DEVELOPMENT BANK'S DIVIDEND PRACTICE AND ITS IMPACT ON MARKET PRICE OF STOCK

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

By

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CERTIFICATION OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled **"Development Bank's Dividend Practice and its Impact on Market Price of Stock"**. The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor has it been proposed and presented as part of requirements for any other academic purposes.

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

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REPORT OF RESEARCH COMMITTEE

Ms.Sonam Chaudhary has defended research proposal entitled **"Development Bank's Dividend Policy and Its Impact on Market Price of Stock"** 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 RabindraBhattarisubmit the thesis for evaluation and viva voce examination.

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We have examined the dissertation entitled **"Development Bank's Dividend Practice and Its Impact on Market Price of Stock"** presented by Sonam Chaudhary for the degree of **Master of Business Studies**. We hereby certify that the dissertation is accepTable for the award of degree.

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TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

ABBREVIATIONS

&	:	And
AG	:	Assets Growth
ANOVA	:	Analysis of Variance
CV	:	Coefficient of Variance
DF	:	Degree of Freedom
DPR	:	Dividend Payout Ratio
DPR	:	Dividend Payout Ratio
DPS	:	Dividend Per Share
DY	:	Dividend Yield
Eg	:	Example
EPS	:	Earning per share
ER	:	Equity Ratio
EV	:	Earning Volatility
EY	:	Earning Yield
FMO	:	Financierings-MaatscappijvoorOntwinkkelingslanden
FS	:	Firm Size
i.e.	:	That is
GBBL	:	GarimaBikas Bank Limited
JBBL	:	JyotiBikash Bank Limited
KSE	:	Karachi Stock Exchange
LD	:	Long term Debt
MBS	:	Master in Business Studies
MLBL	:	MahalaxmiBikas Bank Limited
MNBBL	:	MuktinathBikas Bank Limited
MPS	:	Market Price per Share
NEPSE	:	Nepal Stock Exchange
NPM	:	Net Profit Margin
NRB	:	Nepal Rastra Bank
NSE	:	National Stock Exchange
OLS	:	Ordinary Least Squares
P/E ratio	:	Price Earning Ratio
PBV	:	Price Book Value

QR	:	Quantile Regression
S.D.	:	Standard Deviation
SE	:	Standard Error
SEBON	:	Security Board of Nepal
Sig.	:	Significance
SPSS	:	Statistical Package for Social Science Research
SPV	:	Stock Price Volatility
Std.	:	Standard
TU	:	Tribhuvan University

ABSTRACTS

This study aims to investigate the practices of growth banks and their impact on market value. The impact of dividend policy on the share price of Nepal Development Bank has been studied by analyzing the dividend policy using various metrics such as Earnings per share, Dividend distribution, price-earnings, net income and relative income. to the market. Secondary data for the period 2012-13 to 2021-22 was collected from annual reports of development banks and other published sources. Use appropriate descriptive research techniques to analyze data. Multiple regression models and correlation analysis were used to examine the relationship between dividends and stock prices and the significance of the relationship. The study found that there is a negative correlation between earnings per share, net income, and net income, and a positive correlation between net income and price and earnings per share.

Keywords: *MPS, EPS, DPS, DPR, P/E ratio, DY, EY*

CHAPTER I

INTRODUCTION

1.1 Background of the Study

One of the most common issues in finance is the distribution of money. But managers, policymakers, and researchers have long disagreed about whether dividend policy affects stock prices. Investors, management, lenders and other stakeholders widely use distribution policy. This is important for investors because the dividend is more visible than in the past. This is a factor that determines whether a business is profitable or not. A company should consider its dividend policy carefully, as it will determine the resources in its future plans as income paid to shareholders. A company's ability to invest in future projects is related to the dividends it pays.

Dividends are payments a company makes to its shareholders. This is the part of the company's profits that is paid to shareholders. When a company makes a profit or surplus, the money can be used in two ways: it can be reinvested (called retained earnings) or distributed to shareholders' businesses. The main goal of shareholders is to increase the return, which can be made in the form of capital gains or dividends. Investors choose the fund's return based on the company's dividend policy.

Dividend policy is to maximize shareholders' wealth by increasing shareholders' purchasing power. Therefore, the growth of shareholder value depends on the company's distribution policy as shareholders are satisfied with their purchases and usage patterns. Companies should consider some important factors such as management and environmental behavior, company performance and company sentiment when formulating dividend policy. (Brigham & Houston, 2004)

Dividends have been a confusing topic in the financial industry for years. The relationship between dividend level and company stock prices is the most studied topic in dividend research.

The market price of a company's stock is often a proxy for its stock price, which is determined by the company's financial, dividend and investment decisions. The decision regarding dividends is considered important due to the importance of financial growth in the overall development of the company.

When a company's dividend is cut, its stock price usually falls. Announcing a dividend cut leads to a negative security return, while announcing a dividend increase leads to a negative security return. (Hampton, 2001)

A company's dividend policy is an important consideration when making financial management decisions. Extensive empirical data shows a positive relationship between revenue and operating costs. Managers are left to decide whether to keep the income for future investments or distribute most, little, or none of it as dividends. Ownership conflict of interest is at the core of this problem and is something that management must resolve. For example, some shareholders want to receive annual dividends so they can reinvest them at a profit in other companies, while other shareholders want to keep the dividends for pre-investment use. However, investors generally prefer businesses that pay higher dividends because they are less risky than expected future returns. Therefore, this study aims to examine the conflict between shareholders, management's changes in dividend policy, and the positive and negative effects of company value.

Dividend is a company policy that affects investors in return for what they receive for their investment in shares. Nepal's corporate sector is small and still in its infancy. A company's ability to invest in future projects depends on the dividends it pays to shareholders, so choosing the right dividend policy or formula is important. The more dividends a company pays, the less capital it has to invest in future plans. As the amount paid is greater than the dividend, the amount of money available to the company to meet its obligations decreases; Therefore, creditors are also satisfied with the company's income. Therefore, in this study, the relationship between dividend structure and stock prices will be examined.

We selected 4 out of 17 development banks to examine the impact of distribution policy on market value.

1.2 Problem Statement

The purpose of shareholders' equity investment is to increase their wealth. One of the investment returns that shareholders want is dividends. However, the choice of reimbursement remains an important and controversial aspect of management. There is a long-standing debate about how dividend policy affects stock prices. However, no clear conclusion has been reached about the link between dividends and stock prices.

Capital market is an important part of the country's commercial development. Although venture capitalists in Nepal are still in the early stages of development, Nepali investors are investing heavily in startups, especially in the financial sector. This trend will continue until investors are satisfied with the company's management decisions. Dividends are the best indicator for investors investing in stocks of various companies. Although dividends affect a company's value, management cannot make shareholders rich unless they understand how dividends affect value. Therefore, management must understand how dividend policy affects the company's market value, stock price, or shareholders' equity position.

Joshi (2021), After examining the impact of Nepal Development Bank's dividend policy on stock prices, it was found that earnings per share and earnings per share had a partially positive impact on stock prices, while it had a negative impact on dividends and income. It is calculated based on the market price per share. Price per share, earnings per share and dividends per share are interrelated. For example, the relationship between price per share and dividend yield and the relationship between price per share and net income are negligible.

