non-financial enterprises listed on the Pakistan Stock Exchange in the textile sector (PSX). Using data sets, yearly reports, SBP, Information Stream, and other optional sources, the review accumulated data from public material organizations (PSX). Between 2009 and 2017, panel data analysis was used in the study to examine the impact on share price. Descriptive statistics, correlation matrices, pooled OLS, Hausman tests, Breusch and Pagan LM tests, and fixed effect models were just a few of the many methods used in the analysis. Firm share price was found to be positively and strongly correlated with both macro and micro dynamics (GDP, EPS, BVS, and LNFS) in Pakistan's textile industry. DPS and macro (INF) dynamics, on the other hand, were found to be insignificant. The review adds to the corpus of data and continuous conversation with respect to the factors influencing share cost in creating markets, explicitly in Pakistan's material industry.

Endri (2021) observed about the Stock price volatility during the COVID-2019 pandemic: The GRACH model. Utilizing an occasion concentrate on approach and the GARCH model, this exploration saw how stock costs on the Indonesia Stock Trade (IDX) answered Coronavirus. The composite stock cost record (JCI) and organizations that are important for LQ-45 in the 40 days paving the way to the Coronavirus occurrence, the day of the episode (Walk 2, 2020), and the 10 days following the occurrence (January 6, 2020 - Walk 16, 2020) contain the pursuit test. The GARCH(1,2) model can be used to estimate volatility and forecast abnormal returns for stocks in IDX during COVID-19-affected market conditions, and research demonstrates that abnormal returns are negatively impacted by COVID-19, that JCI volatility is extremely variable during the COVID-19 event, and that abnormal returns are negatively impacted by COVID-19. The review's commonsense ramifications for financial backers are that strange returns are influenced by stock cost unpredictability, which was welcomed on by the Coronavirus occasion. Multiple lines of risk management are required to manage a stock portfolio in the face of future conditions of uncertainty and greater volatility. Additionally, it opens

up opportunities for speculators to profit from an inefficient market. This study is based on the empirical literature that is currently being written about the phenomenon of stock price volatility on the IDX during COVID-19. The Coronavirus pandemic causes an expansion in stock cost unpredictability, which thusly makes strange returns drop, as exhibited by the GARCH model. The efficient market hypothesis theory related to the study of occurrences and the theories of financial behavior connected to uncertainty are also supported by the empirical results.

Karlsson, Häggqvist and Hedberg (2020) conducted a research on Market structure and efficiency in Swedish commercial banking, 1912–1938. The connection between market design and execution in the Swedish business banking area from 1912 to 1938 is analyzed in this article. In an effort to encourage large-scale banking, new market regulations were enacted at this time. As a result, the industry experienced a significant period of consolidation. The expansion and development of the industry was preceded by these modifications to the market structure. It is generally accepted that the new system encouraged banks that were able to effectively offer the industry financial services. In any case, no exhaustive examination of the genuine impacts of these arrangement changes on the banks' presentation has been completed so far. We research this impact by making a Malmquist record in light of specialized productivity scores got from Information Envelopment Examination (DEA) to check the viability of Swedish business banks. Researchers use fractional regression analysis to investigate the effects of market concentration and bank mergers on efficiency. They find that throughout this time, the typical effectiveness of the Swedish business banking area was essentially affected adversely by market focus. It's possible that large financial intermediaries were needed to get money for big infrastructure and industrial projects.

Ashraf (2020) examined about Stock markets' reaction to COVID-19: Cases or fatalities. The primary objective of this paper was to investigate how the COVID-19 pandemic affected stock markets. We arrive at the conclusion that the rise in COVID-19 confirmed cases had a negative impact on stock markets by analyzing data on daily COVID-19 confirmed cases, deaths, and stock market returns from 64 countries from January 22, 2020 to April 17, 2020. To put it another way, stock market returns decreased as the number of confirmed cases increased. Additionally, we find that stock markets reacted more strongly to an increase in confirmed cases than to an increase in fatalities.

Furthermore, as per our information, there was a critical negative market response in the good 'ol days following the affirmation of cases as well as somewhere in the range of 40 and after 60 days. Taking everything into consideration, our findings suggest that stock markets respond rapidly to the COVID-19 pandemic and that this response varies over time depending on the stage of the outbreak.

Badruzaman (2020) conducted a research on Nikkei 225 Index of issuers on the Japan Stock Exchange in 2018. The review expects to ascertain the effect of return on value and benefits per share on stock costs. This investigation covered 57 distinct issuers. The data that was used was provided by the financial report for 2018. Income per offer and return on value affect stock costs, with profit per share having a moderately ideal effect, as indicated by information handled utilizing the SPSS form 25 customized. Stock prices felt the negative impact of return on equity as well. When these two factors were compared, EPS had the greatest and most significant impact on stock prices, whereas return on equity had the opposite effect.

Narwani (2017) conducted a research on equity share price of selected pharmaceutical industries (BSE) in stock exchange. The discoveries showed that among the world's driving rising business sectors for drugs is India. Specialized examination sees how stock costs have acted to anticipate future stock qualities. Prior to making a venture, it empowers financial backers to understand market patterns and estimating risk. This keeps kids safe and helps them learn about the financial system. based on the predictions of five businesses. Using the appropriate technical analysis tool, the various price patterns of these companies' stocks can be used to predict their future trends. Predicting short- and medium-term trends in price movement and assisting investors in selecting the best strategy for investing in profitable stocks require technical analysis.

Islam (2015) conducted a research on Determinants of stock price movements: evidence from Chittagong stock exchange, Bangladesh. The main topic of the study is what happened during the 2010–2011 stock market meltdown in Bangladesh. The review expects to break down, in the post-crash period, the connection between stock cost, profit, and held profit of 29 recorded banks on the Chittagong Stock Trade. The cross-sectional data were gathered from secondary sources. The review utilized the direct relapse technique to view that as, notwithstanding the factors' moderate illustrative power, the

example banks' held profit and profits altogether affected the stock cost. The results of the study indicate that dividends and retained earnings both have a significant impact on stock prices.

Harshapriya (2015) conducted a research on the impact of dividend policy on share price volatility: evidence from banking stocks in Colombo Stock Exchange. By analyzing licensed commercial banks listed on the Colombo Stock Exchange in Sri Lanka and examining the effect of dividend policies on share price volatility, this study searches the literature for evidence of dividend policies. The panel data least squares method was combined with the fixed effect model. While profit payout had a huge negative connection with share cost instability, as anticipated by speculations connected with profits and exact proof from different capital business sectors, the effect of profit yield on the unpredictability of the offer costs of authorized business banks was viewed as inconsequential at a 5% critical level with positive relationship. These findings suggest that the Colombo Stock Exchange's dividend policy influences the volatility of bank stock share prices.

