EFFECT OF DIVIDEND ON STOCK MARKET PRICE OF COMMERCIAL BANKS OF NEPAL

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

by

Muna Nepal
Campus Roll No: - 3036/2075
Exam Symbol No:3605/19
T.U Regd: - 7-2-39-365-2014
Shankar Dev Campus

Kathmandu Nepal
May, 2024

CERTIFICATION OF AUTHORSHIP

I hereby attest to having conducted research for my dissertation, **"Effect of Dividend on Stock Market Price of Commercial Banks of Nepal,"** and submitting the final the work of it. This dissertation has never been before submitted for the purpose of obtaining a degree or suggested and presented as a requirement for any other academic program.

I have acknowledged the help and cooperation that I have received during this study project. Furthermore, I confirm that the reference section of the dissertation contains citations to all information sources and literature used.

Muna Nepal

Signature: ……...

Date: ……

REPORT OF RESEARCH COMMITTEE

Ms. Muna Nepal has defended research proposal entitled **"Effect of Dividend on Stock Market Price of Commercial Banks of Nepal"** successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestions and guidance of supervisor Ramesh Kumar Paudel and submit the dissertation for evaluation and viva voce examination.

Ramesh Kumar Paudel
Dissertation Supervisor
Signature: …….

Dissertation Proposal Defended Date:
……

Dissertation Submitted Date:

……

……
Chairperson, Research Committee
Signature: …….

Dissertation Viva Voce Date:
……

APPROVAL SHEET

We, the undersigned, have examined the dissertation entitled "**Effect of Dividend on Stock Market Price of Commercial Banks of Nepal**" presented by Muna Nepal a candidate for the degree of master of Business Studies (MBS Semester) and conducted the Viva voce examination of the candidate. We hereby certify that the dissertation is worthy of acceptance.

……

Ramesh Kumar Paudel

Dissertation Supervisor

……

Internal Examiner

…….

Internal Expert

…….

External Expert

…….

Asso. Prof. Dr. Sajeeb Kumar Shrestha

Chairperson, Research Committee

……

Asso. Prof. Dr. Krishna Prasad Acharya

Campus Chief

ACKNOWLEDGEMENTS

The research used in this study, "Effect of Dividend on Stock Market Price of Commercial Banks of Nepal," are based on quantitative aspects of dividend distribution and stock price data from Nepali commercial banks. The study was completed in partial fulfilment for the Master of Business Studies (MBS) degree at Tribhuvan University's Faculty of Management.

My sincere appreciation goes out to Ramesh Kumar Paudel of Shankar Dev Campus, TU, who supervised my dissertation and provided excellent help and supervision. I will always be grateful to him for his practical guidance, helpful suggestions, and helpful feedback during the writing of my dissertation, without which my work would not have turned out as it did. I also want to express my gratitude to the Head of the Research Department, Associate Professor Dr. Sajeeb Kumar Shrestha, deserve our sincere gratitude. Associate Professor Dr. Krishna Prasad Acharya, Shanker Dev Campus Campus Chief, who gave me permission to do this research.

I highly appreciate to all the staffs of respective banks, Shanker Dev Campus Library and TU Central Library for their valuable advices and support in collecting and presenting the necessary data. I would also like to express my thankfulness to my friends, my family members as well as all known people who supported as well as inspired me directly or indirectly to complete this dissertation. With help and support, I have been able to complete this work. I want to accept full responsibility for any errors that may have appeared in the report. I would be happy to receive suggestions and recommendations from readers on how to make the report better.

Muna Nepal

Date: ……

Table of Contents

List of Tables

List of Figures

Abbreviations

AGM	Annual General Meeting
ANOVA	Analysis of Variance
BNB	Bottlers Nepal Balaju
BNT	Bottlers Neapl Terai
BS	Bonus Share
BV	Book Value
BVPS	Book value per share
CD	Cash Dividend
CV	Coefficient of Variance
DPR	Dividend Payout Ratio
DPS	Dividend Per Share
DPSBS	Dividend Per Share including bonus Share
DY	Dividend Yield
EBL	Everest Bank Limited
EPS	Earning Per Share
EY	Earning Yield
GBIME	Global IME Bank Limited
HBL	Himalayan Bank Limited
IBM	International Business Machines
KBL	Kumari Bank Limited
LBL	Lumbini Bank Limited
MBL	Machhapuchhre Bank Limited
MPS	Market Price Per Share
NEPSE	Nepal Stock Exchange Limited
NIBL	Nepal Investment Bank Limited
NMB	Nepal Merchant Banking and Finance Ltd.
NRB	Nepal Rastra Bank
NW	Net worth
PAT	Profit after tax
REPS	Retained Earnings Per Share
ROA	Return on Assets

ROE	Return on Equity
RR	Retention Ratio
SBL	Siddhartha Bank Limited
SD	Stock Dividend
SEBON	Security Board of Nepal
SPSS	Statistical Package for Social Sciences
TS	Total Shares

ABSTRACT

The income of company that the company pays to the shareholder from the investment they have made called a dividend. One of the vital but tricky task of managers is payment of dividend to its shareholders. Dividend payment and market price of commercial banks of Nepal are studied in this dissertation. The secondary data of various commercial sample banks are collected from the various for ten-year periods (2067/68-2077/78). Descriptive, correlation and multiple regression analysis are used for the analysis of the thus collected data. The findings of the study reveal that the highest cash dividend is distributed by HBL and the highest bonus share is paid by SBL to its shareholder. This study shows that HBL has paid the highest cash dividend and SBL has paid the highest bonus dividend to shareholders. The market price of HBL is highest among the sample bank in the share market which means that the bank performs the best in share market over the study duration. The correlation coefficient of market price per share with earning per share, bonus share, dividend per share and return on assets are 0.689, 0.621, 0.594 and 0.613 respectively. Further, market price per share has significant positive relationship with EPS, BS, DPS and ROA. But, cash dividend has negative and insignificant relationship with market price with correlation coefficient of 0.060. The analysis of regression depicts that market price per share has significant positive relation with earning per share with p value of 0.004 and significant negative impact with cash dividend with p value of 0.000. And dividend per share and return on assets have insignificant positive impact on market price per share of the sample commercial banks with p-value 0.594 and 0.114 respectively. The past market prices per share and distribution of dividend to shareholders are shown in the study. This study is helpful for investors investing in stock market and managers of bank as managers can use the findings of the study to recommend the best dividend payment. More research on the subject, utilizing additional industry and macroeconomic data, is necessary for more trustworthy findings.

Key words: Market price per share, earning per share, cash dividend, bonus share, dividend per share, return on assets.

Chapter I Introduction

1.1 Background of the study

Investors seek the profitability of the firm which purchasing the share of firm in secondary market. The most visible indicator of profitability of the firm is the dividend paid to the shareholder, it is believed that the market price of the share of any firm is hugely dependent on dividend paid to shareholder of the firm. Dividend may either be in the form of stock or in the form of cash, which is the portion of net income of the firm. The main objective of dividend is to increase return to investors. Dividend decision is one of the major decisions taken by the firm. The dividend declared by the position of earning of the firm. The firm issues share to raise ownership capital and the investors buy them, with the expectation to receive a share of profit. The value of the firm is said to be high when the market price of the company's common share is higher.

A dividend is the part of the company's net earnings that is given to the shareholders in accordance with its dividend policy, either as cash or as shares. Typically, a company's strategic policy includes paying dividends to its shareholders as a fraction of its profits. Either cash or capitalization of earnings and bonus shares may be used to pay the dividend. (Shah & Dhakal, 2016).

If stock market development drives economic growth or if it results from higher economic activity is one of the longest-running arguments in economics. According to a study, market capitalization and turnover ratio-two measures of stock market development—have a favorable impact on India's economic expansion. (Palamalai & Prakasam, 2014).

In the case of Nepal, the country's economic growth is aided by the growth of both main and secondary markets. This suggests that the growth of the main market provides business organizations with fundraising services so they can purchase fixed assets. These services have a major positive impact on the nation's output growth. Conversely, when the secondary market grows, it provides liquidity and competitive price discovery for the flow of capital from one industry to another. This function facilitates economic growth by effectively allocating resources to where they are most needed. Likewise, the results of this investigation further validate that the growth of the primary and secondary stock markets has a beneficial short-term impact on economic expansion. (Pokharel J. , 2020).

In addition to rewarding current shareholders with dividend payments, a business uses them to entice new investors to buy stock. Dividend payments from a corporation may take the form of cash, more company stock, or a mix of the two. (Boyte-White, 2023).

Therefore, dividend policy describes management's long-term choices about how to allocate cash flows from operations, i.e., how much to invest in the company and how much to distribute to shareholders. The dividend function or policy should be determined based on its expected impact on the firm's share value. The market price of a share is a key factor that influence investment decision of stock market. The share price is one of the most important indicators available to the investors for their decision to invest or not in a particular stock (Shah & Dhakal, 2016).

All the business companies are established to earn more profit. Shareholders are the real owner of a company who invest their money for generating more income. Shareholders get dividend from out of the profit and benefited directly. Instead of paying dividend a firm can retain the fund to exploit other growth opportunities. The shareholders can expect benefit indirectly through future increase in price of stock. Thus, shareholder wealth can be increased through either dividend or capital gains. So, dividend policy involves the decision to pay out earnings versus retaining them for reinvestment in the firm.

In the context of Nepal, only few companies are paying dividend but many other companies are not paying stable dividend. There are some companies which have never paid dividend to their investors. Dividend on share is an important indicator that shows the performance of banks and thereby attracting the investors. Investors examine the dividend policy of the banks before they decide to invest on stock market but due to fluctuation on dividend policy of commercial banks of Nepal, investors are unable to forecast the future cash flow from cash dividend (Bhandari & Pokharel, 2012).

It is believed that companies with growing dividends typically see a gain in stock price, while companies with declining or nonexistent dividends tend to see a decline in stock price trend. Thus, it demonstrates that a dividend has an impact on the company's stock price; yet, a number of studies contend that the information on dividend payments has an impact on stock price. Actually, that dividend serves as a clear enough indicator of how management views the company's present situation and prospects for the future.

Situation of NEPSE index and Dividend distribution of commercial Banks in Nepal

While observing average annual NEPSE index from fiscal year 2067/68 to 2077/78. It is obtained that the average annual NEPSE index since beginning was increasing till 2073/74 with value of 1600.83 and then found decreasing till 2075/76 with value of 1206.06 and then again found increasing till 2077/78. Average annual NEPSE index was at the peak point in 2077/78 with value of 2178.36 and average annual NEPSE index was lowest in 2067/68 with value of 393.18.

While observing average annual banking index from fiscal year 2067/68 to 2077/78. It is obtained that the average annual banking index since beginning was increasing till 2073/74 with value of 1499.09 and then found decreasing till 2075/76 with value 1057.06 and then again found increasing till 2077/78. Average annual banking index was at the peak point in 2077/78 with value of 1587.49 and average annual banking index was lowest in 2067/68 with value of 355.05.

In fiscal year 2073/74, Standard chartered Bank Nepal paid maximum 105% dividend to its shareholders. Nepal Investment Bank paid maximum 40% dividend in fiscal year 2074/75 among all commercial banks. NMB bank paid the maximum 35 % dividend in fiscal year 2075/76. Nabil Bank paid maximum dividend in fiscal year 2076/77 and 2077/78 with dividend of 35.3% and 38% respectively.