Alajekwu&Ezeabasili (2020) Investigate how dividends affect the stock prices of companies listed on the Nigerian Stock Exchange. The results show that for non-financial companies, the dividend payout ratio reduces the price of volatile stocks; However, the negative impact of cash flows is negative for financial and non-financial companies.

Development banks in Nepal do not share the same characteristics when it comes to dividend policy, despite the fact that various theories imply differing effects of dividends on share prices. This study's primary goal is to address the following issues as best it can be able to:

i. Examine the pattern of dividend, MPS, EPS, DPS, DPR, DY, EY and P/E?
ii. What is the connection between the development bank's dividend and its earnings yield, market price, dividend payout ratio, dividend yield, and profit-earnings ratio?
iii. How does the dividend policy affect the stock's market price?

1.3 Objectives of the Study

The main risk for Nepal Development Bank is to generate enough cash to pay fair dividends to its shareholders. The main purpose of this study is to examine and analyze how the dividend decision of some selected banks is used in the context of current policies. Additionally, the specific aims of this study are as follows:

i. To examine relationship between financial and dividend indicators of JBBL, MNBBL,GBBL, MLBL
ii. To analyze dividend policy relates to different financial metrics such as EPS, DPS, MPS, DPR, DY, EY and P/E ratio of the selected development banks.
iii. To determine how the dividend policy affects the share market price.

1.4 Rationale of the Study

Dividends provide income to investors. The goal of business owners investing in stocks is to maximize their investment and make a good profit. Income is a powerful tool for bringing in new capital, preserving and making existing capital interesting, as well as maintaining goodwill and the company's ability to maintain management dignity. Investors' expectations are high, but few companies in Nepal have good ideas. Therefore, it would be useful to analyze the income rules of the growing companies selected for this study.

This study will be useful for researchers and will also be a useful tool for many stakeholders, including banks, financial markets and business owners. Business owners will be able to determine whether the income from the business they invest in is significant. They will also be able to determine the company's position in the financial market. This study will assist companies, financial institutions, regulators, and other stakeholders, in addition to management, to identify inconsistencies and provide recommendations on problem-solving regarding appropriate practices.

Government practices in distribution, management, monitoring and control can also benefit. Additionally, students will be able to learn common practices that will be useful as they can use them as references when researching related topics.

1.5 Limitations of the Study

A number of weak constraints lead to generalization, including time constraints, economic scarcity, applicability of statistical tools, and other variables. This course counts towards only partial completion of the Master of Business Studies (MBS) requirements. Therefore, the following limitations apply to this study:

- The data of only ten fiscal years from 2012/13 to 2021/22 are taken for studies.
- The analysis just considers the bank's performance in relation to dividends.
- There are many factors that affect dividend decision and valuation of the firm. However, only that factor related with dividend will be considered in the study.
- Besides there are many development banks only three banks are taken as a sample for the study which are: JyotiBikash Bank Limited, MuktinathBikas Bank Limited, GarimaBikas Bank Limited and MahalaxmiBikas Bank Limited.

CHAPTER II

LITERATURE REVIEW

A literature review is a review of research that has been done on a particular topic. It is an important part of any research. The literature review is evaluated in terms of current knowledge, including key findings as well as theoretical and methodological applications on a particular topic. . The literature review is of secondary importance and therefore does not report new studies or original experiments. Additionally, a literature review can also be defined as a review of missing results. Its main purpose is to create an up-to-date study within the knowledge base and to present content to the audience.

Data analysis is important because it informs the plan of the research. The main purpose of literature review is to understand what has been done in the field of research problem under investigation and what has been done in the field of unexplored research. In the analysis, the researcher utilized many books, reports, journals and research articles published by various institutions, as well as unpublished materials belonging to university students.

2.1Conceptual Review

Maximizing shareholders' wealth is the primary goal of financial management. To achieve this goal, management (i.e., auditors of preferred shareholders) must consider three important factors: financing, dividends, and investments. Investment choice affects the assets the company uses and their total cost. A company's capital structure is determined by its financial options and forms the basis of investment decisions. This study focuses on dividend policy, which is a decision by management regarding the amount and frequency of dividends to be distributed to shareholders. These pay policies specify the pay procedures that managers will follow. Investment, financing and dividend decisions must be made simultaneously as they are interrelated. Theoretically, the benefits of these policy options should maximize shareholders' wealth. -The aim of dividend policy should be to maximize shareholders' returns and therefore profits.

Ownership returns consist of two things: dividends and capital gains. Distribution policy is directly related to two parts of the return."(Pandey, 2000)

Dividend decisions are about shareholders and the company's internal growth. Funds are beneficial to shareholders because they increase the current value of their assets. It's also better from the company's perspective because it will support its growth. Dividend policy determines how much of the profits will be distributed to shareholders and reinvested in the company. The amount of profit provided to shareholders as payment for the initial investment in shares is called dividend. A company's overall financial strategy is affected by its dividend policy. The term "dividend policy" describes the management process when deciding how much income should be distributed to shareholders as dividends. A portion of the income distributed to shareholders is called dividend. Ø A company's dividend decision is another important aspect of financial management. An important element of income is determining the amount of income distributed to shareholders and the company's income. Retained earnings are the most important source of internal financing for the development of the company. On the other hand, from the shareholders' perspective, dividends may be considered desirable because they enjoy current returns. However, dividends are an expense of the company." (Pandey, 2000).

Stock or equity is defined as an important part of the capital structure. It also means the first source of capital. It gives ownership, equal ownership to its owners. Shareholders are the ultimate owners and receive dividends back. By investing in equity, shareholders hope to receive money in the form of capital gains or dividends. Therefore, capital gains or dividends can increase the share price. Once a business makes money, it must decide what to do with that money. Profits can be distributed to the company's shareholders as dividends or retained earnings. Shareholders receive dividends from the company's profits in return for their investment. Corporate governance involves determining the amount of income distributed to shareholders and the amount of income retained or reinvested in the company. The aim of dividend policy should be to make shareholders fair. - Dividend is the portion of company profits paid to shareholders. Companies should strive to follow best practices, that is, practices that maximize shareholder value over the long term." (Khan & Jain, 1999)

Shareholders receive dividends from the company's profits in return for their investment. Earnings are used to calculate how much revenue a company needs to generate for future

growth and how much money should be paid to shareholders. The goal of dividend policy should be to maximize owners' ownership. Retained earnings are used to finance profits, thereby increasing the growth of the company. Dividend policies are often problematic because shareholders want companies to pay more, and these companies try to use capital in ways that maximize shareholders' wealth. Therefore, management is concerned with business transactions that affect the welfare of members. Earnings can be used to measure this health, but stock prices provide a more accurate indicator. But investors view dividends as less risky than capital gains. (Hampton, 2001)

Leadership has been an issue in the financial industry for decades. Among the many topics researched regarding dividend distribution, the most popular is the relationship between dividends and company values. According to the discount model (Gordon, 1959), it can be thought that the increase in the amount of dividends should be accompanied by an increase in fixed prices (Miller and Modigliani, 1961). But claiming that a company's value is not affected by current and future dividend decisions is called a counterfactual hypothesis. They theorized that shareholders should not care about the dividend and hide it from the company. However, the fact that the concept of the best job does not exist in practice reveals the possibility of the law." (Miller and Modigliani, 1961)

"Research shows that the determinant of income change is current income, while past dividends reduce the relationship between incomes (Lintner, 1956). He found evidence that income, retained earnings, and other determinants have a positive relationship with market prices." (Khan 2009). The study suggests that the overall impact of dividends on stock prices is comparatively better that of retained earnings.