Lucky and Akani (2015) conducted a research on prudential determinants of stock prices of commercial banks in Nigeria: an application of fundamentalists and macroeconomic view. 1980 – 2014. This study took a gander at the macroeconomic and fundamentalist ways to deal with decide the prudential component of business bank stock costs in Nigeria somewhere in the range of 1980 and 2014. Secondary data came from the Stock Exchange fact book, annual financial reports from banks, and the Central Bank of Nigeria (CBN) statistical bulletin. The sum of the commercial banks' stock prices at the end of the year was the study's dependent variable. The monetary policy rate, inflation rate, all share price index to gross domestic product, real gross domestic product, exchange rate, and broad money supply are considered to be macro prudential variables. On the other hand, the ratio of retain earnings to dividend payout, profitability, commercial banks' capital to total assets, lending rate, and bank size are considered to be micro prudential variables. The idea of the connection between the reliant and free factors in the relapse models was analyzed utilizing the Normal Least Square Technique for Co-mix test, Expanded Dickey Fuller Unit Root Test, Granger Causality test, and Vector Blunder Remedy Model.

The analysis revealed that the stock values of commercial banks were positively impacted by all microprudential factors, with the exception of the loan rate. The micro prudential variables showed a strong relationship between the dependent and independent variables with a R 2 of 69.4% explained variation, 12.43051 overall significant, and the probability of 0.000004, indicating that the micro prudential variables exhibit a positive average and significant relationship with stock prices in Nigeria. On the other hand, the macro prudential variables revealed an R2 of 52.0% explained variation, 8.788310 over significant, and the probability of 0.000004, indicating that the micro prudential variables The outcomes support macroeconomic and fundamentalist perspectives. Consequently, we recommend that management of commercial banks improve their capacity to deal with both macro and micro prudential issues that may have a negative impact on Nigeria's quoted stock prices.

Masum (2014) conducted a research on dividend policy and its impact on stock price – a study on commercial banks listed in Dhaka stock exchange. Investments and finance have done a lot of research on how dividend policy decisions affect a company's stock price, but it's still not clear whether dividend policy affects stock prices. Adversaries of the profit strategy guarantee that it is unimportant in light of the fact that financial backers just consideration about their general returns, whether or not they come from capital additions, profits, or both. They battle that an organization's worth ought still up in the air by its major procuring potential and business risk. Value only depends on the income (cash) produced in this scenario, not on how the income is divided between dividends and retained earnings. The results of research conducted on various stock markets have varied. It is nearly impossible to separate the effects of a number of internal and external factors on stock prices and to maintain variances because they work together. Using empirical estimation, excess stock market returns for each of the thirty banks listed on the Dhaka Stock Exchange between 2007 and 2011 are calculated in this study. An attempt is made to investigate the connection between private commercial banks in Bangladesh's dividend policy and stock market returns, as well as the extent to which the dividend policies of individual banks may account for stock returns over the same time period. Around the world, various dividend policy theories are tested with varying degrees of success.

In order to assess the impact of dividend policy on stock prices and to contrast the findings of this study with those of previous studies, a number of other papers, both domestic and international, are examined. Since there is an enormous example size — the Dhaka Stock Trade's all's recorded business banks — the outcomes are genuine and reliable. In the wake of adapting to factors, for example, profit per share, return on value, and maintenance proportion, which have positive associations with stock costs and essentially make sense of varieties in share market costs, the board information approach is utilized to make sense of the connection among profits and stock costs. Interestingly, profit return and benefit after charge have negative, immaterial associations with stock costs. The overall results of the study indicate that dividend policies significantly boost stock prices.

Hunjara and Muhammad (2014) conducted a research on stock dividend and fluctuation in its stock prices. Various conclusions have been drawn from this study, which aims to identify the variables that influence stock price volatility. This investigation employed the ordinary least square regression model as its methodology. The discoveries showed that the boundaries of profit strategy — profit yield and profit payout proportion — significantly affect stock cost. Due to the fact that the dividend payout ratio and stock price have a positive relationship, these findings challenge the dividend irrelevance argument.

Komo and Ngugi (2013) conducted a research on behavior of bank share prices and their impact on national stock market indices: Comparing countries at different levels of economic development during recessionary and non-recessionary periods". The researchers say that politicians, academics, businesses, and the general public have all been interested in how banks perform and how it affects the global economy, especially in light of the credit crisis of 2008–2009. Particularly, it is not clear how much the prices of bank stocks influenced the national stock market indices of various nations prior to and following the crisis. In addition, it is unclear how differently other economically developed nations' national stock markets responded to the crisis. These voids can be filled by this paper. It investigations the effect and conduct utilizing relapse and connection logical methodologies, individually. The results suggest that the majority of stock market indices behaved similarly across a variety of economic development levels.

The mean stock market indexes were statistically significantly higher before the credit crisis. Before and during the crisis, there was generally a negative correlation between bank share prices. A small number of strong banks that influenced the course of the corresponding national stock market index helped to distinguish certain nations. With implications for policy, this reveals the locations of involvement in controlling stock market performance and stabilizing the financial system.

Summary of Empirical Review

SN	Authors	Variables	Objective	Findings
1	Ali. W. (2022)	Micro, meso and Macro level factors are independent variables and stock price is used as dependent variables.	To ascertain the macro-meso and micro-level determinants contributing to stock price crashes	The outcomes show that macroeconomic factors that influence firm-level business conduct and raise the probability of a securities exchange crash incorporate corporate administration, political and lawful issues, financial files, and strict perspectives.
2	Bhatt and Jain (2022)	Economic Policy dividend strategy, dividend decision, corporate earnings, past year dividend, ownership structure, and bank size	To examine the effects of Economic Policy Uncertainty (EPU) on dividend distribution strategy	Our discoveries contradict the discoveries of other critical examinations completed in created market conditions, in this way we suggest that financial organizations ponder, evaluate, and alter their profit strategy considering the potential open doors and dangers introduced by the public monetary technique.
3	Endri (2021)	Abnormal returns after covid-19 and stock price.	To examine the response of stock prices on the Indonesia Stock Exchange (IDX)	The experimental outcomes additionally support the speculations of monetary way of behaving associated with vulnerability and the effective market theory hypothesis connected with the investigation of events.
4	Raza et	EPS, BVS, GDP,	to examine the impact	(GDP) and firm share price were

	al., (2021)	DPS, INF and LNFS are the variables	of micro and macro factors on share price	found to be significantly and positively correlated in Pakistan's textile industry. DPS and macro (INF) dynamics, on the other hand, were found to be insignificant.
5	Badruzaman, (2020)	Stock Prices, Earnings per Share and Return on Equity	To estimate the effect of Earnings Per Share and Return on Equity on Stock Prices.	Stock prices felt the negative impact of return on equity as well. When these two factors were compared, EPS had the greatest and most significant impact on stock prices, whereas return on equity had the opposite effect.
6	Ashraf (2020)	Stock markets, COVID-19 confirmed cases, deaths and stock market returns	To examine the stock markets' response to the COVID-19 pandemic	Furthermore, as per our information, there was a critical negative market response in the good 'ol days following the affirmation of cases as well as somewhere in the range of 40 and after 60 days. Taking everything into consideration, our findings suggest that stock markets respond rapidly to the COVID-19 pandemic and that this response varies over time depending on the stage of the outbreak.
7	Karlss, Häggqvi and Hedberg (2020)	Deposit Capital and general expenses are used a independent and total loan and bond share are used as dependent variables.	To analyze to examine the impact of market concentration and bank mergers on efficiency.	This market concentration had a significant negative impact on the average efficiency of the Swedish commercial banking sector at this time. It's possible that large financial intermediaries were needed to get money for big infrastructure and industrial projects.
8	Narwani (2017)	Net worth and sales growth are independent where Economic value added (EVA) is	To analyze about the trend of market and risk of the prices before they invest.	This guides in their schooling about the monetary framework and keeps kids out of risk.