1.2 Problem statement

The share market provides insight into the nation's economy. A successful stock market indicates a strong national economy, while a collapsing stock market indicates a failing nation. The state of the market has a significant impact on share price in the Nepalese economy. In the absence of notable fluctuations in the economy, the stock market can occasionally become highly volatile. As a result, bank stock owners experience more financial loss. As a result, it is critical to pinpoint the reasons behind Nepal's equity share price swings and offer solutions that would stabilize the market. In this context, a closer examination of the correlation between dividend payments and equity share market prices is necessary. The relationship between the market price of equity shares and the dividend paid is briefly examined in a number of researches. An extensive analysis of how changes in dividends affect market price behavior is absent from the prior research. A survey of

financial insiders is required to obtain additional qualitative information on dividends that cannot be ascertained by using secondary data.(Swar, 2011)

There are comparatively few researches conducted in emerging financial markets compared to the majority of studies conducted in mature financial markets regarding the relationship between stock price and earnings. (Neupane, 2020).

Dividend Per Share (DPS), which is strong enough to raise the market price per share of banking and non-banking companies, is found to be a motivating factor in the Nepalese financial sector. This finding has implications for the impact of dividends on the stock price of the Nepalese stock market. Additionally, it is discovered that, in comparison, the influence of market price per share is more significantly impacted by DPS than by Retained Earnings Per Share (REPS). In conclusion, the research indicates that fluctuations in share prices in the banking and nonbanking industries can be largely explained by dividends and retained earnings. (Joshi, 2012).

According to the research on dividend policy and share price volatility: a case study of commercial banks in Nepal, the dividend is what determines how much wealth the shareholders of these banks own. The results showed that while dividend yield, dividend payout, and size all significantly reduce share price volatility, there is a significant positive correlation between dividend yield and share price volatility. Price volatility has a negative and negligible relationship with growth and earnings volatility. (Gautam & Pradhan, 2016).

About two hundred Nepalese companies are listed on the Nepal Stock Exchange Limited (NEPSE). These businesses haven't thought things through before deciding which dividends to pay out. Not even profitable organizations have a standardized and well-defined dividend policy.

Thus, this study is directed towards resolving the following research questions in the context of Nepal:

1) What is the status of market price per share, earning per share, cash dividend, bonus dividend, dividend per share and return on assets of commercial banks of Nepal.
2) What is the relationship of earning per share, cash dividend, bonus dividend, dividend per share and return on assets with market price per share?

3) What is the effect of earning per share, cash dividend, bonus dividend, dividend per share and return on assets on market price per share?

1.3 Objectives of the study

The general objective of the dissertation is to analyze the effect of dividend on stock market price. The specific objectives are:

a) To access market price per share, earning per share, cash dividend, bonus dividend, dividend per share and return on assets of commercial banks of Nepal.
b) To examine the relationship of earning per share, cash dividend, bonus dividend, dividend per share and return on assets with market price per share.
c) To analyze the effect of earning per share, cash dividend, bonus dividend, dividend per share and return on assets on market price per share.

1.4 Hypothesis

H0: There is no significance effect of cash dividend, bonus dividend, earning per share, dividend per share and return on assets on market price.

H1: There is significance effect of cash dividend, bonus dividend, earning per share, dividend per share and return on assets on market price.

1.5 Rationale of the study

Selecting a dividend is one of the most important choices because it has a big impact on all companies. This study aims to provide essential information to investors and the corresponding firms that served as a sample. Furthermore, this research helps prospective investors make informed investment decisions.

a. This study offers important insights into how dividend policies affect stock market prices.
b. To increase public knowledge of the connection between dividends and stock market price in order to assist people in making informed investment decisions.
c. This study offers recommendations and suggestions that will be beneficial for investors and future scholars.

1.6 Limitations of the study

The main limitations of the study are as follows:

1. This study is based on historical data analysis of five commercial banks i.e. KBL, SBL, MBL, GIBL and HBL from year 2067/68 to 2077/78 BS, which may not represent all the commercial banking sectors of Nepal.
2. The main basis of the study is the secondary data collected from the annual reports of the sample banks and NEPSE. Reliability of the results are dependent on the source of data.
3. This study concentrates only market price per share, earning per share, cash dividend, bonus share, dividend per share and return on assets of commercial banks and ignores the other financial indicators.
4. Descriptive statistics, correlation, regression and hypothesis testing are considered for the data analysis which are not only the method of data analysis to obtain the stipulated output.

Chapter II Literature Review

This chapter reviews the literature pertinent to the research issue, with a particular emphasis on the impact of dividends on share pricing. For this, a review of the theories pertaining to research done both inside and outside of Nepal was conducted. In addition, the ideas underlying the share price and the concepts employed in the analysis are described. diverse journals, books, reports, and the materials gathered from diverse sources are reviewed during the dissertation writing process.

2.1 Conceptual review

The first section of a literature review is the conceptual review. Theoretical reviews of books, reference books, and journals about dividend practice and its effect on share price are included in this area.

The investment decision, the financing decision, and the dividend decision are the three main decisions that a business must make in order to perform its financial functions. Value will be created by the best possible combination of the three, which must all be considered in light of the firm's goal. (Horne, 2002).

There are two distinct perspectives that could influence the company's dividend policy. The company's net earnings may be regarded as a source of long-term funding when the decision to pay a dividend is viewed as a financing decision. This strategy will only pay dividends when the company lacks viable investment opportunities. However, due to defects and uncertainty in the market, shareholders can place a higher value on near-term dividends than they would on future dividends and capital gains. As a result, dividend payments have the potential to have a big impact on share prices. Shares with higher dividends are worth more, whereas those with lower payouts are worth less. To optimize wealth in the face of uncertainty, the company might provide investors with enough dividend payments. (William, 1973).

The majority of investors anticipate receiving a price when they sell their stock in addition to the dividend continuing annually. The anticipated eventual stock price include both a capital gain and the returns from the initial investment. The investor will make a capital gain if the stock is really sold for more than it was purchased for, and as a result, the shareholders anticipate that the common stock's market value will rise over time. They also anticipate the company to make money in the form of dividends at the same time. So,

a dividend or financial gain may satisfy the stockholders. Therefore, a financial manager's focus is on corporate actions that impact stockholders' well-being. The dividend received can be used to gauge that well-being, but the market value of the stock is a more reliable indicator. (Weston, 1989).

Retained earnings are allocated for future investment, while a portion of the company's net earnings are given to shareholders when tax requirements are satisfied. The amount of the company's net profits that is given to the shareholders is known as the dividend. A dividend may be given out in the form of shares or cash. Bhattarai (2014) depicts dividend as the percentage of dividend declared in a financial year with respect to its paid-up capital. It is the amount of money a firm pays to shareholders for owning a share of its stock divided by its current share price. It is estimated a year return of an investment in a stock based only on the dividend payment.

2.1.1 **Forms of dividend**

Dividend payments are typically made in cash, although they can also be made in the form of stock dividends, script dividends, property dividends, bond dividends, etc. (Weston, 1989)

a) Cash dividend

The term "cash dividend" refers to a dividend paid by the company in cash. The majority of shareholders favor this type of payout, which is also the most common. When a cash dividend is paid out, the company's net worth and total assets both drop as cash and earnings do. Most of the time, the market price of the share decreases in proportion to the amount of the paid cash dividend.

b) Stock dividend

A stock dividend gives investors access to more stock. Theoretically, unless cash dividends per share stay the same or rise, it is of little benefit to the shareholders. Dividends on stocks could help maintain the market price per share within a well-liked trading range. A stock split is a more efficient method of lowering market price per share. Splitting and dividends on stocks both seem to have a signaling or informative effect. The share price typically increases around the time of the announcement when all other factors remain unchanged, indicating a good indication. (Horne, 2002)

c) Script dividend

Script dividends are dividends paid in promissory notes. "Script dividends are those paid in company's promise to pay instead of cash." A firm may declare a dividend in the form of a script if its earnings justify them but its cash position is temporarily uncertain and does not allow for a cash payout. A script dividend could have a set maturity date or be left up to the directors' decision. These payouts could have interest connected with them or not. (Miller & Modigliani, 1966).

d) Property dividend

A dividend payment that is made in the form of property as opposed to cash is referred to as a property dividend. When there are assets that are no longer required for the functioning of the firm or in exceptional situations, this type of dividend may be paid. Examples of property dividends paid by companies are their own products and subsidiary securities. (Gautam, 1998).

e) Interim dividend

A dividend payment made prior to the annual general meeting (AGM) and the public release of the company's final financial statements is known as an interim dividend. The announced dividend is often presented alongside the interim financial statements of the corporation. (Barone, 2020)

f) Bond dividend

One method used by companies to pay dividends is through bonds. Among them could be long-term bonds. These are given out when the company is unable to pay the interest on its debt. Interest-bearing bonds carry a fixed commitment from the issuing corporation to pay interest annually and the principal amount of the bond at maturity.

g) Special dividend

When the board decide against changing the dividend on a per-share basis and the company has enough cash and reserves. In addition to the ordinary payment, this dividend is given out separately.

2.1.2 **Theoretical review**

A. Residual theory of dividend:

The residual theory of dividends, according to one school of thinking, argues that a company's payout should be seen as the amount that remains after all reasonable investment possibilities have been taken advantage of. One way to think of a company's dividend policy is as an investing choice. This kind of behavior is indicative of a firm believing in residual dividends. This theory holds that a company's dividend policy is an after-investment residue, and that the availability of investment opportunities determines whether a company pays dividends or not.

This theory's argument is that, in cases where the return on reinvestment exceeds the investors' opportunity cost of funds, investors would rather see the company keep and reinvest earnings rather than distribute dividends. Under the residual dividend policy, new shares are sold to make up the shortfall for unpaid investments, and the dividend is equal to the amount remaining after investment. In the event that there are no investment opportunities, the shareholders receive a dividend equal to one-tenth of the earnings. Dividends are therefore only a residue, or the percentage that remains after all requirements for equity investments have been met. (Irwin Friend & Marshall Pocket, 1964).

B. Stability theory of dividend

The term "dividend stability" describes the dividend stream's consistency. Stated differently, dividend stability refers to the dividend being paid on a consistent basis, even while the exact amount varies annually. The majority of businesses' management see dividend stability as a good policy. Additionally, consistent dividends are often preferred by shareholders over changing ones, and they are valued higher by them. If all else remains the same, a consistent dividend could raise the share's market price. (Panday,1995)

Maintaining the position of the company's dividend payments in respect to a trend line—ideally an upward-sloping one—is what we mean by stability. There are a few grounds for thinking that rising stock prices are a direct result of a consistent dividend policy. First, since variable dividends are riskier than stable ones, investors are generally expected to place a higher value on dividends they can be certain of getting. Secondly, dividend income is a major source of income for many stockholders. These investors will

pay more for a stock with a comparatively guaranteed minimum payout since they are very irritated by variable payments. Third, from the perspective of the company and its investors, dividend stability is preferred in order to meet legal listing requirements.