2.1.1 Forms of Dividend

Dividends can be divided in different ways depending on changes in the company's needs. Companies distribute different types of dividends to their shareholders depending on their objectives and conditions. The type of distribution the company seeks depends partly on the behavior of its managers and partly on financial and financial results. Obviously, companies distribute different types of dividends to shareholders when they

get a return on their investments. The following dividend distributions are made according to the importance of the company's policy objectives and conditions:

a) Cash Dividend

The company pays a portion of dividends to shareholders from its profits, called dividends. “A cash dividend is the dividend, which is distributed to the shareholders in cash, out of earnings of the company. When a cash dividend is distributed both total assets and net worth of the company decrease as cash and earnings decreases. The market price of share drops in most cases by the amount of the cash dividend distributed. Most company pay cash dividend in sufficient liquidity conditions.” (Van Horne 1993)

b) Stock Dividend

A dividend occurs when new shares are paid in cash to existing shareholders. In addition to dividends, distributions made to existing shareholders are also called dividends. “A dividend occurs when the board of directors authorizes the distribution of shares to existing shareholders. Dividend income increases the number of outstanding shares of a company. The income from the stock must have access to the income from the income stored in the stock and paid into the fund. These dividends are not included in cash. Net assets remained unchanged and the number of shares increased.” (Srivastava, 2001)

c) Interim Dividend

If the documents are in accordance with the decision, the directors may decide to pay the proceeds from the biennial meeting before the account is closed. Announcements and payouts are usually made if the company makes a large or unusual profit during the year, with managers looking at profits for shareholders. Interim dividend is the amount received at the biennial meeting held before the financial account is closed. “Generally, dividends are declared in the last year of the financial year. This is called regular dividend. Often managers can declare dividends before the end of the financial year. This is called periodic dividend.” (Pandey, 1982).

d) Scrip Dividend

Dividends are used when a company's cash position is temporarily weak but its earnings support the payouts. That's why other companies also offer bonds and products to their shareholders. Subscription dividends is the term used to describe this type of payment. "If the company's income is sufficient to cover its cash flow, but the company's cash position is temporarily weak and does not allow dividend distribution, the fund distribution can be reported in the form of shares. Proceeds from promissory notes may have an expiration date or may be transferred to the principal. Such dividends may be interest-bearing or interest-free." (Miller & Modigliani, 1966)

e) Bond Dividend

Dividends paid to shareholders in the form of bonds are called dividends. It makes a sound investment decision for businesses that can grow profitably over time. In other words, the company uses dividends from its bonds to pay cash. "Company can distribute its own bond to the shareholders on the bond dividend. It helps the company to postpone the payment of cash." (Sharma, 2001)

f) Property Dividend

If the dividend is paid in real estate rather than cash, it is called a dividend. Dividends are paid when an asset (such as an investment or finished goods inventory) is no longer needed by the company. "Instead of cash dividend can be given in the form of property. Whenever, the assets which are not used in the operation of the business or in extraordinary circumstances distribute to the shareholders who are the actual owners of the company." (Van Horne, 2000)

2.1.2 Theories of Dividend

Two dividend hypotheses exist, and they are outlined here.

1. Residual Theory of Dividend

This principle states that a company should maintain its income as long as it has assets that promise higher returns than shareholders' returns. The redundancy policy assumes that other sources of funds do not exist or, if available, are too expensive to use. The surplus allocation method says that when a business chooses to invest, it allocates the

surplus as income. According to the remaining balance distribution theory, all investment results should be accepted if they comply with the company's investment theory, and only the remaining results should be distributed as dividends. According to this theory, if the company has a balance after paying fixed expenses and capital on the investment, it has invested its income in the project, and if the company has capital that provides a return higher than the required return, it distributes the additional money. It comes to the company's shareholders dividend.

When the company first gets the opportunity to invest in a prosperous area, it opts for internal income or allocates income to external income, which is more expensive due to list price, etc. Therefore, dividend distribution will vary depending on whether the company finds the required income or not. "Although, the residual theory of dividend appears to make further analysis the dividend policy unnecessary, it is not clear that dividends are solely a means of disbursing excess funds"

Dividends are paid if the income is more than required for the financial business; Therefore, the theory assumes that dividend policy is completely passive. This is how the dividend is determined;

D_t = Max. (E_t – I_t or 0)

Where,

D_t = dividend paid in year't'

E_t = earning in year't'

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

In calculation, we can say the residual dividend theory prefers use of internal funds in investment and increased value of shareholders assets through capital gain of equity.

2. Stability Theory of Dividend

The continuous payment of dividends in different amounts every year and regardless of income is called fixed dividend. The consistency of dividend income is attractive to many

investors. Holding a company's dividend income relative to a competitor (ideally a competitor with a decreasing slope) is what we call stabilization. There are many theories that support the theory that high stock prices are a result of tight monetary policy. First, because variable dividends are riskier than fixed dividends, investors often prioritize dividends they are guaranteed to receive.

Therefore, there may be a larger discount to the average dividend of a variable dividend policy than to the dividend of a fixed dividend policy. This means that a company that pays regular dividends has a lower required return, or cost of equity, than a company that pays dividends. Second, many business owners rely on cash flow to support themselves. Because these investors find volatility in earnings troubling, they are willing to pay more for a company with a reasonable minimum payout. Third, for the company and shareholders, fixed financial dividend is the first choice to meet the established requirements.

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

i. Constant Dividend per Share

The policy provides for dividends to be paid annually at a fixed price per share, regardless of changes in earnings. It is easy to follow this rule when one has a stable income. That's why most businesses follow this policy. This policy may be difficult to maintain if the company's financial structure has changed significantly. Investors whose main source of income is income will love this policy.

ii. Constant Payout Ratio

The fixed payout plan specifies the annual dividend as a percentage of fixed income. According to this rule, the amount of dividend will be proportional to income. Management often uses this policy because it directly affects the company's ability to pay dividends. When there is no profit, the company does not pay dividends. It guarantees that dividends will be deducted from losses and paid when profits are made.

iii. Low Regular Dividends plus Extras

The middle ground between the first two is a bonus dividend policy combined with a low dividend payout ratio. This amount will be paid as regular dividends in accordance with this policy. Although this policy is the best option for the company, as it provides flexibility to the company, investors cannot be sure about their income or whether the company's income fluctuates widely. Under this policy, small dividends are adjusted to reduce the interim payment. To prevent investors from waiting for the size of the payout, the company pays a special amount during the profit period. This approach gives the company greater flexibility and allows it to pay regular dividends, always at a fixed rate.

2.1.3 Factors Influencing Dividend Policy

While selecting a dividend, there are numerous things to take into account. The explanations of a few of the variables that affect dividend policy follow.