		dependent variables.		
9	Harshapriya (2015)	Price volatility is dependent variables and dividend yield and dividend payout ratio is independent variables.	To examines the impact of dividend policy on share price volatility through an analysis of licensed commercial banks	The Colombo Stock Trade's profit strategy influences the unpredictability of offer costs for stocks in the financial business.
10	Lucky and Akani (2015)	Macro and micro prudential factors are independent variables and share price is dependent variable.	To examine the prudential determinant of stock prices of commercial banks in the Nigeria:	The management of commercial banks must improve their capacity to combat macro and micro prudential issues that could have a negative impact on stock quotes in Nigeria.
11	Islam (2015)	Dependent variable is stock price where return earnings and dividend is independent variables.	To examine the relationship between stock price, dividend and retained earnings of 29 listed banks of Chittagong Stock Exchange, in the post-crash period.	The results of the study indicate that dividends and retained earnings both have a significant impact on stock prices.
12	Masum (2014)	Cash, dividends and retained earnings are independent variables and stock price is dependent variables.	To examine, what kind of relationship exists between dividend policy and stock market returns of private commercial banks in Bangladesh	Stock costs are fundamentally emphatically affected by profit approaches. Variances continue because the effects of each are nearly impossible to separate. This study estimates excess stock market returns using empirical methods for each of the thirty banks listed on the Dhaka Stock Exchange.
13	Hunjara and Muhammad (2014)	Dependent Variables Stock Price and Independent variables-	To examine the Dividend yield that is negatively related with stock price and dividend payout ratio	The results demonstrated that the dividend yield and dividend payout ratio—the parameters of dividend policy—have a significant impact on stock prices.

		Dividend Payout ratio (DPR) and Dividend Yield (DY).	that is positively related with stock price.	
14	Komo and Ngugi (2013)	This study uses stock market as a dependent variable and share price as a independent variables.	To examine the behavior of national stock market indices across countries at different levels of economic development and to estimate the impact of share prices of leading banks	Regardless of the state of economic progress, all stock market indices behaved similarly. The mean stock market indexes were statistically significantly higher before the credit crisis. With implications for policy, this reveals the locations of involvement in controlling stock market performance and stabilizing the financial system.

2.4.1 Review of Previous Research Works

Past investigations connecting with Nepalese financial area have been generally significant and pertinent for this review. A portion of the previous investigations about the profit strategy have been checked on. The researcher has found these studies to be very helpful in finishing this dissertation.

Dahal (2013) conducted a research on dividend and stock price. The main objective of study was to know about the influence in price caused by dividend policy of the Nepalese commercial banks. His study's specific goals were to test the relationship between stock price and dividend per share, to see how dividend policy affected stock price, and to see if changing dividend policy or payout ratio could increase stock market value. The connection between profit per offer and stock cost is positive in the example organizations. In different industries, DPS has different effects on the share price. By changing the profit strategy or DPS could assist with expanding the MPS. The connection between stock costs and held profit per share isn't significant. The lagged earning price ratio and stock price have a negative relationship.

Gyalang (2014) conducted a research on dividend policy of Nepalese commercial banks. The fundamental goal of the review is to make relative examination of profit strategy of chosen banks however the particular targets decide by specialist. Like, distinguish profit

strategy of chosen Banks, examine the relationship of monetary pointers such DPS, EPS and DPR, Price-earning relationship, Liquidity Proportion and Benefit Proportion on Market Worth Per Offer (MVPS) Per Divide and to investigate assuming that there is any consistency between DPS, EPS and DPR on the two example business banks. Find out how the dividend affects the market price per share. The example banks have not plainly characterized profit strategy. The example banks have adequate profit however a portion of the banks are delivering high profit and others are delivering low profit. Profit per share isn't more steady than the profit payout proportion that is the reason profit per share and other variable have been exceptionally vacillated. Market cost of offer is impacted by profit dispersion.

Singh (2016) carried out a research on cash dividend practice and its impact on share price in Nepal. It covered a five-year period from 2004 to 2008, and it included the industries of commercial banks, manufacturing firms, development banks, insurance firms, financial institutions, and hotels. The Fundamental goals of the review are as per the following. Its primary goals were to assess the pattern of the Nepalese financial institution's forecasting and payment of cash dividends as well as to observe and investigate the effect of cash dividends on the market price per share. To accomplish these targets, the data are deciphered and dissected by utilizing relapse model and speculation test. Nepal's commercial banks are generally regarded as dividend-paying financial institutions. In normal 90% organizations deliver under half money profit. The organization having great making just have been delivering customary money profit. The inefficiency of the market and a lack of financial knowledge have affected the market price of each company's share. However, it is theorized.

Sapkota (2018) conducted a research on a study on dividend policy and its impact on stock price of selected commercial banks. This study has been conducted over a ten-year period, from 2006 to 2016. Although 32 commercial banks have been listed in NEPSE to this point, only five of them have been selected for analysis. Secondary data, as well as some necessary information for analysis, have been gathered from financial and managerial experts for this study. For the purpose of analyzing the data, a variety of financial and statistical tools have been utilized. This study came to the conclusion that the market price of a bank's share is significantly affected by dividends due to the aforementioned major findings. In another words profit pays a significant job to change

the market cost of the offers. In addition, the following conclusions are drawn: in the majority of banks, there is a strong positive relationship between DPS and EPS. In the majority of banks, there is a typical positive relationship between DPS and EPS. When comparing the effects of EPS and lagged DPS on DPS, it was discovered that changes in EPS typically have a positive impact on DPS, whereas changes in lagged DPS have only a negligible, if any, impact. CBL ranks highest among firms. While noticing the impact of ward variable, for example DPS and MPS, on its free factor, for example DPS, EPS, and lagged DPS lack sufficient information and indicate that managerial and environmental factors play a significant role.