There are three distinct forms of such stability of dividend payments. They are:

i) Constant dividend per share:

Under the constant dividend per share policy, annual dividend payments to shareholders are made at a consistent rate, regardless of changes in earnings. The dividend rate and dividend per share are not guaranteed to remain constant by this policy. A corporation may decide to raise its yearly dividend per share when it achieves a new level of earnings and anticipates maintaining it. (Pandey I. , 1995).

ii) Constant dividend payout ratio

Payout ratio is the ratio of dividends to earnings. Some companies can agree to a consistent payout ratio policy, meaning they will annually pay a predetermined percentage of their net earnings. The dividend will vary in direct proportion to earnings under this policy.

iii) Low regular plus extra dividend

In line with this policy, the company pays its shareholders a predetermined, consistent dividend amount to lessen the likelihood that they would ever miss one. Additionally, in years when the market is prosperous, the corporation pays out extra dividends on top of the regular dividend. The corporation stops paying the excess payout and resumes paying dividends as usual when normal conditions are restored. These policies provide a company with the ability to pay a consistent dividend amount on a regular basis without defaulting. They also give the company a great deal of flexibility to supplement shareholders' income only in instances where the company's earnings exceed average, without requiring the company to make sizable payments as part of a future fixed dividend.

2.1.3 **Factors influencing dividend payment**

A wide range of factors impact a company's dividend payout. Certain factors impact the type of payout, while others influence the amount. The main elements influencing dividend policy are listed below and include legal provisions, the firm's financial

condition, the need to repay debt, limitations imposed by the debt holders' projected rate of return, stability of earnings, shareholder personal tax, etc.

I. Legal requirements

A firm is under no legal obligation to distribute dividends. Nonetheless, there are legal restrictions on how dividends can be distributed. In general, we discover the following three dividend payout rules. (Van Horne, 1993).

i) The net profit rule

According to the net profit rule, dividends may be paid from either current or historical earnings. It should be accepted therefore, that dividend payments in excess of the total of past cumulative earnings and present earnings were not feasible.

ii) The capital impairment rules

According to this regulation, the company cannot pay dividends from its paid-up capital since doing so would negatively impact the company's equity base and threaten the needs of its creditors. This rule's fundamental goal is to preserve enough equity to prevent creditors' claims.

iii) Insolvency rule

A company is considered insolvent if its liabilities are more than its assets or if it is unable to make its current payments. It is illegal for the company to pay dividends if it is insolvent.

II. Firm's liquidity position

Additionally, impacted by the firm's liquidity condition is the dividend payout. Retained earnings are not kept in cash; instead, they are reinvested into the company's assets, even if the balance sheet indicates that there are sufficient earnings. This could prevent the company from being able to pay cash dividends. (William, 1973).

III. Repayment needs

The company uses a variety of debt financing options to meet its investment requirements. At the maturity, these loans must be paid back. When it comes to repaying debt, the company typically has two options: either it may issue new securities to cover

the debt at maturity, or it can set aside money from earnings specifically for repayment. (Weston, 1989).

IV. Restriction imposed by debt holders

Debt holders have the ability to place limitations on the company's ability to pay dividends. The restrictions could state that the company cannot pay dividends from past retained earnings that are recorded in the company's books prior to fulfilling the terms of the debt contract, or they could state that the preferred stock holders have restricted the company from paying any dividends on common stock until the company has paid the full amount of dividends that have accrued on preferred stock. (Van Horne, 1929).

V. Expected rate of return

The anticipated rate of return on investment affects the dividend payout amount as well. When a company expects a better rate of return on its investment, it will choose to reinvest its earnings rather than pay out cash dividends. (Weston, 1989).

VI. Stability of earnings

A company is more likely to pay a greater dividend than one with comparatively variable earnings if its earnings are generally steady. Because it is less certain about its earnings in the future, the company with unpredictable earnings would rather keep more of its current earnings. (William, 1973).

VII. Desire for control

When the company requires more funding, the current management might not want to issue more common shares because they worry about losing control over the company's management. (Irwin Friend & Marshall Pocket, 1964).

VIII. Access to the capital markets

It is not necessary to retain more retained earnings if a company can easily access capital markets to raise more finance. Nonetheless, smaller and recently founded businesses typically have trouble obtaining outside funding from the financial market (Weston, 1989).

IX. Stockholders' individual tax situation

Due to the greater tax on dividend income, shareholders of a closely held corporation prefer a comparatively lesser cash payout. For closely owned enterprises, investors in the higher personal tax bracket favor capital gains over dividends. (Irwin Friend & Marshall Pocket, 1964).

It takes more than just the items listed above to establish a good dividend policy. There are a lot of other facts and factors to consider. These include shifting governmental policies, the likelihood of future business growth, the age and maturity of firms, the informative value of dividends, and other factors.

2.1.4 Factors influencing share price

a) Demand and supply

The price of securities is influenced by supply and demand. Prices for securities rise when there is a greater demand for them than there is supply (more buyers than sellers). Conversely, prices of securities fall if there is a shortage of buyers relative to sellers, or if the demand for securities is lower than the supply (William, 1989).

b) Bank rate

The demand for securities and funds would both increase in the event of a lower bank rate (lower interest rate). On the other hand, if bank rates were higher (high interest rates), there would be less of a need for funds, which would reduce the demand for securities. (Horne, 2002).

c) Market players

Market participants have an impact on security pricing. Securities would trade at higher prices if there were more bulls than bears. Conversely, if there are more bears than bulls, the prices of securities will drop. (Irwin Friend & Marshall Pocket, 1964).

d) Dividend announcements

Dividends function as a signalling mechanism for changes in share price. Share prices are influenced by dividend announcements. Businesses that declare dividend payments typically see an increase in share values. It's crucial to remember that share prices will decrease if the dividend rate disclosed is lower than what investors had anticipated, while they will rise if it exceeds expectations. (Gautam 1998).

e) Management profile

The success of companies is greatly influenced by the management profile, which in turn has a considerable impact on share prices. Share prices would be higher if the management team consisted of knowledgeable, seasoned individuals with a proven track record of accomplishment. If a management team with a bad reputation were to take over the company, the share price would drop. (Weston 1989).

f) Trade cycle

Trade cycles are periodic shifts in the state of the economy. Share prices would reach their highest point during a boom and their lowest point during a slump. In a recovery, share prices would progressively rise, and in a recession, they would decline. (Irwin Friend & Marshall Pocket, 1964).

g) Speculation

The price of that share would be fluctuating greatly if there was a lot of speculation in the market or in that particular stock. If speculative activity is minimal, share price volatility will also be minimal. (Van Horne 1929).

h) Political factors

Share prices are influenced by political issues such as the party's ideology and the government's policy towards the private sector. (Irwin Friend & Marshall Pocket, 1964).

i) Industrial relations

If there is a positive working relationship between management and employees, productivity will be high, which will increase profits. As a result, share values would increase. When there are frequent strikes and lockouts at a company with weak labour relations, the business performs poorly. Consequently, share prices would decline. (Irwin Friend & Marshall Pocket, 1964).

j) Stability of government

A stable government gives businesspeople the confidence to expand their present companies and make new investments. As a result of increased production, sales, and profits, share prices would rise. New investments are not made when there is political uncertainty. Lower demand, output, and earnings result in declining share values. (William, 1973).

k) General market sentiments

It's a common belief that emotions influence financial markets. Positive sentiment among market participants would encourage greater purchasing, which would raise share prices. If market participants are negative, more selling would occur, which would lower share prices. (Weston, 1989).

l) Actions of institutional investors

Institutional investors, including mutual funds, investment trusts, pension funds, etc., have an impact on share prices. They have a substantial quantity of money available to them. The value of their shares would rise when they began purchasing and decrease when they began selling. (Irwin Friend & Marshall Pocket, 1964).

m) Level of foreign investment

Share prices have recently been significantly impacted by the number of foreign institutional investors. Share prices rise in response to an increase in foreign investment in the market, or more purchases of shares. Share prices decline in the event that the number of foreign investors declines. (Irwin Friend & Marshall Pocket, 1964).

n) Returns offered by other markets

Institutional investors might invest in national markets if they offered large returns. Prices would rise as there would be more demand for shares. If foreign markets provide attractive returns, institutional investors would sell their assets to participate in those markets. Shares would be sold in bulk in these circumstances, bringing down prices. (Gautam, 1998).

o) Availability of credit

If there are few restrictions on credit availability, investors will borrow money to make market investments. Prices would rise as there would be greater demand for shares. If there were credit restrictions, there would be less borrowing and less of a market for shares. (Irwin Friend & Marshall Pocket, 1964).

p) Effective regulation

Investor confidence would be enhanced by transparent operations and strong regulation of the stock market. As a result, purchasing would grow and share prices would rise. But

investors would lose faith in regulations if they were ineffectual and scams happened. They would sell their stock in a panic. Thus, costs would decrease. (William, 1929).

2.2 Empirical review

Bhandari and Pokharel (2012) examined the dividend policies of eight Nepalese commercial banks and examined the bivariate correlation between dividend per share and the primary financial indicators of EPS, MPS, PE Ratio, Net Worth (NW), and Total Shares (TS). DPS has correlation coefficients of 0.917, 0.657, -0.246, -0.463, and -0.116 with EPS, MPS, PER, NW, and TS, in that order. DPS shows a negative association ($r=-0.463$, $p<0.01$) with NW and P/ER ($r=-0.246$, $p<0.01$) and a strong positive link ($r=0.917$, $p<0.01$) with MPS ($r=0.657$, $p<0.01$). But there isn't any evidence of a meaningful connection between TS and DPS. The choice of dividend per share is theoretically influenced by earnings per share. A regression correlation of 0.917 ($p<0.01$) was found between DPS and EPS, indicating that earnings per share is a key factor in divided practices.

Joshi (2012) looked at how dividends affected stock prices in relation to Nepal. Retained earnings per share, EPS, DPS, PE ratio, and MPS were regarded as independent variables, and MPS as the dependent variable. Regression analysis and descriptive statistics were employed as the analysis methods. The study's findings indicate that dividends, in the banking and non-banking sectors, have a noteworthy impact on MPS. The findings indicate that a one rupee rise in dividends causes the MPS for the banking and non-banking sectors to grow by 12.51, 22.68, and 9.15 rupees, respectively.

Dhungel (2013) studied the impact of dividend on share pricing of five commercial banks of Nepal. He used exploratory research design with method of analysis as correlation and regression analysis of Market Price Per Share (MPPS) as dependent variable and Earning Per Share (EPS), Dividend Per Share (DPS) and Dividend Per Share including bonus Share (DPS_{BS}) as independent variable. It was found that there is high degree of relationship between Market Price Per Share (MPPS) and Dividend Per Share (DPS). There is negative correlation between MPPS and DPS of Everest Bank Limited (EBL), Nepal Investment Bank Limited (NIBL) and Lumbini Bank Limited (LBL) with coefficient of -0.77, -0.88 and -0.68 respectively. However, the correlation between MPPS and DPS is statistically significant in case of NIBL only for which p-value and correlation coefficient are 0.04 and -0.88 respectively. The degree of relationship between

MPPS and Earning Per Share (EPS) seems to be highly positive in Nabil and Himalayan Bank Limited (HBL) with values 0.93 and 0.88 respectively, although it is significant in case of HBL with correlation coefficient and p-values 0.88 and 0.05 respectively. In NIBL, EBL and LBL, the correlation coefficient between MPPS and EPS is comparatively lower with values 0.4, 0.11 and 0.65 respectively. The degree of relationship between MPPS and Dividend Per Share including bonus share (DPS_{BS}) is positive and significant in case of HBL only with values of 0.91 and 0.03. The degree of relationship between MPPS and DPS_{BS} of Nabil and EBL is positive but insignificant with values of 0.93, 0.20 and 0.11 and 0.86 respectively. But the degree of relationship between MPPS and DPS_{BS} is negative in case of NIBL and LBL with values 0.40, 0.50 and 0.65 and 0. 23 respectively.