1. Legal Restrictions

Laws and regulations are important as they form the basis for profit distribution. Among them, business and finance are related to politics. The profit distribution policy is listed below.

i) Capital Impairment Rule

According to these regulations, dividends should not be paid if the company's capital is destroyed or the income from dividends causes serious loss. This means that paid-up capital should not be used for paying dividends.

ii) The Surplus Rule

Only surplus should be used to pay dividends; earnings or excess cannot be used to legitimately declare dividends.

iii) The Insolvency Rule

Dividends cannot be paid under the insolvency rule if the business is insolvent or if making the payment would cause it to become insolvent.

2. Stability of Earnings

Companies with fixed profits are more likely to pay out larger dividends than companies with variable profits. The job is not stable and he doesn't know how much he will earn in the next few years. Therefore, he is likely to retain a significant portion of his income.

3. Access to the Capital Markets

A large company established with a history of profitability and profitability, with easy access to capital markets and other external sources of financing. However, starting a small business or commercial venture has limited access to debt or equity financing through venture capital. Therefore, to cover operating costs, the company must retain more of its revenue. “Larger firms tend to be more mature and thus have easier access to the capital market which reduces their dependence on internally generated funding and follows for higher dividend payout ratios.”

4. Liquidity Position

Retained earnings are income that appear on the right side of the balance sheet and are generally invested in assets needed to run the business. Retained earnings are not held as cash because they are invested in inventory, plant and equipment, and other assets. Because of its liquidity position, the company will not be able to pay dividends even if it has a history of profitability. Even a profitable and growing business requires a lot of capital. In this case, the business has another option: to avoid paying dividends.

5. Profit Rate

The relative attractiveness of dividends to shareholders depends on the expected return on assets. Therefore, strong results lead to broad dividends.

6. Control

The impact of different budgets on the management of an organization is another important difference. The growth of some businesses is limited by their internal revenues. This is because raising money by selling more shares reduces the power of elites in the company. At the same time, selling debt increases the risk of negative returns for the company's current owners. Dividend is reduced when controlled by internal funds.

7. Contractual Restrictions

Payment of proceeds may be limited by agreements with creditors, including debt holders, creditors, and preferred shareholders. Due to these restrictions, a certain percentage of the income must be allocated to investment or a certain amount of income must be paid, but not more than specified.

8. Others

The above factors alone are not enough to determine the right distribution policy. There are many more things and opinions. These include changes in government policy, future expansion opportunities, age and growth of the company, dividends, moving management and support, etc. Contains available information about.

2.2 Theoretical Review

1. Walter’s Study

Prices of products are affected by the distribution policy of the company according to the income needs. That's why dividends are so high. When a company announces that it will increase its dividend, the company's stock price will increase. Conversely, when a company announces a dividend cut, its stock price drops significantly. According to James E. Walter's 1957 Journal of Finance article "Policy and Present Value" noted that the choice of dividend policy almost always has an impact on the value of the company or the value of its shares. Walter's research also relies on some assumptions:

- The cost of capital (K) and the return on the company's investment (r) are constants..
- All profits are reinvested internally or given as dividends.
- The EPS and DPS continue to have the same values.
- The company will always exist.

Walter claims that the following formula can be used to determine the stock's value:

$$P = \frac{DPS}{K} + \frac{r(EPS - DPS)/K}{K}$$

Or ,

$$P = \frac{DPS + r/k(EPS - DPS)}{K}$$

Where,

P = Market price per share

r = internal rate of return

K = cost of capital

DPS = dividend per share

EPS = earning per share

Walter has recommended various policies for various firms according to their stage of growth. They are:

Growth Firms

A growing firm is defined as a firm where r>k. Growing companies decided to offer more profitable business opportunities. Because these companies make more profits than shareholders expected, they reinvest their profits. These companies will keep all their profits internally for future investment, thus generating more profit from the shareholder. Therefore, the best compensation for a growing company is zero. When r > k, dividend yield decreases and market price per share increases.

Normal Firms

When companies earn good returns on good investments, they earn a ratio equal to the cost of capital with r = k. In other words, when r > k, the company does not have unlimited capital. In this case, dividend policy has no impact on the market price per share of the company. Therefore, there is no agreement to make payments to any company.

Declining Firms

Firms with r < k are said to be in decline. The term "diving company" refers to businesses that are not profitable investments. These companies may not receive returns from investors if they invest in unattractive markets. Therefore, it costs nothing to produce these resources. Therefore, 100% is the best payout for business failure. As the dividend increases, the price per share ("P") will also increase.

Limitation of Walter's Study

i) No external financing:

Walter's approach is based on the view that retained earnings are the main source of funds for the company's investment, without the use of external debt or equity capital.

ii) Constant r and k:

Walter's method is predicated on the idea that r and k are fixed. In actuality, k varies in direct proportion to the firm's risk, while r declines as more investment is made.

2. Miller and Modigliani's Study

Modigliani and Miller (MM) provide the best defence of distributive income. According to MM's theory, the company's dividend policy has no value because it has nothing to do with shareholders' wealth. They believe that the amount of capital or investment a company invests in its strategy determines the company's value. When making an investment decision for a company, the distribution of income from cash flow and

retained earnings is less relevant to the company's valuation. As previously mentioned, the impact of potential members' income may be affected by the financial situation:

- An ideal capital market, sensible investors, no flotation costs, free knowledge, and boundless security divisibility.
- There are no taxes.
- The company has a set investment strategy.
- There is no uncertainty risk. One discount rate is suitable for all securities across all time periods, and investors can predict future prices and dividends with certainty. Therefore, for all time, r = k = kt.

M-M offer the evidence to back up the claim in the way that follows.

Step -1

The present value of the dividends paid at the conclusion of the term equals the market price of a share of the company at the start of the period. plus the share's market price at the conclusion of the term.

Symbolically,

$$P_0 = \frac{D_1 + P_1}{1 + K_e} \dots\dots\dots\dots (1)$$

Where,

P_0 = current market price of a share

D_1 = dividend per share to be received at the end of the period

P_1 = market price per share at the end of the period

K_e = cost of equity capital (assumed constant)

Step-2

If there is no further funding, multiply both sides of equation (1) by the total number of outstanding shares (n) to determine the firm's entire worth.

$$nP_0 = \frac{(n(D_1 + P_1)}{1 + K_e}$$

Step-3

The firm's valuation at time zero will be P1 if it issues (sells) a certain number of new shares (m) to cover the fund's new investment requirements;

$$nP_0 = \frac{n(D_1 + P_1) + (mP_1 - mP_1)}{1 + K_e}$$

$$nP_0 = \frac{nD_1 + nP_1 + mP_1 - mP_1}{1 + K_e}$$

$$nP_0 = \frac{nD_1 + (n + m)P_1 - mP_1}{1 + k_e} \ldots\ldots\ldots\ldots (2)$$

Where,

m = no of equity shares issued at the end of the period.

Step-4

Within a specific timeframe, a company's investment ideas may be funded by retained earnings, fresh share issuance, or both. The quantity of newly issued will therefore be:

$$mP_1 = I - (E - nD_1)$$

$$mP_1 = I - E + nD_1 \ldots\ldots\ldots\ldots (3)$$

Where,

I = investment need

E = earnings available

Step-5

Equation (2) is obtained by changing the value of mP1 from equation (3),

$$nP_0 = \frac{nD_1 + (n + m)P_1 - I + E - nD_1}{1 + K_e}$$

$$nP_0 = \frac{P_1(n+m) - I + E}{1 + K_e} \ldots\ldots\ldots\ldots (4)$$

Step-6

In light of the fact that dividend is not mentioned explicitly in the formula, it can be concluded that E, I, (n+m)P1, and Ke are not influenced by dividend.