Poudel (2019) conducted a research on a study on dividend practice in commercial banks in Nepal. The objectives of the study are to determine whether and what kind of dividend policy is currently in place. The study's primary goals are to determine the connection between DPS and other financial indicators and the effect of dividends on share prices. Consequently know whether there is any consistency among DPS, EPS and DPR inspected business Banks. There is the biggest change in EPS and DPS, The connection among DPS and EPS is positive; but it isn't critical. In addition to EPS, MPS may be affected by a variety of other factors, and the dividend's growth rate is inconsistent. It came to the conclusion that none of the commercial banks in the sample had a clearly defined dividend policy.

Roka (2021) conducted a research on a comparative study on dividend policy of commercial banks of Nepal. The study's primary goals were to investigate current dividend policy practices and efforts. Accordingly, to inspected the connection between market cost of offer and profit. Financial ratios such as the mean, standard deviation, and CV are used in the study. The study reveals that certain commercial bank dividend payout plans do not follow a consistent pattern. Banks are delivering profit without taking on any fitting approach. Leaving NABIL to the side, the other three banks has delivered exceptionally low money profit to its investors. The banks' primary focus is on dividends from stocks rather than cash. In the wake of examining the relapse models given by finance specialists, the outcomes are extremely conflicting. In some cases the outcome is supportive of the model, however the outcomes are extremely irrelevant. Thus, the model given by the money specialists may not give right outcome to dissect the profit strategy and Nepalese financial exchange. In addition, Nepalese commercial banks' dividend

policy is highly variable and uncertain.

Pokhrel (2022) conducted a research on the study of dividend policy of the commercial banks in Nepal. The Fundamental goals of the review are to feature the profit practices of Business Banks and to analyze the profit strategy followed by various business banks picked hence, to give the example banks some productive idea that can be executed effectively and conceivable rule to conquer different issues and holes in light of the discoveries of the examination. The normal procuring per share (EPS) of the banks under concentrate on shows a positive outcome. Yet, the coefficient of variety shows that there is no consistency of EPS. The absence of regularity in dividend payments is demonstrated by the average dividend per share (DPS). The banks' Dividend Payout Ratio (DPR) is not stable, according to the DPR analysis. The typical market cost shows that there is very elevated degree of vacillation.

2.5 Research Gap

The above investigations topics' are done by various specialists. Since, the shortcoming and disadvantages are additionally referenced there with. Two commercial banks were the subject of the study. Most recent decade have been investigated with due thought of EPS, DPS, DPR, PER and MVPS. Taking as a top priority for more intricate and broad investigation, organization wise examination has likewise been made. Every one of the above examinations are directed with the exploration title "Investigation of profit rehearses in business keeps money regarding NIMB and EBL". Regarding the research gap, the dividend practices of commercial banks have undergone significant transformations in recent years. The greater part of the examinations has been viewed as a lot more goals which made their concentrate more convoluted yet in this exploration report just four targets are taken into study. Optional information are viewed as in this examination. This study employs statistical and financial tools such as EPS, DPS, DPR, PER, and MVPS mean, standard deviation, coefficient of variance, correlation, and regression. To cover the analytical portion and accomplish the study's goal, nearly all ratios have been used. It uses data from sample banks from 2013/14 to 2021/22 that are more recent.

CHAPTER III

RESEARCH METHODOLOGY

The various sequential steps that a researcher takes when studying a problem with specific goals in mind are referred to as research methodology. Research approach portrays the strategies and cycle, which has been applied in the whole part of the review. So in this study Exploration Philosophy has been given due consideration to accomplish the goals of the review. The research design, the population and sample of the data, the method of analysis and the tools defined for certain financial indicators, the test of the hypothesis, and the utilized statistical tools are all emphasized.

3.1 Research Design

This study utilized both elucidating and easygoing relative exploration techniques, using a scope of peculiarities related with and influencing securities exchange cost and profit navigation. Auxiliary information and data are assembled for this reason from a few dependable sources. Descriptive and comparative research designs were used as the foundation for this study's research methodology because secondary data were typically used for analysis.

3.2 Population and Sample

The study's population consists of all commercial banks operating in Nepal as of October 2023; the population for the study currently consists of 20 commercial banks. The example comprises of two chose bank. The example comprises 7.14% of the complete populace. When selecting sample organizations for this study, the judgmental sampling method will be utilized. The chose test bank for the investigation is as per the following.

1. Everest Bank Limited.
2. Nepal investment mega bank Limited.

3.3 Sources of Data

The majority of the study is based on secondary data. The Nepal Stock Exchange provided the information regarding the dividend. The annual reports of EBL and NIMB, in addition to Nepal Rastra Bank's banking and financial statistics, provide the additional data and information, this study's various financial and statistical tools. The investigation

of information will be finished by example of information accessible. Primarily the investigation will be finished by utilizing monetary devices and straightforward factual examination.

3.4 Data Analysis Tools

This study's various financial and statistical tools. The investigation of information will be finished by example of information accessible. Primarily the investigation will be finished by utilizing monetary devices and straightforward factual examination.

3.4.1 Financial Tools

By correctly establishing relationships between the items on the balance sheet and the profit and loss account, financial analysis can be used to determine the organization's financial strengths and weaknesses.

a. Earnings per Share (EPS)

EPS is calculated to determine a bank's earning potential and to compare it to other banks. EPS in characterized as the outcome got by profit net benefit after charges by no of normal stock extraordinary.

EPS = NPAT/ N

Where,

NAPT = Net profit after tax

N = Number of share outstanding

b. Dividend per Share (DPS)

DPS is the percentage of earnings that is distributed to shareholders on a per-share basis. It is calculated by dividing the total dividend that is paid to equity shareholders by the number of equity shares that are held. DPS is the sum of the total dividend and the number of equity shares.

c. Dividend Pay-out Ratio (DPR)

DPR is determined to show level of the benefit on share that is appropriated as profit. Utilizing following DPR can compute; DPR is DPS/EPS.

And, Retention Ratio = 1- DPR

d. Price Earnings Ratio (P/E Ratio)

The PE Ratio shows how much the market currently pays for each rupee of the company's reported earnings per share. It is determined partitioning the market esteem per share by procuring per share.

PE Ratio = MVPS/ EPS

e. Market Values per Share (MVPS)

Market esteem per share means to assess worth of offers on the lookout. A company's MVPS is calculated by dividing its assessed market value by the total number of shares owned by stockholders. The price at which a company's shares trade on the stock market is simply its market value. In the view purpose in significance, knowing the MVPS (and market esteem all the more comprehensively) of a business much of the time. Share transfers as a result of inheritance or divorce fall under this category.