Poudel (2016) investigated the factors influencing private commercial banks' stock prices in the NEPSE. Correlation and multiple regression analysis were employed as methods of analysis, with MPS being regarded as the dependent variable and EPS, DPS, and BVPS as the independent variables. A descriptive and explanatory study design was adopted. With a 'r' value of 0.9365 and a r2 = 0.877, the study discovered a substantial association between MPS and BVPS, EPS, and DPS. Regression coefficients of 36.18, 10.39, and 26.92 are the findings of multiple regression analysis of MPS with DPS, BVPS, and EPS, respectively.

Shah and Dhakal (2016) investigated how different factors affected the share prices of Nepal's commercial banks. Correlation and regression analysis were performed between the independent variable (MPS) and dependent variables (Dividend Yield (DY), Retention Ratio (RR), Profit after tax (PAT), EPS, and ROE) using a descriptive research methodology. According to the study's correlation matrix, which had values of 0.149 and 0.117 for DY and RR, respectively, MPS shows a negligible negative correlation with both variables. The market price per share is significantly positively correlated with the variables PAT, EPS, and ROE, with respective values of 0.427, 0.738, and 0.602. Basic multiple regression analysis showed that the regression coefficients of significant variables at 0.05 level (2 - tailed) are -0.239, -0.15 and 0.789 for DY, RR and EPS respectively.

Baral and Pradhan (2018) investigated the effect of dividend announcement on EPS, Dividend Payout Ratio (DPR), and Price Earnings Ratio (PE Ratio). EPS, DPR, and PE

Ratio are regarded as independent variables, and MPS as the dependent variable. Analysis of the dependent and independent variables using correlation and regression was done. The study discovered that there is a substantial association between MPS and the EPS, PE, and DPR for top-gaining commercial banks. The correlation scores between MPS and these variables are 0.797, 0.406, and 0.128 correspondingly, and R = 0.973. F=124.764, p-value < 0.05. The correlation score between MPS with PE, EPS and DPR are 0.195, 0.245, 0.492 respectively and R = 0.269. F=2.576, p- value < 0.05 shows that there is no significant relationship between MPS and the EPS, PE and DPR for top gainers commercial banks.

Neupane (2020) analyzed the effects of book value per share (BVPS), earning per share (EPS), dividend per share (DPS), and price-earnings ratio (PE Ratio) on market price of share (MPS) listed in NEPSE. Regression analysis of the dependent variable (MPS) with the independent variable (EPS, DPS, BVPS, and PE Ratio) was employed, along with a descriptive and causal comparative research design. For Bottlers Nepal Balaju (BNB), Bottlers Neapl Terai (BNT), Shivam Cement, and Unilever Nepal, respectively, the Analysis of Variance (ANOVA) table of multiple regression revealed F (4, 49) = 43.051, 36.264, 95.14, and 83.451 for p <.001, suggesting that at least one predictor's slope coefficient is statistically significant. DPS and EPS have a major negative effect on stock price; that is, if a company pays out more dividends then its market price will decrease.

Shrestha (2020) investigated how Nepalese companies' share prices were impacted by stock dividends, cash dividends, return on equity, and return on assets. Correlation and multivariate regression models were computed using the Fixed Effect Model, and a descriptive, analytical, interferential, and explanatory research methodology was employed. The dependent variable in this study was MPS, whereas the independent variables were Cash Dividend (CD), Stock Dividend (SD), Return on Equity (ROE), Return on Assets (ROA), and Earnings Per Share (EPS). According to the study, the slope coefficients of ROE and ROA are respectively -33.4311 and -33.7318 with t-values of -3.85 and -3.08, respectively, and are significant at the 1 percent and 5 percent levels of significance. The slope coefficient of 30.8022 and t-value of 6.70 for earnings per share (EPS) indicate significance at the 1 percent significance level. It shows that the market price of Nepalese companies' common stock is significantly positively impacted by EPS. The impact of dividends on the stock market of Nepalese businesses is significant. On the MPS of Nepalese enterprises, there is a notable positive influence from stock dividends

and a notable negative impact from cash dividends. The stock market price (MPS) is significantly positively impacted by stock dividends.

Niraula (2021) studied the behaviour of stock prices in Nepalese commercial banks was examined. With MPS as the dependent variable and EPS, PE Ratio, Dividend Yield Ratio (DY Ratio), size, ROE, BVPS, and ROA as the independent variables, a descriptive and analytical study approach is employed. The study discovered that the size of the bank has a negative relationship with MPS with a value of 0.109, but the PE ratio, EPS, DY, ROE, BVPS, and ROA have positive relationships with MPS with correlation coefficient values of 0.925, 0.545, 0.694, 0.249, 0.509, and 0.194, respectively. R2 = 0.958 indicates that the selected independent variables (EPS, PE ratio, DY ratio, size of bank, ROE, BV/share, and ROA) account for 95.8% of the MPS, with the remaining 4.2% being explained by other variables.

Wagle (2021) identified the empirical variables that influence the stock market price in commercial banks of Nepal. MPS was used as dependent variable and Market to Book, PE Ratio, Earning Yield (EY) and Dividend Yield (DY) was considered as independent variable. Pearson's correlation coefficient with dependent and independent variables was calculated and found that that market to book and price-earnings proportion both are positively correlated ($r = .919$, p value<0.01), ($r = .862$, p value<0.01) with MPS of the stock, indicating that the higher the proportions the better the stock's market price. Furthermore, EY and DY have a negative association with the stock's MPS ($r = -.571$, p-value<0.01), ($r = -.361$, p-value<0.01), indicating that the greater the earnings and DY, the lower the stock's MPS.

Pandey and Sunar (2022) conducted a study which aimed to examine the correlation between share price and various independent variables such as EPS, ROE, DPS, retention ratio, and MPS, and the dependent variable being MPS. The bivariate Pearson correlation coefficients between MPS and stock price determinants were computed. The results showed that MPS and EPS, ROE, and DPR had positive correlations (correlation values of 0.717, 0.467, and 0.147, respectively), while MPS and RR had negative correlations (correlation values of 0.147).

2.3 Research gap

During the review of previous studies, it was found that most of the researches has been conducted on dividend policy and its impact on market price per share. By reviewing earlier studies, it was found that researchers Bhandari and Pokharel (2012), Joshi (2012), Dhungel (2013), Poudel (2016), Shah and Dhakal (2016), Baral & Pradhan (2018), Neupane (2020), analyzed MPS with other financial indicators but not CD and ROA. Baral & Pradhan (2018), Shrestha (2020) and Niraula (2021), studied the relation between MPS and other factors influencing MPS but not DPS. Niraula (2021) did not considered CD and DPS which is also the factor affecting MPS as concluded by various researchers.

Bhandari and Pokharel (2012), Joshi (2012), Poudel (2016), Shah and Dhakal (2016), Baral & Pradhan (2018), Neupane (2020), Niraula (2021), Wagle (2021), Pandey & Sunar (2022) analyzed MPS with other financial indicators but not BS.

Bhandari and Pokharel (2012) and Wagle (2021) analyzed MPS with other financial indicators but not EPS.

This study has examined those factors that play important role in determining market price of commercial banks in Nepal. This study examines the impact and relationship of MPS with some financial indicators like EPS, CD, BS, DPS, and ROA.

Chapter III Research Methodology

Research methodology is the methodical process of resolving issues in research. It describes the methodology the researcher will use to address the study question that they have posed. The research strategy or methodology used in this study is described in this chapter. The following are the components of research methodology:

3.1 Research design

A research design is a plan of the proposed research work. The goal of this study is to examine how dividends affect Nepal's commercial banks' stock prices. This study's research design essentially compares and evaluates the different procedures in the sample banks and how those activities affect stock price. The split procedures of the sample banks are assessed using descriptive techniques, and the outcomes are compared. The market price is analysed in connection to earnings per share, cash dividends, bonus shares, dividends per share, and return of assets using a casual comparative research methodology. the secondary data-based analysis. Out of the twenty commercial banks listed in NEPSE, five are chosen at random for this.

3.2 Population and sample, and Sample Design

Only companies listed on NEPSE are included in the population. The samples are chosen at random since the issue suggests that the study should be conducted among actively traded and dividend-paying companies. Previous research and dissertation studies have demonstrated that a minimum of five sample sizes are necessary for this kind of study; thus, only five of the twenty commercial banks listed in NEPSE, as indicated in Appendix I, are covered in this study.

The samples selected are as follows:

1. Kumari Bank Ltd. (KBL)
2. Siddhartha Bank Ltd. (SBL)
3. Machhapuchhre Bank Ltd. (MBL)
4. Global IME Bank Ltd. (GIBL)
5. Himalayan Bank Ltd. (HBL)

3.3 Nature and sources of data collection

Secondary data is taken from Nepal Stock Exchange Ltd. (NEPSE), Security Board of Nepal (SEBON), Nepal Rastra Bank, Annual Reports, and websites of selected banks. The sample spans the most recent ten years, from Fiscal Years 2067–2068 to 2077–2078. The information gathered is:

- The year-end data sheet displaying the company's profit and loss account, balance sheet, MPS, EPS, and DPS.
- Relevant data for the study can be found on a number of websites, including those run by NEPSE, the Security Board of Nepal, Nepal Rastra Bank, and other associated banks.
- Books, journals, magazines, reports, bulletins, earlier theses, and studies that are relevant.

3.4 Research framework and definition of variable

An underlying framework or model for our group's research endeavours is provided by a research framework. The study's dependent variables are Market Price per Share (MPS), while the independent variables are Earnings Per Share (EPS), Cash Dividend (CD), Bonus Share (BS), Dividend Per Share (DPS), and Return on Assets (ROA), as shown in the figure below.