In other words, MM concluded that the value of the company is not affected by dividend policy and is not significant. Companies that pay dividends must raise capital from external sources to support their investment objectives. MM says that when a company pays outside, an interest balance occurs.

3. Gordon's Study

Myron Gordon proposes an interesting idea that relates a company's market value to its dividend policy. It is said that when the situation is uncertain, investors tend to prefer current dividends over future investments. Dividends are now considered less risky than expected capital gains. The market value of the stock is assumed to be equal to the present value of the regular dividends the stock will receive.

Gordon's model is based on the following assumption:

- As an all-equity company, any expansion would be financed by retained earnings because there is no external funding source available.
- There is a constant internal rate of return (r) and cost of capital (ke).
- The company never ends and neither does its revenue stream.
- There is a lack of business taxes.
- After it is chosen, the retention ratio (b) never changes. G = br is a constant growth rate as a result.
- Meaningful value can only be obtained if Ke is bigger than g. Ke>br

Based on above assumption, the formula advanced by him is as follows.

$$P_0 = \frac{EPS(1-b)}{K_e - g}$$

Where,

P_0 = price of a share

EPS = earning per share

b = retention ratio

K_e = cost of capital

g = growth rate

1-b = dividend payout ratio

According to this model the following facts are reveals:

- For growing companies, a rise in retention ratio (b) or a fall in payout ratio (b) tends to improve the share price.
- For typical businesses, the payout ratio (1-b) and retention ratio (b) are likely to remain unchanged.
- When a company is in decline, its share price usually rises in tandem with a drop in the retention ratio (b) or an increase in the payout ratio (b–1).

4. Van Horne and McDonald's Study

Van Horn and McDonald provide a more comprehensive analysis of the new equity and dividend policies. The aim of this study is to reveal how the company's new financing options, equity capital and dividend distribution, affect the market value of the company's shares. In the 1986 compustat industrial data tape, 86 electric power companies were included in the compustat industrial data tape.

Research shows that equity financing in 1986 had a negative impact on the prices of dividend-paying energy companies, except for those companies that generated the most new revenue. This makes growing new crops more expensive than maintaining profits. They also say that when there is too much equity capital to pay dividends, stock prices fall.

2.3 Empirical Review

Ahmed and Javid (2008) examined the dynamics and impact of dividend payment policies of 320 non-financial companies listed on the Karachi Stock Exchange between 2001 and 2006. The research used Linter's (1956) distribution model and its improvements in environmental quality for analysis. . The findings once again showed that Pakistani non-financial companies rely on both past earnings and current earnings per share. Non-financial companies are adapting quickly and have low dividend plans, leading to greater volatility. The study found that profitable companies with stable revenues were able to pay higher dividends because they were able to generate more cash flow. Additionally, market liquidity and ownership concentration also have a positive impact on dividend policy. Additionally, dividend policy is also negatively affected by effort and resources.

Jozwiak (2015) examined corporate tax policies in developing countries, primarily the United States. The main purpose of this paper is to investigate the income of Polish companies listed on the stock exchange. The study uses panel data analysis to investigate the factors affecting the dividend policy of Polish companies. The paper also explains the impact of various aspects of dividend policy on the Polish market. In addition, it examines how different variables such as profitability, efficiency, market size and capital affect the dividend payout choice in Polish companies as well as in industrialized countries. The results of the study show a negative relationship between the two indicators (profitability and leverage) and the revenue ratio. The results show that Polish non-financial companies listed on the Warsaw Stock Exchange follow dividend policy that is not recommended by the organization.

The research objective of Shah and Noreen (2016) is to determine the relationship between dividend policy and SPV of listed companies in Pakistan. 50 companies from non-financial sector which were listed on KSE during the year 2005-2012 were selected as a sample. relationship. The research objective of Shah and Noreen (2016) is to determine the relationship between dividend policy and SPV of listed companies in Pakistan. We selected 50 companies from non-financial sector which were listed on KSE during the year 2005-2012 as a sample. The relationship between distribution policy (DPR and DY) and SPV was evaluated in multiple regression analysis using panel least

squares estimation using the regression model of garden data in the same manner after adjustment for FS, AG, LD, EV and EPS.

Ahmad, Alrjoub, and Alrabba (2018) investigated the impact of dividend policy on stock price volatility of companies listed on the Amman Stock Exchange. In this study, data of 228 companies traded on the Amman Stock Exchange between 2010 and 2016 were used. Panel GMM estimation, Pearson correlations, and descriptive statistics were used to examine this relationship. The results show that the two main income variables (DY and DPR) have a negative relationship with stock prices. This means that the higher the company's DY and DPR, the more volatile its stock price will be, promoting a more stable price.

Zainudin, Mahdzan, and Still (2018) examined the relationship between stock companies listed on Bursa Malaysia, dividend policies, and stock market volatility. The sample includes 166 stocks produced by publicly traded companies between 2003 and 2012. Baskin's method is used to determine the relationship between a company's stock price volatility and dividends after taking into account stability, leverage, asset growth, and income volatility. In addition, it was investigated how the global financial crisis affected the relationship between changes in the product and the analyzed variables. Widespread competition in earnings helps explain why company stock prices fluctuated throughout the crisis, while dividend yields were more affected by changes before and after the troubles. According to the findings, the most important determinant of Malaysian stock prices, especially after the crisis, is dividend policy.

Singh and Tandon (2019) evaluate the impact of dividend policy on stock prices of Nifty 50 companies listed on the National Stock Exchange (NSE) between 2008 and 2017. Data were analyzed using multiple panel regression models, including covariance and interaction models. and random effects models. The best fitting regression model was created using the Hausman test. According to Hausman's results, a negative correlation model is necessary to explain the relationship between variables. The dividend policy approach is supported by the results of random effects regression models. The researchers concluded that a company's share price is affected by its dividend policy.

Using Vietnam as a context, Nguyen, Bui, and Do (2019) address the limitations of the statistical models used in previous articles and investigate inconsistencies in dividend and stock price policy. The aim of this study is to test the relationship in practice by adding

additional variables to the checklist. The Ho Chi Minh Stock Exchange conducted a sample analysis of 141 non-financial companies between 2011 and 2016. After full analysis of the dataset for issues of multicollinearity, endogeneity, and causality, this study uses constant or model. Earnings and earnings have been found to significantly negatively impact stock market volatility.

Camilleri, Grima and Grima (2019) examine the relationship between stock price volatilities and dividend distributions of Mediterranean banks and focus on the diversity of consequences that arise when people are not involved. To model volatility, the authors regress earnings and payout ratios along with other controls and use them as proxies for dividend policy. The use of retrospective data including the effects of the 2007 financial crisis and the use of cluster analysis in creating the models allow us to evaluate the robustness of the findings. The results show that when outliers are removed and sample subsamples are identified, different conclusions are drawn about the potential relationship between dividend policy and turnover. Additionally, a strong relationship may not exist even if the hypothesis is derived from traditional measures of statistical significance.