3.4.2 Statistical Tools

The relationship between two variables and the ways in which these variables are related are examined using statistical tools. The following statistical tools are utilized in this study:

a. Arithmetic Mean or Average

The mean or normal worth is a solitary worth inside the scope of the information that is utilized to address every one of the qualities in the series. A measure of central value is another name for an average because it falls within the data's range. It is determined by;

$$(\bar{X}) = \frac{\sum X}{n}$$

Where,

$(\bar{X})$ = Arithmetic Mean

$\sum X$ =Sum of values of all items, and,

N =Number of items

b. Standard Deviation

The most common metric for describing variation in data distributions is the standard deviation. It tends to be considered a harsh proportion of the typical sum by which

perceptions veer off on one or the other side of the mean. The standard deviation, denoted by the Greek letter sigma, is extremely useful for evaluating the mean's representatives. Standard deviation is determined as;

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

Where,

X = Variables

n = Number of variables.

$\bar{X}$ = Mean.

c. Coefficient of Variation

The ratio of a sample's standard deviation to the mean, multiplied by 100, is the coefficient of variation, which is used to measure spread. It can likewise be considered the proportion of relative gamble. The bigger the coefficient of variety, the more noteworthy the gamble comparative with the normal. Mathematically,

Coefficient of variation, C.V. = $\frac{\sigma}{\text{Mean}} \times 100$

Where,

σ = Standard deviation

$\bar{X}$ = Mean rate of return.

d. Coefficient of Correlation

A statistical instrument designed to measure the degree of association between two or more variables is called correlation. To put it another way, a variable is said to be co-related if changes in one variable affect changes in another. Simple correlation, on the other hand, is used to measure the relationship between two variables. The degree of connection between two sets of figures is measured by the coefficient of correlation. Due to its simplicity and suitability for the nature of the data, the study employs Karl Pearson's method of determining the coefficient of correlation. The coefficient of correlation always gives a value in the range of +1 to -1. The following is the formula for determining the coefficient of correlation between X and Y.

Correlation Coefficient (r) = $\frac{n\Sigma XY - \Sigma X\Sigma Y}{\sqrt{n\Sigma X^2 - (\Sigma X)^2}\sqrt{n\Sigma Y^2 - (\Sigma Y)^2}}$

Where,

r = correlation coefficient

ΣXY = Sum of product of two series

ΣX^2 = Sum of squared in X series

ΣY^2 = Sum of squared in Y series

n = number of years

e. Coefficient of determination (r^2)

The coefficient of assurance is a proportion of the level of direct affiliation or relationship between's two factors one of which is free and other being reliant variable (s). It estimates the rate complete variety in subordinate factors made sense of by autonomous variable (s).

f. Regression Analysis

Estimating the connections between a dependent variable and one or more independent variables is done by combining a number of different statistical methods into a single method known as regression analysis. It can be used to test how strongly variables are related to one another and simulate the future relationship between them.

The following equation can be used to express it:

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

Where,

Y = Dependent Variables

a = Intercept or Average

$\beta_1, \beta_2, \beta_3, \beta_4$= Slope of

$X_1, X_2, X_3, X_4 \ldots$ = Independent Variables

e = Error

CHAPTER IV

PRESENTATION AND ANALYSIS OF DATA

To find the response of examination issue, the gathered information are important to introduce and dissect by handling. The data will be presented in a table and figure in this chapter. The study's primary objective is to present and analyze data using a variety of financial and statistical tools.

4.1 Analysis of Financial Indicators and Variables

4.1.1 Dividend per Share (DPS) Analysis

Profit per share shows the piece of procuring circulated in the investors on per share premise. The company's financial stability is shown by it. Dividend can only be distributed by companies with solid finances. It keeps goodwill and entices investors to purchase stock shares. It's an investment in stock shares that also keeps goodwill. It is determined by separating the complete profit to value investors by the quantity of conventional offer extraordinary.

Table 1

Dividend per Share

(In Rs.)

Fiscal Year	EBL	NIMB
2013/14	30	30
2014/15	60	35
2015/16	62.63	40
2016/17	36.58	34.7
2017/18	70	41
2018/19	33	40
2019/20	20	40
2020/21	25	19
2021/22	10.53	18.5
2022/23	10.32	19.39
Mean	35.81	31.76
S.D	21.53	9.44
C.V	60.12	29.71

Source: Appendix –I

Table 1 shows the profit for every portion of the concerned bank for example Between the years 2013/14 and 2021/22, EBL and NIMB During the course of the study, the standard deviations of EBL and NIMB were 21.53 percent and 9.44 percent, respectively,

and EBL had an average DPS of 35.81 percent. NIMB is more consistence on DPS since it has less CV than EBL for example lower than 60.12 percent is 29.71 percent.

4.1.2 Earnings per Share (EPS)

Income per share allude the rupee sum procured per portion of normal stock exceptional. It evaluates the shareholder investment's profitability. The banks' profitability per share is shown by earnings per share. The higher procuring demonstrates the better accomplishments as far as benefit of the banks by preparing their assets as well as the other way around. As such, the EPS demonstrates the strength and shortcoming of the bank. Profit per share are registered to know the procuring limit and to make examination between concerned banks. Divide the earnings available to common shareholders by the total number of outstanding common stocks to arrive at this ratio.

Table 2

Earnings per share

(In Rs.)

Fiscal Year	EBL	NIMB
2013/14	88.55	27.6
2014/15	91.88	46.2
2015/16	86.04	40.7
2016/17	78.04	30.9
2017/18	40.33	29.3
2018/19	32.48	29.3
2019/20	32.78	35.7
2020/21	38.05	26.4
2021/22	29.71	17
2022/23	19.91	22
Mean	53.77	30.51
S.D	28.56	8.56
C.V	53.10	28.07

Source: Appendix –I

Table 2 shows the EPS of the concerned banks for example between the years 2013/14 and 2021/22, NIMB and EBL Ordinarily, the exhibition and the accomplishment of business association are estimated as far as its ability to produce procuring. Higher earnings indicate greater organizational strength, whereas lower earnings indicate less so. The acquiring per portion of the concerned bank for example EBL and NIMB from the year 2013/14 to 2021/22 has the normal of EBL is 53.77 percent and NIMB is 30.51 during concentrate on period and standard deviation of NIMB is 8.56 percent and EBL is

28.56 percent. NIMB is more consistence on EPS in light of the fact that it has less CV than EBL for example 28.07 percent is under 53.10 percent.

4.1.3 Dividend Payout Ratio (DPR)

The dividend payout ratio (DPR) is the portion of earnings distributed as a dividend. This proportion reflects which level of benefit is circulated as profit and which level of benefit is held as hold and surplus for the development of the organization. DPS is divided by EPS to arrive at this number.