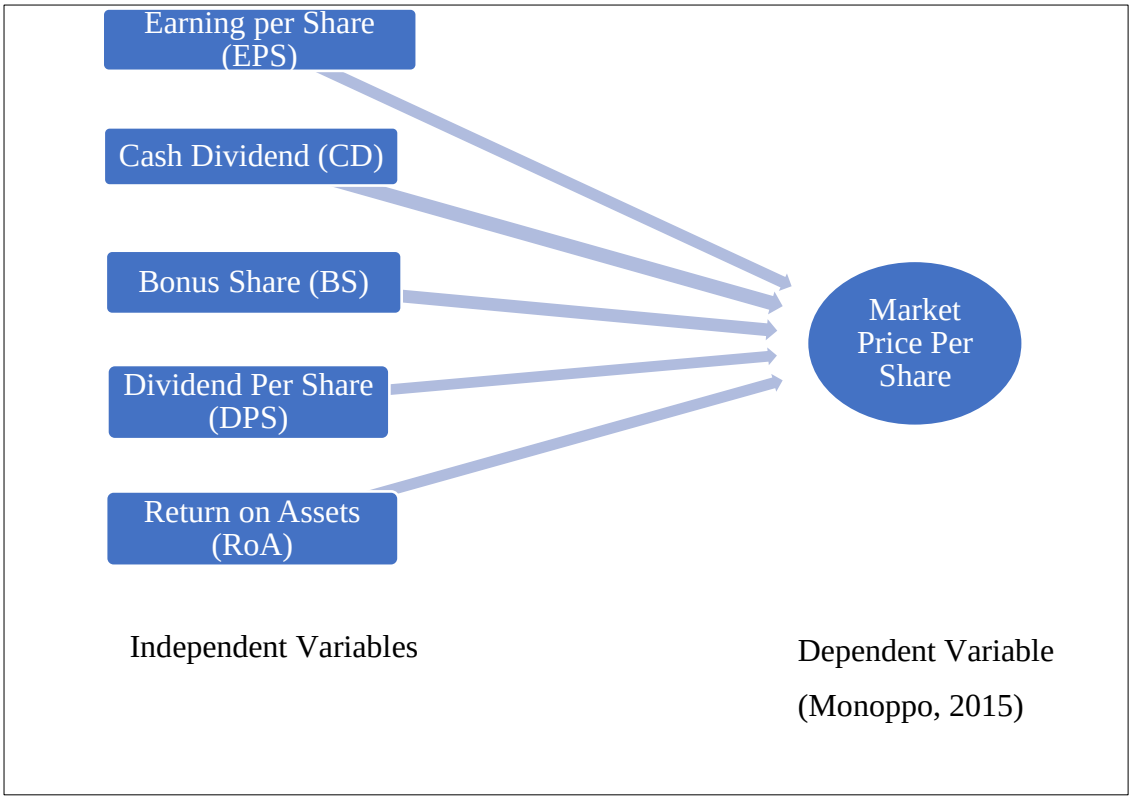

Figure 1

Research Framework

Definition of Variables:

Market Price per Share (MPS):

The most recent price at which a stock has traded is known as the "share price," or market price per share of stock. It happens when the price a seller is prepared to accept for a stock and the price a buyer is willing to pay for a stock. It's a result of market forces. (Carlson, 2022)

Earnings per Share (EPS):

Earnings per share calculates the profit equity shareholders have made on each share they own, or the amount they have earned per unit of shares. It is determined by dividing the total number of outstanding shares by the possible profit. (Swar, 2011).

$$\text{EPS} = \frac{Net\ Profit}{Number\ of\ Existing\ Eqity\ Shares}$$

Cash Dividend (CD):

A cash dividend is a sum of money that is distributed to stockholders generally from the company's current profits or cumulative profits. (Banton, 2022)

Cash dividend = Dividend per share x No of shares held by the shareholder.

Bonus Share (BS):

The payout of additional shares to stockholders is known as a stock dividend. All that it represents is a recapitalization of the business; the proportionate ownership of the investors is unaltered.

Dividend per Share (DPS)

The net profit delivered to shareholders is known as the dividend per share. It is calculated as the dispersed profit divided by the total number of common shares. It is calculated as:

$$\text{DPS} = \frac{Amount\ Distributed\ to\ Equity\ Shareholder}{Number\ of\ Equity\ Shareholder}$$

The firm's dividend policy determines both the dividend per share and the dividend payout ratio. This policy is based on a number of internal criteria, including the firm's funding needs, liquidity, ability to burrow, the characteristics of its shareholders, and market conditions. (Swar, 2011).

Return on Assets (ROA)

A financial ratio known as return on assets (ROA) shows how profitable a company is in comparison to its total assets. (Hargrave, 2022)

$$\text{ROA} = \frac{Net\ Income}{Total\ Assets}$$

3.5 Method of analysis

The following are the major analysis tools that are used while carrying out this study.

Descriptive Analysis

When research is restricted to a sample and does not require generalisation to a larger population, descriptive analysis is most beneficial.

The initial stage of analysis is called descriptive analysis. It aids in data summarization and pattern recognition for researchers. The primary analytical instruments utilised in this work are listed below.

Arithmetic Mean ($\overline{X}$):

The total values added to the number of observations in the sample yields the arithmetic mean, often known as the average. It depicts the whole set of data that is situated roughly halfway between the two extremes. Because of this, the term "measure of central tendency" is commonly used to describe an average. It is used to data on sample companies' dividends throughout several years in this study. (Swar, 2011).

It is calculated as:

$$\text{Mean} = \frac{Sum\ of\ Total\ Values}{Number\ of\ Values\ (n)}$$

$$\overline{X} = \frac{\Sigma X}{n}$$

Standard Deviation (SD)

It is customary to utilise the standard deviation to calculate risk. It displays the difference between the actual and average means. The absolute dispersion of a distribution's variability is measured by the standard deviation. The magnitude of the value's divergence from its mean would increase with increased variability or dispersion. The standard deviation would be smaller the smaller the dispersion or variability. There would be a high level of homogeneity in the series and uniformity in the observations. As a result, the standard deviation is very helpful in determining how representative the mean is; we can find the Standard Deviation from the following formula.

$$\text{Standard Deviation } (\sigma) = \sqrt{\frac{\Sigma(x-\overline{x})^2}{n-1}}$$

Where, n-1 = Number of observations in Series X, $\Sigma(x-\overline{x})^2$ = Summation of Square of Deviation from mean value.

Therefore, the standard deviation is used to analyze the stock position of finance company and commercial banks. The SD of seven companies is calculated and analyzed under the study (Swar, 2011).

Karl Pearson's Coefficient of Correlation (r)

It is statistical tool for measuring the magnitude of linear relationship between the two variables. Karl Pearson's measure, known as Pearson's correlation coefficient between two variables series x and y, denoted by r(X, Y) or r_{XY}. r can be obtained as:

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

where, r = correlation coefficient, n = number of years, ΣX = Sum of Series X, ΣY = Sum of Series Y, ΣXY = Sum of the product of X and Y variables, ΣX^2 = Sum of squares of Series X, ΣY^2 = Sum of squares of Series Y (Swar, 2011).

Regression Analysis

Using the known value of one variable as a baseline, regression analysis aids in the estimation or prediction of an unknown variable. It is a tool for figuring out how strongly two or more variables are related to one another. It is, thus, a statistical tool that allows us to estimate or forecast the value of one variable given the known value of another. The variable whose value is known is called an independent variable, and the unknown variables that we must anticipate are referred to as dependent variables. Simple regression analysis is the method used to characterize the average relationship between two variables. (Swar, 2011).

Regression Model

A statistical method for examining the relationship between one dependent variable and multiple independent variables is called multiple regression. Using known values for the independent variables to forecast the value of the single dependent variable is the goal of multiple regression analysis.

$MPS = \beta_0 + \beta_1 EPS + \beta_2 CD + \beta_3 BS + \beta_4 DPS + \beta_5 ROA + e$

Where, β_0 is intercept and β_1, β_2, β_3, β_4, β_5 and e_{are} regression coefficients for EPS, CD, BS, DPS, ROA and error respectively. The value of regression coefficients is determined by using Statistical Package for Social Sciences (SPSS) software.

Chapter IV Result and Discussion

This chapter is analytical in nature, attempting to assess and analyses the gathered information. To achieve the goal of this study, the data is analyzed using a variety of presentation and interpretation techniques. The secondary data that were gathered in their raw form are available in organized formats and have been subjected to a variety of suitable methods and instruments of analysis. This chapter contains the secondary data that were gathered from various sources, presented in an intelligible manner, and, when suitable, separately examined using quantitative measures.

4.1 Trend of Variables

The market price per share, earnings per share, cash dividend, bonus share, dividend per share, and return on assets of each sample company for the years 2067/2068 to 2077/2078 are all included in the descriptive statistics of this study and are displayed in a table. The mean value and standard deviation of each company's MPS, EPS, CD, BS, DPS, and ROA are computed and examined with the aid of descriptive analysis.

4.1.1 Market Price Per Share (MPS)

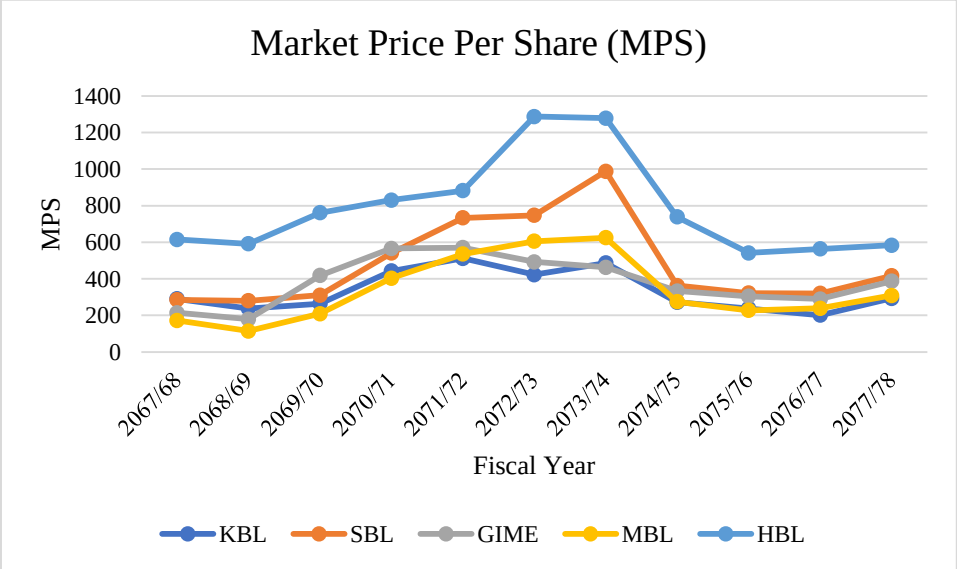

Figure 2 Trend of Market Price Per Share (MPS)

Source: Appendix-IV

The price of share that a company or equity holders my get by selling it on the capital market is known as the share price. The MPS is set by the stock market. The closing market price of the sample banks' NEPSE Index is represented by MPS in this research. Figure 2, shows the market price per share of commercial banks in Nepal. HBL has the highest MPS of Rs. 1287.46 in fiscal year 2072/73 and KBL has the lowest MPS of Rs. 114.52 in fiscal year 2068/69. HBL also has the highest average MPS of Rs. 788.43 and KBL has the lowest average MPS of Rs. 332.08. But, KBL has the lowest standard deviation and coefficient of variance among sample banks, which indicates that KBL is the least volatile stock among the sample banks and MBL has the maximum variance which depicts the least consistency i.e. most fluctuation of share price from the mean value, with a Coefficient of Variance (CV) of 53 percent.