Dang, Tran, and Tran (2019) examine how the level of dividend policy affects market volatility in the context of the Vietnam Stock Exchange in developing countries. We collected data on 248 companies listed on the Vietnam Stock Exchange from 2014 to 2017. Researchers found a positive relationship between exchange rate and dividend policy using quantile regression (QR) and ordinary least squares method (OLS). Company size is not associated with some fluctuations; growth, long-term debt and weak earnings are closely related to fluctuations in market prices. He also found that companies with lower earnings have a greater impact on stock prices.

Syofyan, Putra, and Aprayuda (2020) examined how capital structure, dividend policy, and fixed price affect stock prices. Specifically, price-to-book ratio (PBV) is used to measure the value of the company; Abnormal return (CAR) is used to measure stock price. Forty-three manufacturing companies listed on the Indonesia Stock Exchange provided secondary data for this study. A series of linear regression analysis was used to analyze the data. The results show that while capital structure has a negative effect on stock prices, dividend policy has a positive effect. Despite this, the share price was not affected by the company's value.

Alajekwu and Ezeabasili (2020) investigated the impact of dividend policy on stock price volatility of companies listed on the Nigerian Stock Exchange for 11 years from 2006 to 2016. This study compared the data collected from 19 financial companies and 41 non-financial companies using panel data methods. Stock volatility is measured by the standard deviation of the market price and dividend rules such as dividend yield and dividend yield are calculated with five variables: market size, growth, leverage, earnings volatility and financial crisis. The results show that for non-financial companies, dividend rate reduces economic performance while for financial companies, the results are slightly beneficial. For companies providing financial and non-financial services, the negative impact of stock market volatility on income is negligible. Bustani, Kurniaty and Widyanti (2021) examined the stock price index (NPM). Five-year (2014-2018) study of Indonesian Stock Exchange food and beverage companies. 12 companies that meet the needs of researchers created the research model. Structural equation modeling (SEM) was used to report data analysis to test hypotheses. The results of the study support the view that EPS, PBV and DPR have a significant impact on stock prices. NPM has no significant 5% alpha impact on stock prices over the entire study period.

Khatiwada (2020) examined the factors affecting the stock prices of Nepalese insurance companies listed on the Nepal Stock Exchange from 2011-12 to 2017-18. Data obtained from the annual reports of selected insurance companies were analyzed using correlation and regression models. Research results show that cash flow is negatively related to stock price, whereas earnings per share and value for money have a negative impact on stock prices.

Aryal (2020) examined how dividends based on price-earnings, earnings-earnings, earnings per share, and dividends per share affect the market value of Nepal Joint Venture Development Bank shares. The study was conducted between 2013-14 and 2017-18 using data from six development companies. We estimate regression and correlation models to examine the impact of market capitalization of United Development Bank of Nepal. The results show a positive relationship between price-earnings ratio and earnings per share. There is a slight but positive relationship between price per share and dividends per share. For example, there is a negative correlation between share price and dividend yield, which is negligible.

Joshi (2021) tried to investigate how dividend policy of Nepal Development Bank affects stock prices. To determine whether dividend policy affects the value of selected banks in Nepal, the study examines earnings policy using the following metrics: share-wise, earnings per share, price-earnings and earnings per share. The relationship between revenue and operating costs was analyzed and tested for significance using multiple regression and correlation analysis. The study concluded that there is a negative relationship between income and income, while there is a positive relationship between market price per share and one's income, dividends per share and earnings per share. Market value per share, earnings per share, dividends per share, and price-earnings ratios all show a positive relationship. The relationship between market price per share, net income and dividend yield is not significant.

Poudel (2021) examined how dividends affect the market value of life insurance in Nepal. Convenience sampling was used to collect data for financial years 2014-15, 2018-19 and 2019-20 from four life insurance companies listed on the Nepal Stock Exchange (NEPSE). This study examines the impact of earnings per share, dividend per share, net income, net income and net profit on the market value of life insurance companies in Nepal using statistical data, correlation and regression analysis and ANOVA test. The study found that the market price of Nepal Life Insurance Company shares has a negative relationship with net income and a positive relationship with dividends per share.

Adhikari (2021) examined the factors affecting the stock price of Nepal Life Insurance Company. This study used data from four insurance companies listed on NEPSE between 2013/14 and 2019/20. To examine the impact, regression estimation and correlation model of a particular stock on the stock price of Nepal Life Insurance Company. The results showed that earnings per share, dividend per share, price, price-earnings ratio, earnings per share income and revenue are the main factors of the stock price of the particular company in Nepal life insurance. Market capitalization per share, earnings per share, earnings per share, earnings per share, and earnings per share all indicate a good deal.

Table 2.1

Summary of Review of Articles

Writer (Year)	Topic	Objectives	R/M	Findings
Thapa, Chaudhary (2023)	Nepalese Stock Market Reaction To Dividend Announcement:	This study examines the reaction of the market economy to the currency announcement in Nepal. 49 listed companies were selected as a representative sample (accounting for 22.37% of all companies listed on the Nepal Stock Exchange)	Market volatility model, business model, constant average return model, investment cost and other risk model	The study found a positive relationship between stock prices and earnings announcements; This shows that investors follow information about the company's dividend policy. similar. (2013) for Bangladesh and Abbas (2015) for Syria.
Joshi (2021)	Impact of Dividend Policy on Stock Price of Development banks in Nepal	To analyze the impact of dividend policy on stock price of Nepalese selected development banks.	Correlation and multiple regression model	Business value per share is positively correlated with earnings per share, earnings per share, and price-to-earnings ratios, while earnings ratios are negatively correlated with revenue-to-earnings ratios. There is no significant relationship between market value per share and dividend yield or between market value per share and dividend yield.
Poudel (2021)	Impact of Dividend on Share Price of Nepalese Life Insurance Company	To examine the impact of dividend on the market price of Nepalese life insurance companies.	Descriptive Statistic, Correlation and Regression and ANOVA test.	The result of this study is that earnings per share of Nepal Life Insurance Company has positive correlation with stock price, while earnings per share has negative correlation with enterprise value.
Adhikari (2021)	Factors Affecting Share Price in Insurance Companies.	To examine the factors affecting the share price of Nepalese life insurance companies.	Correlation and multiple regression models	The results show that earnings per share, dividends per share, price/earnings, net income and net income are important results. Business value per share is closely related to earnings per share, earnings per share, dividend payout ratio, price/earnings and net