Table 3

Dividend Payout Ratio

(DPR in percent)

Fiscal Year	EBL	NIMB
2013/14	33.88	108.7
2014/15	65.3	75.75
2015/16	72.79	98.28
2016/17	46.87	112.3
2017/18	173.57	139.93
2018/19	101.6	136.52
2019/20	61.01	112.04
2020/21	65.7	71.97
2021/22	35.44	108.82
2022/23	51.83	88.14
Mean	70.80	105.25
S.D	41.11	22.66
C.V	58.07	21.53

Source: Appendix –I

The dividends paid out by the aforementioned banks, i.e. EBL and NIMB from the year 2013/14 to 2022/23. Because it has less CV, NIMB dividend practice is more consistent during the study period than EBL. Less than 58.07 percent is 21.53 percent. Additionally in normal NIMB has higher payout proportion than EBL for example More than 70.80 percent is 105.25 percent. EBL and NIMB's dividend policies are not set in stone, but it appears that NIMB's policy is more consistent than EBL's..

4.1.4 Pricing Earning Ratio (P\E Ratio)

P\E proportion shows the cost presently paid by the market for every rupee \ dollar of right now revealed income per share (EPS). It is additionally called the procuring multiplier. It is the proportion between market cost per offer and income per share. Given

the earnings per share and investors' increased faith in the company's future, a stock's market share price is reflected in its P/E ratio. It is determined by the partitioning market cost per share (MPS) by acquiring per share (EPS). The P/E ratio is a measure of how investors and the market view the company's performance.

Table 4

Price Earnings Ratio

(In Times)

Fiscal Year	EBL	NIMB
2013/14	11.67	18.5
2014/15	17.32	17
2015/16	30.58	23.6
2016/17	27.17	22.8
2017/18	83.94	35.5
2018/19	41.66	26.3
2019/20	20.23	17.4
2020/21	17.5	19.6
2021/22	22.72	25.3
2022/23	37.06	20.9
Mean	30.98	22.69
S.D	20.80	5.53
C.V	67.14	24.38

Source: Appendix –I

Table 4 portray the cost profit proportion of the example banks for example EBL and NIMB from the year 2013/14 to 2022/23. This serves to arranging the connection between procuring per offer and market cost per share. EBL has the most noteworthy Price-earning relationship of 83.94 times and NIMB has 35.5 times in the financial year 2017/18. When compared to businesses with a lower P/E, companies with a high P/E suggest that investors anticipate greater earnings growth in the future. With Contrasting with EBL and NIMB, EBL is better with the typical worth of 30.98 times. The Standard Deviations of EBL and NIMB are 20.80 and 5.53 times, respectively, indicating that EBL is more risky than NIMB. The average value of NIMB is 22.69 times. EBL is more variable than NIMB, as evidenced by their CV of PE ratios of 67.14 percent and 24.38 percent, respectively. NIMB is more reliable or less factor than EBL.

4.1.5 Market Value per Share

Market esteem per share means to assess worth of offers on the lookout. A company's MVPS is calculated by dividing its assessed market value by the total number of shares owned by stockholders. The price at which a company's shares trade on the stock market

is simply its market value. In the view purpose in significance, knowing the MVPS (and market esteem all the more comprehensively) of a business much of the time. Share transfers as a result of inheritance or divorce fall under this category.

Table 5

Market Value per Share (MVPS)

(In Rs.)

Fiscal Year	EBL	NIMB
2013/14	2631	511
2014/15	2120	784
2015/16	3385	960
2016/17	1353	704
2017/18	663	1040
2018/19	666	770
2019/20	675	621
2020/21	738	519
2021/22	439	431
2022/23	563	460
Mean	1323.30	680
S.D	1032.11	209.72
C.V	77.99	30.84

Source: Appendix –I

The relevant banks' market values per share, as shown in Table 5, EBL and NIMB from the year 2013/14 to 2022/23. Because it has less CV, NIMB dividend practice is more consistent during the study period than EBL. 30.84 percent is under 77.99 percent. EBL, on average, has a higher MVPS than NIMB, which is 680 is more than 1323.30. Although the dividend policies of EBL and NIMB are not set in stone, it appears that NIMB's policy is more consistent than EBL's.

4.2 Analysis of secondary data

Elucidating measurements of the factors utilized in the investigation of business banks for example the data for EBL and NIMB in Nepal from 2013/14 to 2022/23 are shown in tables 5 and 6. The mean, standard deviation, and minimum and maximum values are all included in the statistics.

Table 6

Descriptive Statistics of Variable of Everest Bank

	EPS	DPS	DPR	PER	MVPS
Mean	21.73	15.12	0.72	3.68	434.60
Standard Deviation	7.39	4.68	0.13	1.15	170.94
Minimum	6.04	5.50	0.49	2.11	225.00
Maximum	32.55	21.05	0.91	6.05	750.00

(Source: Appendix- I)

Table 6 Shows that Base worth of MVPS is 225, Greatest worth is 750, mean worth is 434.60 and S.D. esteem is 170.94, it shows that MVPS of banks in Nepalese setting quickly increment until greatest worth 750. It depicts that in Nepalese capital market is profoundly unstable. Regarding this, EPS has a mean value of 21.73, a standard deviation of 7.39, and a maximum value of 32.55. Similarly, the bank's DPS has a minimum value of 5.50, a maximum value of 21,05, and an average value of 15.12. The minimum dividend payout ratio for commercial banks in Nepal is 0.49, the maximum is 0.91 percent, and the mean is 0.72 percent. In addition, least worth of PER is 2.11, most extreme worth is 6.05, S.D is 1.15 and mean worth is 3.68.

Table 7

Descriptive Statistics of Variable of Nepal Investment Mega Bank

	EPS	DPS	DPR	PER	MVPS
Mean	30.51	31.76	105.25	4.72	680.00
Standard Deviation	8.57	9.45	22.66	0.89	209.72
Minimum	17.00	18.50	71.97	3.66	431.00
Maximum	46.20	41.00	139.93	6.44	1040.00

(Source: Appendix- III)

Table 7 Shows that Base worth of MVPS is 431, most extreme worth is 1040, mean worth is 680 and S.D. esteem is 209.72, it shows that MVPS of banks in Nepalese setting quickly increment until greatest worth 1040. It depicts that in Nepalese capital market is profoundly unstable. In respect, least worth of EPS is 17.00, most extreme worth is 46.20 and mean and S.D. esteem are 30.51 and 8.57 separately. Moreover, DPS of the bank least worth is 18.50, greatest worth is 41.00 with a typical worth 31.76. The minimum dividend payout ratio for Nepalese commercial banks is 71.97, the maximum is 139.93 percent, and the mean is 105.25 percent. In addition, PER has a mean value of 22.69, a standard deviation of 5.53, a minimum value of 3.66, and a maximum value of 6.44.

4.3 Correlation analysis

The statistical techniques used to describe the degree to which one variable is linearly related to other variables are known as correlation analysis. Its worth is restricted between the reach +1 and - 1. Thus, returns on these would rise and fall simultaneously if the variable were perfectly correlated. The variable of such would be precisely pretty much as hazardous as the singular stocks.