4.1.2 Earnings Per Share (EPS)

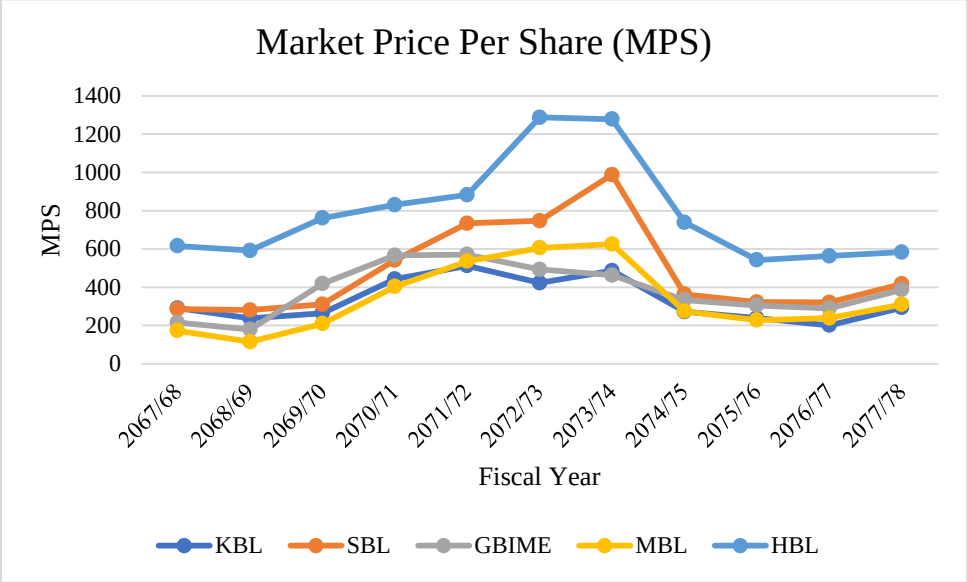

Figure 3 Trend of Earning Per Share (EPS)

Source: Appendix-IV

Any profitability or ratio pertaining to potential market opportunities is equal to earnings per share. An organization is generally more affluent and able to distribute more money to its shareholders if its earnings per share ratio is higher. Though many investors don't give it much thought, a greater profits per share ratio is often connected with a rise in a company's stock price. Considering the plethora of factors that could influence this ratio, investors often take it into consideration but do not let it substantially influence their decisions. The earnings per share of Nepal's commercial banks are displayed in Figure 3.

HBL has the highest EPS of 43.03 in fiscal year 2072/73 and MBL has the lowest EPS of 0.55 in fiscal year 2067/68. HBL also has the highest average EPS of 33.49 whereas MBL has the least average EPS of 14.64. Comparison among the sample banks find that KBL has the lowest standard deviation of 3.92 and MBL has maximum standard deviation.

4.1.3 Cash Dividend (CD)

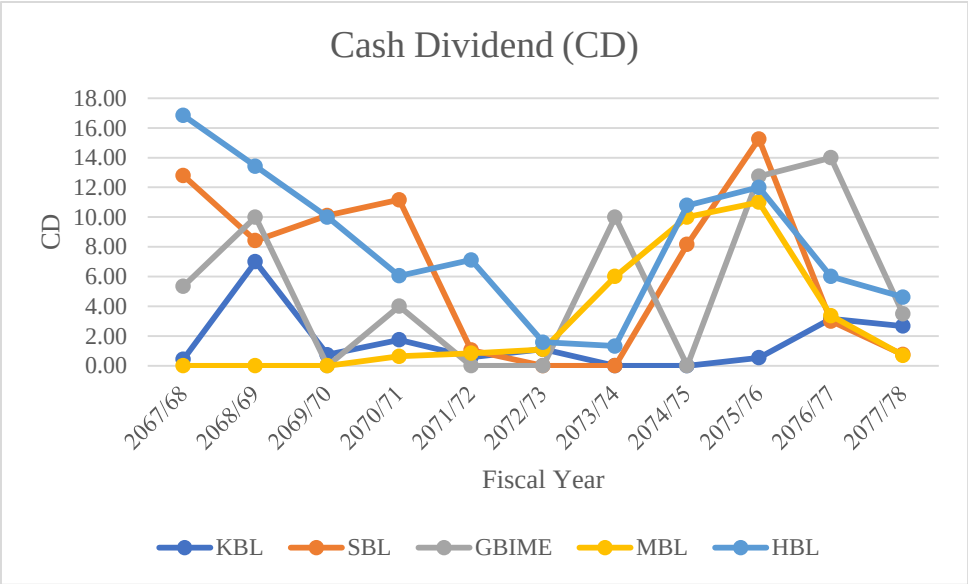

Figure 4 Trend of Cash Dividend (CD)

Source: Appendix-IV

A cash dividend is a portion of the profit that is given to shareholders in the form of cash and put into their bank accounts. The cash dividend the sample banks paid to their shareholders is depicted in Figure 4. HBL paid the highest cash dividend in 2067–2068; other sample banks did not pay any cash dividends in any of the other fiscal years. At 8.16 percent, HBL paid the highest average cash dividend, while KBL paid the lowest, at only 1.63 percent. The observation of data also reveals that HBL has the most consistency in payment of cash dividend with least value of 0.6 whereas MBL is most inconsistent bank for payment of cash dividend to its shareholder, whose variation of cash dividend ranges from no dividend payment to 10 percent cash dividend.

4.1.4 Bonus Share (BS)

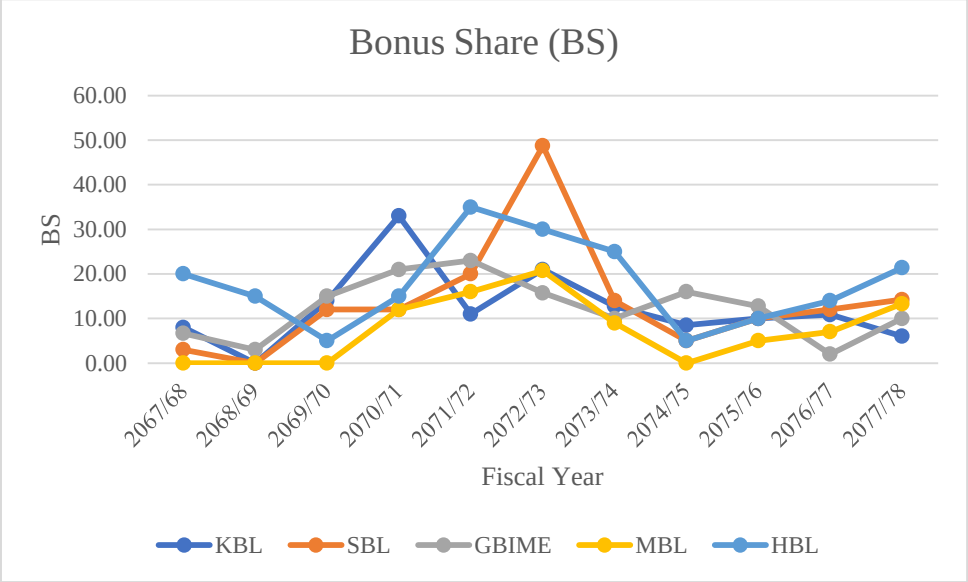

Figure 5 Trend of Bonus Share (BS)

Source: Appendix-IV

Bonus share refers to the portion of profits that are given as shares to shareholders. The bonus dividend that sample banks paid to their shareholders is depicted in Figure 5. SBL paid the highest bonus dividend of 48.75 percent in 2072–2073; other sample banks did not pay any bonus dividends in any of the other fiscal years. With an average bonus dividend of 21.38 percent, HBL paid the greatest payout, while MBL paid the lowest average bonus share, 7.55 percent. The data observation also indicates that MBL is the most inconsistent bank when it comes to paying bonuses to its shareholders, with a coefficient of variance of 97% and a bonus dividend variation that ranges from no dividend payment to twenty-seven percent. In contrast, HBL has the highest consistency in paying bonuses, with the least amount of variance, 54 percent.

4.1.5 Dividend Per Share (DPS)

The dividend, which is given to the owner of one share of stock, is the portion of the profit that goes to the shareholders. It is computed by dividing the total dividend disbursed to common shareholders by the total number of shares in issue. It is the total of the bonus and cash dividends.

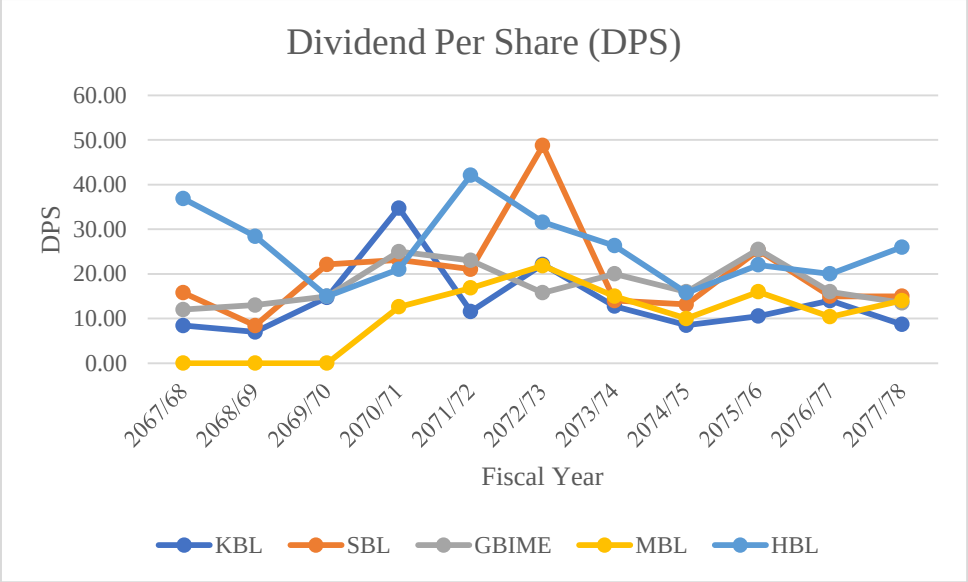

Figure 6 Trend of Dividend Per Share (DPS)

Source: Appendix-IV

The dividend per share for the sample banks is displayed in Figure 6. SBL paid the highest payout of 48.75 percent in 2072–2073; other sample banks paid no dividends in any of the fiscal years. With an average payout of 25.92 percent, HBL paid out the highest dividend, while MBL paid out the lowest dividend, 10.61 percent. The data observation also shows that MBL is the most inconsistent bank when it comes to paying dividends to its shareholders, with a coefficient of variation of 71 percent and a bonus dividend variation that ranges from no dividend payment to 21.84 percent. In contrast, HBL has the highest consistency in paying dividends, with the lowest value of 33 percent.

4.1.6 Return on Assets (ROA)

A profitability ratio called return on assets shows how much money a business can make from its assets. Stated differently, return on assets (ROA) quantifies the effectiveness of a company's management in generating profits from the assets or financial resources listed on its balance sheet. The higher the number, which represents ROA as a percentage, the more effectively a company's management manages its balance sheet to produce profits.