				income.
Bustani, Kurniaty&Widyanti (2021)	The Effect of Earning Per Share, Price to Book Value, Dividend Payout, and Net Profit Margin on the Stock Price in Indonesia Stock Exchange	To examine the effect of EPS, PBV, DPR, and NPM on the stock price.	Data analysis with bootstrapping used SEM (Statistical Equation Modeling) in hypothesis testing	The research results confirmed the significant impact of EPS, PBV and DPR on stock prices. At the same time, NPM does not have a significant impact on stock prices during the study period, with an α value of 5%.
Khatiwada (2020)	Factors Affecting the Share Price of Nepalese Insurance Companies	To examine the determinants of share price of insurance companies of Nepal	Correlation and regression model	The results show that earnings per share and price-to-earnings ratio are positively related to stock prices, while dividends are negatively related to stock price.
Aryal (2020)	Dividend and Its Effect on Market Price of Stock in Nepalese Joint Venture Development banks	Analyze the impact of Nepal Joint Venture Development Bank's revenue and earnings per share, earnings per share, dividend payout ratio and price-earnings ratio.	Correlation and regression model	The results show that there is a significant relationship between earnings per share and price/earnings per share ratio. There is a negative correlation between earnings per share and market value per share. There is a negative relationship between dividends and share price.
Syofyan, Putra &Aprayuda (2020)	Influence of Company Value Information, Dividend Policy, and Capital Structure on Stock Price	To examine the effect of firm value, dividend policy, and capital structure on stock prices.	Multiple Linear Regression	The results show that dividend policy has a positive effect on stock prices, while capital structure has a negative effect on stock prices. However, company value does not affect share price.
Alajekwu&Ezeabasili (2020)	Dividend Policy and Stock Market Price Volatility in the Nigerian Stock Market	To examine the effect of dividend policy on the volatility stock prices of firms quoted on the Nigerien Stock Exchange	The panel data regression technique	The study found that dividend income has a positive impact on the market volatility of non-financial companies, while it has a positive but not negative impact on corporate finance. However, the negative impact of cash flow on non-volatile stock prices is insignificant for both financial and non-financial service firms.

Singh &Tandon (2019)	The Effect of Dividend Policy on Stock Price: Evidence from the Indian Market	To evaluate the effect of dividend policy on market price of share of listed companies on National Stock Exchange.	Multiple panel data regression namely pooled regression, fixed effect model and random effect model.	The results show that the random effects model is more appropriate in explaining the relationship between variables. The results of the random effects regression model support the intervention approach to allocation policy. The results show that dividend policy has an impact on companies' stock prices.
Nguyen, Mai H. Bui & Dung H. Do (2019)	The Relationship of Dividend Policy and Share Price Volatility: A Case in Vietnam	To discuss the relationship between dividend policy and share price volatility.	Fixed effect model	Research shows that dividends and dividend yields have a significant impact on stock volatility.
Camilleri, Grima&Grima (2019)	The effect of dividend policy on share price volatility: an analysis of Mediterranean banks' stocks	To investigate the relationship between the share price volatility of Mediterranean banks and their dividend policy.	Regression and cluster analysis	The results show that removing outliers and the content of subsamples leads to differences in the relationship between dividends and turnover. The importance of the scale of the scale may lead to a sense of relationship, but this may not be the case.
Dang, Tran & Tran (2019)	Impact of Dividend Policy on Variation of Stock Prices: Empirical Study of Vietnam	To investigate the impact levels of dividend policy on stock prices variation in the case of the stock exchange of an emerging country-Vietnam.	Ordinary least square (OLS) and quantile regression (QR)	Researchers found a negative relationship between dividend policy and stock price. Some variables, such as revenue volatility, long-term debt, and growth, are highly correlated with price changes, but company size is unaffected. The researchers also found that lower-profit companies clearly influence product prices.
Ahmad, Alrjoub&Alrabba (2018)	The Effect of Dividend Policy on Stock Price Volatility: Empirical Evidence from Amman Stock Exchange	To examine the effect of dividend policy on the stock price volatility of firms listed on the Amman Stock Exchange	Descriptive Statistics, Pearson correlation & panel GMM estimation	The research results show that the two variables of dividend policy (DY and DP) have a negative and significant relationship with market price volatility; This means that Company DY and DP are higher, the price of the product is lower and as a result more profit is made. stability. stock price.

Zainudin, Shahnaz& Yet (2018)	Dividend policy and stock price volatility of industrial products firms in Malaysia	To analysis the relationship between stock price volatility and dividend policy of industrial products firms listed on Bursa Malaysia	Using Baskin's framework, firm price volatility is related to dividends, earnings management, firm size, leverage, and asset growth.	While earnings volatility primarily describes companies' stock prices during a crisis, dividend distribution is often affected before and after the crisis. Empirical results show that income distribution policy is a strong indicator of market volatility, especially in the later stages of the crisis.
Shah & Noreen (2016)	Stock Price Volatility and Role of Dividend Policy: Empirical Evidence from Pakistan	To figure out the relationship between SPV and dividend policy of listed companies in Pakistan.	Multiple regressions analyses & panel estimated generalized least square method.	The study found that there is a negative impact on dividend policy (DP and DY), there is a significant relationship between management variable (AG, EV and EPS) and SPV, while other control variables (FS and LD) show negative correlation. SPV.
Kazmierska-Jozwiak (2015)	Determinants of Dividend Policy: Evidence from Polish Listed Companies	To examine the dividend policy of firms, to examine cash dividend payments and to examine the impact of different factors on dividend policy on Polish market.	Panel data analysis	The results show a significant and negative relationship between DPR and two variables: effectiveness and efficiency. The results show that Polish non-financial companies listed on the Warsaw Stock Exchange follow the same dividend policy recommended by the company.
Ahmed &Javid (2008)	The Determinants of Dividend Policy in Pakistan	To examine the dynamics and determinants of dividend payout policy of non-financial firms.	Dividend model of Linter (1956) and its extended versions. Dynamic panel regression	The results together support the reliability of non-financial companies listed in Pakistan on current earnings per share and past earnings in determining earnings. This study shows that there is no income security to be achieved. Research has shown that companies with stable revenue and good profitability can raise more money and pay out more.

2.4 Research Gap

There are many studies conducted domestically and abroad on dividend distribution policy. These studies investigate the relationship between distribution policy and market value. However, since Nepal's capital market is still in its infancy, the results of foreign

studies may not be applicable to Nepal. As for research in Nepal, there are studies that are considered pioneers in dividend policy; however, over time, many other changes have occurred in the Nepali capital market, making the validity of previous studies questionable to date. Moreover, these findings do not fully reflect the practices and efforts of Nepal's capital market because some researchers only consider small companies in the same industry. Therefore, a new study on the dividend policy of Nepali companies is needed.We hope to distinguish our study from other previous studies in terms of sample size, selected firm characteristics, and methodology. This analysis focuses on four growing companies. Ten years of data are reviewed, including EPS, DPS, DPR, DY P/E and MPS. The main methods studied to obtain good results and conclusions include annotation, regression analysis, correlation coefficient, financial analysis, etc. takes place. Therefore, this research is expected to be different from previous ones.

CHAPTER III

RESEARCH METHODOLOGY

It explains why particular methods or techniques are used and establishes the rationale behind the method used in the research context. This is the most important part of the study as it shows the entire research, its methods and procedures. It includes demographic information and samples, data types and sources, data processing methods, and data analysis tools and methods.

3.1 Research Design

Descriptive and descriptive research designs were used to achieve the research objectives. This method provided us with a convenient method to achieve the research objectives. It has specific steps and procedures that provide adequate guidance for the interpretation and evaluation of research.

3.2 Population and Sampling

As of mid-January 2023 (February 2023, NRB), there are 17 major banks in Nepal; Therefore, the people will make the model. Therefore, three business development companies in Nepal were selected as examples. These three banks were selected due to their good financial records and wide recognition in the Nepalese financial market. JyotiBikash Bank Ltd, Muktinath Bank Ltd, Garima Bank Ltd and Mahalaxmi Bank Ltd will be used as representative companies in this study.