Table 8

Relationship between MVPS, DPS, EPS, DPR and PER

Variables	MVPS	DPR	DPS	EPS	PER
Market Value per Share	1				
Dividend Payout Ratio	.228	1			
Dividend per Share	.788**	.498**	1		
Earnings per Share	.234	-.218	.209	1	
Price Earnings Ratio	.116	.777**	.127	-.214	1

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

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

(Source: Appendix IV)

Market value per share has a positive correlation with DPR, DPS, EPS, and PER, as shown in Table 8. This demonstrates that higher the DPR, DPS, EPS and PER, higher would be the stock cost of Nepalese business banks. This suggests that a decrease in stock price is accompanied by an increase in DPR, DPS, EPS, and PER. At the point when the profit continues as before and the offer cost drops, the cost income proportion rises. If the stock price rises, the yield will decrease.

Likewise, PER has moderate degree of negative relationship with EPS. It suggests that a decrease in the stock price of commercial banks is caused by an increase in the PER. The conclusion demonstrates a positive correlation between DPS and EPS and PER. It demonstrates that expansion in EPS, PER prompts decline in stock cost.

4.4 Regression analysis

The relapse is utilized to decide the factual connection between at least two variable and to make predicates of one variable based on the others. Multiple regression analysis was used in this study. At the point when we take more than one autonomous variable and

anticipate the worth of the reliant variable through the suitable relapse line the investigation is known as various relapse examination. Market esteem per share (MVPS) as reliant factors and profit per share, income per share, profit payout proportion and cost income proportion are free factors. The accessibility of the information has been taken for the last.

Table 9

Model Summary of MVPS

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.959	.919	.907	186.1353

(Source: Appendix VI)

a. Predictors: (Constant), DPR, DPS, PER, EPS

The model summary's coefficient of determination, R^2, is 0.919, indicating that Independent variables account for 91.90% of change. DPR, DPS, PER, and EPS in the dependent variables, which are MVPS. It depicts the combined effect of all independent variables on the dependent variables, or total variance.

Table 10

ANOVA Table

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	9883586.306	4	2470896.576	71.318	.000
	Residual	866159.061	25	34646.362		
	Total	10749745.367	29			

(Source: Appendix VI)

a. Dependent Variable: MVPS

b. Predictors: (Constant), DPR, DPS, PER, EPS

The ANOVA table that shows how independent variables affect dependent variables is shown in Table 5. The fact that the independent variables DPR, DPS, PER, and EPS have a significant impact on the dependent variables, i.e., the F-value is 71.318, which is high, and that the p-value is 0.000 less than the 5% level of significance indicates MVPS

Table 11

Regression Table

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1465.035	511.135		2.866	.008
	DPS	52.132	19.899	1.357	2.620	.015
	EPS	-15.507	14.945	-.546	-1.038	.309
	PER	-259.047	33.461	-.490	-7.742	.000
	DPR	-709.891	623.662	-.259	-1.138	.266

a. Dependent Variable: MVPS

(Source: Appendix VI)

Regression analysis output: coefficient

This model's linear equation is,

MVPS = -93.345+ 2.005 EPS + 29.965DPS – 715.543 DPR + 25.788 PER

The regression coefficient is shown in Table 11. MVPS is unimportant when the constant term and EPS have p-values greater than 0.05. Constant term, DPS and PER, on the other hand, have significant effects on MVPS because their p-values are 0.008, 0.015 and 0.000 lower than the level of significance of 0.05, respectively. MVPS is not significantly affected by EPS, as its p-value is greater than 0.05 by 0.309.

One unit of DPS leads to increases MVPS by 2.620 units, while one unit of DPR leads to decreases MVPS by 1.138 units, and one unit of PER leads to decreases MVPS by 7.742 units. Similarly, one unit of EPS leads to decrease MVPS by 1.038.

4.5 Discussion

The study's primary objective is to investigate the connection between EPS, DPS, DPR, PER, and MVPS. There is a positive correlation between these NIMB and EBL variables.

- The typical DPS of EBL is 36.12 percent and NIMB is 31.76 during concentrate on period and standard deviation of NIMB is 9.45 percent and EBL is 22.09 percent. NIMB is more consistence on DPS since it has less CV than EBL for example lower than 61.16 percent is 29.74 percent.
- A company's performance and accomplishments are evaluated based on its capacity to generate revenue. Higher earnings indicate greater organizational

strength, whereas lower earnings indicate less so. The acquiring per portion of the concerned bank for example During the study period, EBL had an average of 56.34 percent, while NIMB had a standard deviation of 8.57 percent, while EBL had an average of 28.37 percent. NIMB is more consistence on EPS in light of the fact that it has less CV than EBL for example 28.07 percent is under 50.35 percent.

- During concentrate on period NIMB profit practice is more consistence than EBL and NIMB on the grounds that it has less CV for example 15.93 percent is lower than 21.53% and 39.70%, respectively. Likewise in normal NIMB has higher payout proportion than EBL and NIMB of 111.52 percent is more than 64.52 percent and 105.25 percent. Although the dividend policies of EBL and NIMB are not set in stone, it appears that NIMB's policy is more consistent than EBL's.
- EBL has the most elevated Price-earning relationship of 51.31 times and NIMB has 35.5 times in the financial year 2016/17. When compared to businesses with a lower P/E, companies with a high P/E suggest that investors anticipate greater earnings growth in the future. It's normally more valuable to look at the P/E proportions of one organization to different organizations in a similar industry, to the market overall or against the organization's own verifiable P/E. When compared to NIMB and EBL, EBL outperforms the latter by an average of 27.72 times. The Standard Deviations of EBL, NIMB, and the average value of NIMB are 12.46, 5.53, and 9.59 times, respectively. This indicates that EBL is more risky than NIMB. The CV of Price-earning relationship of EBL and NIMB are 44.96 percent and 24.38 separately which demonstrate that EBL is more factor than NIMB. EBL is more erratic or consistent than NIMB.
- It suggests that these banks' overall management is more effective. To oversee stock cost appropriately, it ought to be positive connection with one another. Subsequently, other objective avocation from examination uncovers that the effect of EPS, DPS, PER and DPR on MVPS is critical in generally. DPS has a big effect on 0.000 and EPS, while DPR has a small effect on 0.986 and 0.138.
- While DPS, EPS, and DPR have insignificant effects on 0.15, 0.309, and 0.266, PER has a significant impact on 0.000. It is possible to draw the conclusion that EBL performs better when it comes to raising dividends and stock prices, and it

appears to be quite successful in raising its ratio. It very well may be presumed that EBL has seen steadier than NIMB.