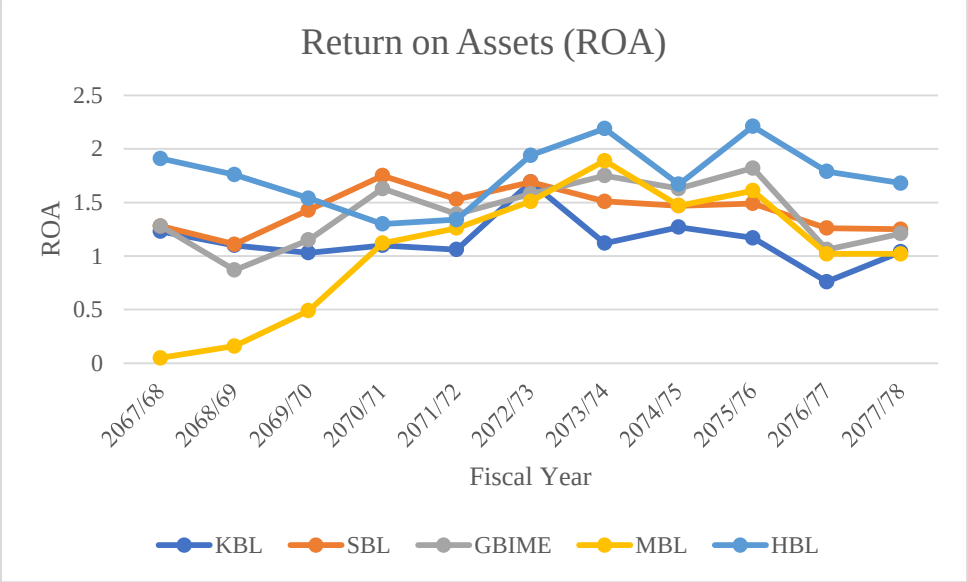

Figure 7 Trend of Return on Assets (ROA)

Source: Appendix-IV

The sample banks' return on assets is displayed in Figure 7. HBL had the highest ROA of 2.21 percent in 2075–2076; MBL produced the lowest ROA of 0.05 percent in 2067–2068. MBL produced the lowest average dividend of 1.05 percent, while HBL produced the greatest average ROA of 1.76 percent. According to the data observation, SBL is the most consistent sample commercial bank when it comes to generating profit from its assets, with a coefficient of variance of 13%, while MBL is the least consistent bank with a coefficient of variance of 57% when it comes to generating profit from its assets.

Table 1

Descriptive Statistics of MPS, EPS, CD, BS and ROA

	N	Minimum	Maximum	Mean	Std. Deviation
MPS	55	114.52	1287.46	464.93	255.00
EPS	55	0.55	43.03	22.53	9.47
CD	55	0.00	16.84	4.93	5.02
BS	55	0.00	48.75	12.72	9.54
DPS	55	0.00	48.75	17.66	9.47
ROA	55	0.05	2.21	1.35	0.422
Valid N (listwise)	55				

The table exhibits descriptive statistics (minimum, maximum, mean and standard deviation) of the variables under the study period of 67/68 to 77/78 for the five Nepalese

Commercial Banks listed in NEPSE with 55 observations. MPS is yearly average of market price of share of any year. CD is the cash dividend per share of the year, BS is the bonus share paid to the shareholder in the same year. DPS is dividend per share which is the sum of CD and BS. ROA is return on assets, which is calculated by dividing net profit by total asset.

The minimum, maximum, mean and standard deviation of EPS of the data are 0.55, 43.03, 22.53 and 9.47 respectively. Wide range of CD, BS are observed. As shown in table, the minimum value of CD and BS is 0 percent and maximum value of 16.84 and 48.74 percent with mean value of 4.93 and 12.72 percent are observed respectively. Likewise, minimum and maximum value of DPS 0 and 48.5 percent. The average value of DPS is 17.66. Finally, another independent variable, return on assets showed mean value of 1.35 percent, whose minimum and maximum values are 0.05 and 1.35 percent respectively. MPS is dependent variable whose maximum and minimum value are Rs.1287.46 and Rs.114.52 respectively. Mean and standard deviation of MPS are Rs. 464.93 and Rs. 255 respectively.

4.1.2 Correlation analysis

The link between the variables is calculated using a variety of statistical methods. It is employed to explain how variables relate to one another and to understand the outcome. The correlation and regression coefficients between the variables are included in this analysis.

4.1.3 Bivariate correlations

The link between two variables is evaluated using the bivariate correlation analysis. The following is a presentation and description of the bivariate correlation analysis results.

Table 2

Correlation[c] between Dependent and Independent variables

	MPS	EPS	CD	BS	DPS	ROA
MPS	1					
p-value	----					
EPS	0.689**	1				
p-value	(0.000)	----				
CD	-0.060	0.374**	1			
p-value	(0.663)	(0.005)	----			
BS	0.621**	0.592**	-0.278*	1		
p-value	(0.000)	(0.000)	(0.040)	----		
DPS	0.594**	0.795**	0.250	0.861**	1	
p-value	(0.000)	(0.000)	(0.066)	(0.000)	----	
ROA	0.613**	0.805**	0.367**	0.436**	0.634**	1
p-value	(0.000)	(0.000)	(0.006)	(0.001)	(0.000)	----

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

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

c. Listwise N=55

As indicated in Table 2, a Pearson correlation coefficient was calculated to ascertain the relationship between the dependent and independent variables. The correlation value was displayed in the table as ranging from 0.861 to -0.060. The market price per share (MPS) exhibited a negative relationship with cash dividend (CD), whereas a positive correlation was discovered with earning per share (EPS), bonus share (BS), dividend per share (DPS), and return on assets (ROA). MPS has correlation values of 0.689, -0.060, 0.621, 0.594, and 0.613 with EPS, CD, BS, DPS, and ROA, in that order. At the 0.01 level, MPS exhibits a significant associations with EPS, BS, DPS, and ROA.

4.1.4 Regression analysis

Regression analysis is used to assess how much the provided independent variables influence the dependent variable. The dependent variable in this analysis is MPS, while the independent variables are EPS, CD, BS, DPS, and ROA.

The multiple regression equation is:

$MPS = a + b_1EPS + b_2CD + b_3BS + b_4DPS + b_5ROA$

Where, a is intercept and b_1, b_2, b_3, b_4 and b_5 are regression coefficients and EPS, CD, BS, DPS and ROA respectively.

Table 3

Variation in MPS explained by EPS, CD, DPS and ROA

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.784[a]	0.615	0.584	164.42406

a. Predictors: (Constant), ROA, CD, DPS, EPS

Table 3 of the model summary illustrates how EPS, CD, DPS, and ROA account for the variation in MPS. The multiple regression coefficient (r^2) has a value of 0.615. This suggests that, at a 95% confidence level, 61.5% of the variance in MPS can be explained by the independent variables EPS, CD, DPS, and ROA. The estimate's margin of error is 164.42406. Written alternatively, the coefficient of multiple regression R square indicates that variations in EPS, CD, DPS, and ROA can account for 61.5% of changes in the MPS of Nepalese commercial banks, with the remaining 38.5% being attributed to other factors. R is correlation coefficient which shows the relationship between the study variables, from the finding shows in the table above there was a highly significant positive relationship between the study variables as shown by 0.784[a]. The result is complimented by the adjusted R-square of 58.4 %, which means that the proportion of total variance that is explained by the model. The table below shows the Analysis of Variance (ANOVA).

Table 4

Analysis of Variance

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2159694.486	4	539923.622	19.971	.000[b]
	Residual	1351763.554	50	27035.271		
	Total	3511458.040	54			

a. Dependent Variable: MPS

b. Predictors: (Constant), ROA, CD, DPS, EPS

From the ANOVA statics in table 4 above, the $F(4,50) = 19.971$, $p < 0.05$, which indicates that four factors under study have significant impact on MPS. There is significance relationship between market price per share with cash dividend, bonus dividend, earning per share, dividend per share and return on assets, hence H1 is proved.

Table 5

Coefficient of Regression

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-22.841	75.688		-0.302	0.764
	EPS	15.571	5.145	0.578	3.026	0.004
	CD	-19.516	4.858	-0.384	-4.017	0.000
	DPS	2.095	3.910	0.078	0.536	0.594
	ROA	144.673	89.833	0.240	1.610	0.114

From the table 5, regression model, if Earnings per share (EPS), Cash Dividend (CD), Bonus Share (BS), Dividend per Share (DPS), Return on Assets (ROA) of Nepalese commercial banks have value zero, Market price per Share of companies would be -22.841.

The result revealed that EPS has significant positive impact on MPS (B = 15.571, t = 3.026, p = 0.004), which supports H1. It can also be said that a unit increase in level of Earning per share (EPS) would lead to an increase in Market Price per Share (MPS) by factor of 15.571. CD has significant negative impact on MPS (B = 19.516, t = 4.017, p = 0.000), which supports H1. It can also be said that a unit increase in level of CD would cause to a decrease in MPS by a factor of 19.516.

The result discovered that DPS has non-significant positive impact on MPS (B = 2.095, t = 0.536, p = 0.594), which does not support H1. It can also be said that a unit increase in DPS lead to increase in MPS by a factor of 2.095. Similarly, ROA has non-significant positive impact on MPS (B = 144.673, t = 1.610, p = 0.114), which does not support H1. It can also be said that a unit increase in ROA would cause increase in MPS by a factor of 144.673 of Nepalese Commercial Banks.

4.2 Discussion

Correlation analysis showed that MPS has high positive relation with EPS i.e. 0.689, which is statistically significant at the 1% level of significance, meaning that an increase in EPS of any bank will increase the bank's MPS. This result aligns with the results of Dhungel (2013), Dhakal and Shah (2018), Baral & Pradhan (2018), Shrestha (2020) and

Niraula (2021), who also found a positive association between MPS and EPS concluding that market price of stock increases when company higher EPS.

Further, MPS has negative relation with CD i.e. -0.060, which is not statistically significant at 5 % level of significance, meaning that an increase in his CD of any bank will decrease the bank's MPS. This result contradicts with the results of Shrestha (2020), who found a negative association between MPS and CD concluding that market price of stock decreases when company pays higher cash dividend.

Correlation analysis showed that MPS has high positive relation with BS i.e. 0.621, which is statistically significant at the 1% level of significance, meaning that a declaration of increased bonus share of any bank will increase the bank's MPS. This result aligns with the results of Dhungel (2013) for some of his sample banks and also contradicts with some sample banks Dhakal and Shrestha (2020).

As Dhungel (2013) pointed out, there is both positive and negative association between MPS and DPS in their study but this study found high positive correlation between MPS and DPS i.e. 0.594, which is significant. This means that the positive relationship between MPS and DPS is significant in the population.

There is a significant positive correlation (0.613) between MPS and ROA, significant at the 1% significance level. This means that the bank's MPS increases as ROA of bank increases, contradicts to the findings of Shrestha (2020) who found that higher ROA causes the market price per share of the bank to decrease.

The regression analysis found that EPS coefficient is 15.571 and the p-value (that is, 0.004) is less than 5% significance level, indicating significant positive effect on bank MPS. This result is consistent with that of Bhandari & Pokharel (2012), Dhungel (2013), Poudel (2016), Dhakal and Shah (2018), Baral & Pradhan (2018), and is also confirmed by Baral and Pradhan (2018) and Niraula (2021), who found that EPS was the driving force behind increase in MPS in the banking sector.

In contrast, the coefficient of CD is -19.516. This means that ROA has a significantly negative impact on banks' MPS, as the p-value (i.e. 0.000) is less than the 1% significance level. This result is consistent with those of Shrestha (2020). This means CD has a big impact on MPS in the sample bank.

On the other hand, the coefficient for DPS is 2.095. This means that DPS has non-significant positive impact on banks' MPS, as the p-value (that is, 0.594) is more than the 1% significance level, and the result contradicts with the results of Dhungel (2013), who conclude that DPS has both positive and negative but significant influence on market price of the share.

Similarly, the coefficient for ROA is 144.673. This means that DPS has non-significant positive impact on banks' MPS, as the p-value (that is, 0.114) is more than the 1% significance level, and the result contradicts with the results of Shrestha (2020), who conclude that ROA has negatively significant influence on market price of the share.

Chapter V Summary and Conclusion

This is the last chapter, which includes the research work's summary, results, and implications. This chapter presents the data analysis facts and conclusions.

5.1 Summary

The dividend on shares that banks pay out shows why they have such attraction on the stock market. The banks that offer larger dividends attract the interest of investors more, and vice versa. Before making a market investment selection, investors carefully evaluate the dividend policy of the bank. It has been noted that the stock price of companies with increasing earnings and dividends per share tends to rise, whereas the stock prices of companies with decreasing or nonexistent dividends tend to trend lower. It is evident from this that dividends affect a company's stock price. On the other hand, other academics argue that knowledge regarding dividend payments is what really affects stock prices.

This study's primary goal is to investigate how dividends affect Nepal's commercial banks' market prices. The remaining specific goals are to access market price per share, earnings per share, cash dividend, dividend per share, and return on assets of Nepal's commercial banks; to investigate the relationship between market price per share and the factors of EPS, CD, BS, DPS, and ROA; and to assess the impact of these factors on market price per share. Descriptive research design has been used to accomplish the study's unique goal. The current state of dividend distribution and stock price are analyzed, and the effect of dividend variables on the stock price of Nepalese commercial banks is measured, using a descriptive research approach. Only five commercial banks—KBL, SBL, GBIME, MBL, and HBL—have been selected as a sample based on the random selection method out of the twenty commercial banks that are expected to form the population of the study. Secondary data for this study were obtained from linked offices' webpages and annual reports. Data is gathered from a variety of NRB periodicals and publications, as well as from the audited financial statements (profit and loss account and balance sheet) of every commercial bank in the sample. All information was gathered annually over a span of ten fiscal years, from 2067–2068 to 2077–2078. Using IBM SPSS version 26, the study employed multiple regression analysis, correlation, and descriptive statistics.

The results of this study indicate that HBL bank is the most profitable bank that consistently pays out dividends to its shareholders. Its highest market price per share indicates that HBL bank has performed better than other banks during this period. The correlation analysis shows that earnings per share, bonus share, dividend per share, and return on assets have a significant positive relationship with the market price of stock of sample banks; cash dividends, on the other hand, have a negative relationship with the MPS of commercial banks in Nepal. The regression analysis found that the coefficient value of EPS is 15.571. This indicates that the MPS of sample banks increases by one unit when EPS increases by 15.571 units while keeping other independent variables constant. The p value of EPS is 0.004. Therefore, the market price of the banks is significantly positively impacted by earnings per share. The cash dividend's p value of 0.000 and coefficient value of -19.516 indicate that it is statistically significant at the five percent significance level. Therefore, cash dividends have a major detrimental impact on Nepal's commercial banks' MPS. Nevertheless, dividend per share and MPS have a positive relationship with a coefficient of 2.095 and 0.594, respectively, indicating that DPS is statistically insignificant at the five percent significance level. At the five percent significance level, return on assets has a positively correlated but statistically insignificant impact on market price per share, according to the coefficient value of 144.673 and p value of 0.114.

5.2 Conclusion

This study concluded that all the sample banks are paying dividend in the form of cash and bonus share, to shareholders but it has fluctuating trend. It indicates that Nepalese commercial bank is profitable and the bank has distributable profits to distribute to its shareholders. It can be observed that, commercial banks pay more bonus share in comparison to cash dividend.

The results of the correlation analysis demonstrate a strong positive association between the market price of the sample banks and earnings per share, bonus share, dividend per share, and return on assets. Nonetheless, there is a negligible and negative correlation between the market value of commercial banks in Nepal and cash dividends.

The results of the multiple regression analysis showed that the market price of the banks is significantly positively impacted by earnings per share. The share price is significantly

impacted negatively by cash dividends. Nonetheless, return on assets and dividends per share have a insignificant positive impact on share price.

5.3 Implications

This study has implications pointing to interesting prospects for future research. Some implication and suggestion for future research are discussed here.

1. According to this study, the market price of commercial banks is significantly positively impacted by earnings per share. Thus, the study's result provides further details regarding the effect that earnings per share has on Nepal's commercial banks' stock values. In conclusion, employees in decision-level bodies would strive to increase the bank's EPS in order to establish the bank's viability in the share market.
2. This study found that the market price of commercial banks is significantly impacted negatively by cash dividends. Therefore, management of the company should try to reduce the cash dividend in order to increase the stock market price and the firm's value.
3. This study shows that dividend per share has a significant positive impact on Nepalese commercial banks' share values. It illustrates how a greater market price for the bank might result from a bigger payout per share. The company's management ought to try raising the dividend per share in order to raise both the market price and the worth of the bank.
4. This study indicates that return on assets has a beneficial effect on the share prices of Nepalese commercial banks. It shows that a better market price for the bank would result from a higher return on assets. The management of a bank can work to increase the profit of the bank by making careful use of its assets; the greater the value of return on assets, the more effective the management of a business is at managing its assets to generate profits.

References

Baral, R. K., & Pradhan, A. (2018). Impact of Dividend Policy on Share Price of Commercial Bank in Nepal. *The International Research Journal of Management Science*, 107-122.

Bhandari, B., & Pokharel, T. (2012). Corporate Dividend Policy: A Study of Commercial Banks of Nepal. *Administrative and Management Review*, 24-44.

Bhatt, S., & Jain, D. (2020). Capital Structure and Profitability of Commercial Banks in Nepal. *Account and Financial Management Journal*, 2165-2173.

Dhodary, S. (2023). Determinants of Stock Market Price in Nepalese Commercial Banks. *The Harvest*, 81-86.

Dhungel, A. (2013). Imapct of Dividend on Share Pricing in Commercial Banks of Nepal. *Banking Journal, Volume 3 (Issue 2)*, 21-36.

Gautam, N., & Pradhan, R. S. (2016). Dividend policy and share price volatility: A case of Nepalese commercial banks. *Nepalese journal of finance*.

Hidayat, U., Saqib, S. e., & Usman, H. (n.d.). The Impact of Dividend Policy on Stock Price Volatility: A Case Study of Selected Firms from Textile Industry in Pakistan.

Horne, J. C. (2002). Financial Management and Policy. In J. C. Horne, *Financial Management and Policy* (p. 334). New Jersey: Prentice Hall.

Joshi, R. (2012). Effects of Dividends on Stock Prices in Nepal. *NRB Economic Review*, 61-72.

Monoppo, C. P. (2015). The influence of ROA, ROE, ROS, and EPS on stock price. *Jurnal EMBA*, 691-697.

Neupane, B. (2020). Impact of Earnings, Book Value and Dividend on Market Price of Stock of Nepalese Manufacturing Firms Listed in NEPSE. *PRAVAHA*, 21-30.

Niraula, B. (2021). Stock Price Behaviour of Commercial Banks of Nepal. *Patan Pragya*, 27-36.

Palamalai, S., & Prakasam, K. (2014). Stock Market Development and Economic Growth in India: An Empirical Analysis. *International Journal of Finance & Banking Studies*, 30-46.

Pandey, C., & Sunar, K. B. (n.d.). The Relationship between the Determinants of Equity Prices in Nepal. *The Harvest*, 29-36.

Pandey, I. (1995). *Financial Management.* Noida, India: Vikas Publishing House.

Pokharel, D. R. (2006). Banking System Development in Nepal: A Comparative Analysis. *Economic Review of Osaka Sangyo University*, 215-256.

Pokharel, J. (2020). Capital Market Linkage to Economic Growth in Nepal . *Westcliff International Journal of Applied Research*, 44-56.

Poudel, R. L. (2016). Determinant of Stock Price of Selected Banks in Nepal. *International Journal in Management and Social Science (Impact Factor- 5.276)* , 541-549.

Shah, A., & Dhakal, N. (2016). Dividend Policy, Share Price and Future Profitability: Case of Commercial Banks in Nepal. *Journal of Business and Social Sciences Research, 1(1)*, 89-110.

Sharma, D. (2011). Determinats of Equity Share Prices in India. *Researchers World-Journal of Arts, Science & Commerce*, 51-60.

Shrestha, P. M. (2020). Effect of Dividend on Stock Market Price: A Panel Data Approach. *Management Dynamics*, 199-208.

Silwal, P. P., & Napit, S. (2020). Fundamentals of Stock Price in Nepalese commercial banks. *International Research Journal of Management Science*, 84-98.

Srinivasan, P. (2012). Determinants of Equity Share Prices in India: A Panel Data Approach. *The Romanian Economic Journal*, 205-228.

Sukhija, D. (2016). Industry-wise Study of Fundamental Determinants of Share Price of BSE Stock Prices in India. *European Journal of Bussiness and Management*, 95-104.

Swar, M. K. (2011). *Impact of Divided on Equity Share pricing in Nepal.* Kathmandu: Shankar Dev Campus.

Tandon, K. (2013). Determinants of Stock Prices: Empirical Evidence from NSE 100 Companies. *IRACST- International Journal of Research in Management & Technology (IJRMT)*, 86-95.

Ugony, A., & Walker, B. F. (1995). The t Test: An Introduction. *Comsic Review*, 37-40.

Wagle, S. (2021). Determinant of Stock Market Prices in Nepal: A Case of Commercial Banks. *sdmimd*, 4-9.

Effect of Dividend on Stock Market Price of Com...

By: Muna Nepal

As of: May 26, 2024 9:51:07 AM
12,829 words - 71 matches - 6 sources

Similarity Index

10%

Mode: Summary Report

sources:

752 words / 6% - Internet from 14-Jan-2023 12:00AM
elibrary.tucl.edu.np

203 words / 2% - from 30-Mar-2024 12:00AM
elibrary.tucl.edu.np

92 words / 1% - from 17-Feb-2024 12:00AM
elibrary.tucl.edu.np

88 words / 1% - from 18-Jan-2024 12:00AM
elibrary.tucl.edu.np

76 words / 1% - from 17-Feb-2024 12:00AM
elibrary.tucl.edu.np

100 words / 1% - Internet from 17-Jun-2022 12:00AM
www.informaticsjournals.com

paper text:

Effect of ABSTRACT The income of company that the company pays to the shareholder from the investment they have made called a dividend. One of the vital but tricky task of managers is payment of dividend to its shareholders. Dividend payment and market price of commercial banks of Nepal are studied in this dissertation. The secondary data of various commercial sample banks are collected from the various for ten-year periods (2067/68-2077/78). Descriptive, correlation and multiple regression analysis are used for the analysis of the thus collected data. The findings of the study reveal that the highest cash dividend is distributed by HBL and the highest bonus share is paid by SBL to its shareholder. This study shows that HBL has paid the highest cash dividend and SBL has paid the highest bonus dividend to shareholders. The market price of HBL is highest among the sample bank in the share market which means that the bank performs the best in share market over the study duration. The correlation coefficient

of market price per share with **earning per share** , bonus share, **dividend per share**

and return on assets are 0.689, 0.621, 0.594 and 0.613 respectively. Further, market price per share has significant positive relationship with EPS, BS, DPS and ROA. But, cash dividend has negative and insignificant relationship with market price with