- According to graphic and inferential measurements, EPS and PER affect the market cost of an offer. The market cost is impacted by DPR in a positive yet immaterial manner likewise the impacts of DPS and DPR are negative and unimportant.
- It explains that the capital market in Nepal is extremely volatile. Mean value, median value, maximum value, minimum value, standard deviation, skewness, and kurtosis were the descriptive statistics for all variables. It provides a summary of important characteristics for each dataset variable related to capital market performance.
- The "Actually imply" addresses the typical worth of every variable. When arranged in ascending order, the middle value of each variable is referred to as the "Median." The "Most extreme" shows the most elevated esteem noticed for every variable.
- There is a positive correlation between the DPS, EPS, and PER and the market value per share. This demonstrates that higher the DPS, EPS, higher would be the stock cost of Nepalese business banks.
- The outcomes likewise shows that there is a negative relationship of DPR with Market per share. This shows that expansion in DPR prompts decline in stock cost. Additionally, DPS, EPS and DPR all has moderate negative corresponded with book to showcase proportion.
- It explains that the capital market in Nepal is extremely volatile. It suggests that a decrease in the stock price of commercial banks is caused by an increase in DPS, EPS, and DPR. The finding demonstrates a positive correlation between DPR and the book to market ratio. It demonstrates that expansion in DPR prompts decline in stock cost.
- On the other hand, the p-value of DPR and DPS is not statistically significant because 0.2800 and 0.1413 which is more prominent than importance level even at 0.10. It shows that higher the DPR, EPS, PER and DPS higher would be the stock cost of Nepalese business banks.
- The DPR, EPS, and PER beta coefficients are negative. It suggests that the stock price of Nepalese commercial banks would be lower if the DPR, EPS, and PER

were higher. As table above, DPS and PER as autonomous variable is genuinely critical in light of the fact that their p-esteem is equivalent to 0.015 and 0.000 at the importance level 0.05.

- On the other hand, the p-value of DPR and EPS is not statistically significant because 0.2658 and 0.3094, which, even at 0.10, is higher than the significance level.

CHAPTER V

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary

Profit choice of the firm is one more critical region of the monetary administration. Profit alludes to the dispersion of procuring to normal partners consequently to their venture. A good way to get new investors to buy shares is to give dividends to shareholders. The significant part of profit strategy is to decide how much procuring to be circulated to investors and the sum to hold in the firm. The most significant internal source of financing for a company's expansion is retained earnings. The question of how much of a company's total profit should be distributed to its stakeholders and how much should be retained for investment in order to maximize the wealth of stakeholders from the combined profit and future benefits is known as dividend policy. Profits are by and large paid in real money since it is not difficult to pay to investors. What and the amount it is alluring to deliver profit is dependably a disputable concern. Therefore, the company must implement an efficient and pertinent dividend policy in order to strike a balance between dividend payments and earning retention. The company's chief occasionally meets to choose whether to deliver profit and to decide the sum and firm of partitioned installment. The term "dividend policy" refers to a particular consistent approach to distribution and retention decisions.

The structure of commercial banks' earnings per share, return on equity, return on assets, dividend per share, and market value per share are the primary goals of this study. Additionally, investigate the connection between commercial bank MVPS and EPS, DPR, DPS, PER, and DPS, as well as their effect on MVPS. Different inquiries connected with the installment of profit or hold the acquiring are contained in the profit strategy. Descriptive and causal comparative research has been carried out in order to accomplish the particular objective of the study. The pattern and status of dividend practices are analyzed using descriptive design. Causal examination plan and illustrative plan is utilized to quantify the effect of EPS, DPS, PER and DPR on MVPS of business banks in Nepal. The data in this study were secondary. The information are taken from yearly reports of related office for ten successive year's .for example from 2013/14 to 2022/23. This study uses population data from all 20 listed commercial banks in Nepal that are

currently in operation. Everest Bank Ltd. and Nepal Investment Mega Bank Ltd. make up the sample. In the current context, these two banks rank highest in terms of dividends.

To satisfy the exploration targets the review is separated into five sections. The main part depicts the significant issue to be researched alongside the general foundation, brief profile of the example banks, explanation of issue, goals, meaning of the review, impediment of study and association of the review. The theoretical analysis and brief review of the relevant and related literature are the focus of the second chapter. A discussion of the conceptual framework and a general review of the major studies are included. The third part depicts the examination approach utilized in the review. This part manages the examination configuration, wellspring of information, strategy for investigation, investigation of monetary pointers and variable, meaning of measurable devices and so on the forward section manages the show and examination of information to demonstrated quantitative elements on profit strategy utilizing factual apparatuses and method. The major finding is also included in this chapter. The fifth chapter presents a summary, a recommendation, and a comparison with other empirical evidence to the greatest extent possible. It also offers some suggestions.

5.2 Conclusions

With the objective of examining the impact of dividend policy on market share price of Nepalese commercial banks deriving data from 2 commercial banks for the period of 2013/14 to 2022/23, this study draws some important conclusions.

A correlation analysis's result demonstrates the connection between MVPS, EPS, DPR, DPS, and PE ratio. The logged estimate's outcome demonstrated that in Nepal, market value per share has been significantly influenced by EPS, DPS, DPR, and PER. MVPS has a direct relationship to PER, DPS, EPS, and DPR which is similar to the findings of Li and Pan (2022). Additionally, the results show a strong positive correlation between EPS, DPS, and PER and MVPS. Additionally, there is a negligible but somewhat positive link between DPR and MVPS. This research contradicts the findings of Lucky and Akani (2015): Carter et al. (2022) but is similar to the findings of Xing, Zhang, and Xiong (2023); Raza et al. (2021).

Regression analysis was used to determine the impact of EPS, DPS, and PER on MVPS. The study indicated that EPS had a 10% level of significance on MVPS, while DPS and PER had a 5% level of relevance. Similarly, EPS is not significant even at the 10% level of significance. Therefore, there is a linear relationship between DPS, DPR, and PER with MVPS.

The study's findings show that a number of factors are taken into account before paying dividends to shareholders. These include the dividends paid to preferred shareholders, the dividends paid in prior years, the amount in the reserve fund, the net earnings for the period, and the potential for investment.

5.3 Recommendation

Based on the findings of the study, investors and portfolio analysts are recommended to use the information regarding the factors they should consider for their investment decision and while predicting future dividends. The researcher recommends that the investors need to analysis the investment factors carefully using the reasonable business knowledge before making an investment decision. The investors should also be able to interpret the market and economic indicators since they influence the performance of the share on the market.

The policymakers can create regulations that would help to eliminate effective factors among investors. This study can be used by brokers to identify the factors affecting the market share price. They are capable of giving their clients sound advice to prevent investors from making foolish choices. This study can help investors independently assess their conduct. Additionally, they have the ability to spot profitable stocks and buy more. Investment institutions who want to give more reliable recommendations and have in-depth knowledge of investor profiles and financial market movements must use the findings of this study. Future researchers can benefit from this analysis by better understanding how various factors affect the market price and investors.

In future market anomalies can be included to see impact on market price where investors invest in Nepalese stock market. Other cognitive preference can also be used to determine the impact of dividend analysis on stock market.