3.3 Nature and Source of Data

Most of the research is based on secondary sources. The secondary source provides all the information needed for the research. Secondary data was collected from annual reports from 2069/70 to 2078/79, newsletters and reports of the interviewed companies, relevant documents and papers from SEBON, NEPSE, NRB publications, as well as selected industry websites, various journals, past annual data, reports on research, diploma and thesis work and other related studies.

3.4 Data Processing Technique

Make using data analysis tools as easy as possible. It cannot be used directly from the site in its original form. These need further validation and simplification for analysis purposes. Therefore, data, information, statistics and facts need to be analyzed, re-analyzed, corrected and tabulated so that they can be used in calculations. Documents are placed in tables and annexes according to their characteristics; Use financial and statistical methods to analyze and interpret data. The appendix at the end of the report contains detailed information that cannot be found in the main body of the document.

3.5 Method of Analysis

Various statistical and financial methods were used in this study. The collected data was carefully analyzed by data entry and using SPSS software. Financial instruments, descriptive analysis, correlation analysis and multiple regression analysis are used in this analysis. Financial and statistical methods will be used to reveal the relationship between various factors relevant to the research question. Various sections present the tabulated results of various calculations made with statistical and financial tools. They are compared with each other to interpret the results.

3.5.1 Financial Tools

Consider that the purpose of this study is to examine how earnings relate to various important characteristics, including market value per share, earnings per share, revenue from revenue, revenue from revenue, and revenue. The following targeted tools are also taken into account.

3.5.2 Statistical Tools

Mathematical techniques used to measure and describe performance are known as statistical tools. It is used to explain the differences between variables and understand the results.

a) Arithmetic Mean

Multiplying the total value by the number of observations in the sample gives the arithmetic mean, also known as the mean. It describes almost all data that lies in the middle of two maxima, or the largest and smallest elements. For this reason, mean is

often used to describe a measure of average preference. It was used in this study to provide information about the ten-year dividend specific to the bank. Formula:

$$\text{Mean } (\overline{X}) = \frac{\sum X}{N}$$

Where,

ΣX = sum of total values

N = number of observation

b) Standard Deviation

Dispersion is a measure of how much the weight varies from the average. The disadvantages of previous measures of dispersion have been eliminated by calculating the standard deviation, an unreliable measure of dispersion. A large standard deviation is indicated by a significant degree of dispersion. The standard deviation indicates that there is a difference between observations. In short, a small standard deviation indicates a strong similarity between the values, a large standard deviation indicates a small similarity. It is calculated based on its own input variable and a selected dependent variable. It is the root mean square deviation from the arithmetic mean that indicates a positive square root. The calculation formula, often referred to by the Greek letter sigma (Ï), is as follows:

$$\text{Standard Deviation } (\sigma) = \sqrt{\frac{\sum(X - \overline{X})^2}{N}}$$

Where,

$\Sigma(X - \overline{X})^2$ = sum of square of the deviation measured from arithmetic average

N = number of observations

c) Coefficient of Variation

The coefficient of variation is called CV and is used to calculate relative change. It is used in tasks when comparing the difference between two or more series. In other words,

a series with a larger coefficient of variation is said to be more variable, and vice versa, to be less homogeneous, similar, equal, or stable. In contrast, series with low coefficients of variation are considered less variable or more homogeneous, similar, consistent and stationary. It is found by dividing the arithmetic mean by the standard deviation. finally,

$$\text{Coefficient of Variation (CV)} = \frac{\sigma}{\bar{X}} \times 100$$

Where,

σ = Standard deviations

$\bar{X}$ = Arithmetic mean

d) Correlation Coefficient

A statistical technique that can be used to characterize the strength of the relationship between two variables is the correlation coefficient. The correlation coefficient is used to measure the direction of the relationship between two sets of images. It could be good or bad. A relationship occurs when two variables move in the same direction; The following words form the basis of interpretation when making a decision:

- When r = 1, there is perfect positive correlation
- When r = -1, there is perfect negative correlation
- When r = 0, there is no correlation

Karl Pearson's Correlation coefficient (r) can be obtained as:

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

Where,

N = number of observations in series X and Y

ΣX = sum of observation in series X

ΣY = sum of observations in series Y

ΣX^2 = sum of squared observations in series X

ΣY^2 = sum of squared observations in series Y

ΣXY = sum of the product of observations in series X and Y

f) Regression Analysis

It is an extension of simple regression analysis because it is defined as a statistical tool used to predict the value of a dependent variable based on known values of two or more of the independent variables. The following multiple regression equations were evaluated in this study.

$MPS = a + b_1EPS + b_2DPS + b_3DPR + b_4P/E\ ratio + b_5DY + b_6EY$

Where,

a = intercept or constant

b_1, b_2, b_3, b_4, b_5, and b_6 = regression coefficient or slope

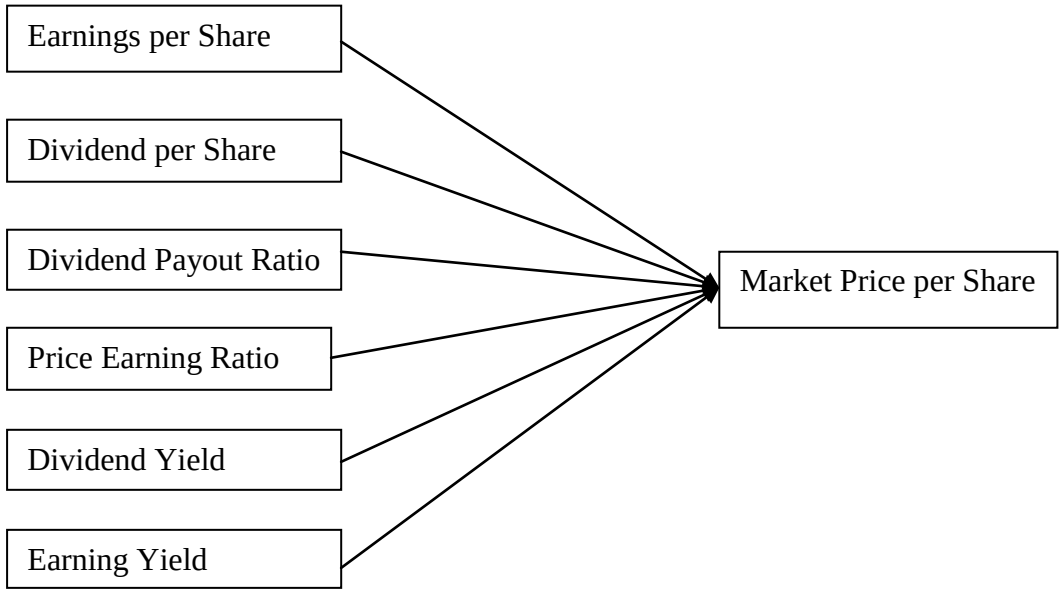
Here, MPS is a dependent variable and EPS, DPS, DPR, P/E ratio, DY and EY are independent variable.

3.6 Research Framework and Definition of Variables

The purpose of the research framework is to identify variables that may affect the share price. Based on theory and primary evidence, earnings per share, earnings per share, earnings per share, earnings, funds incoming, etc. factors are taken into account. A research project was developed to examine the impact of these factors on the market value of selected shares of Nepal Development Bank..

Figure 3.1

Research Framework



Source: Agyei, S. K., & Marfo-Yiadom, E. (2011)

Market Price per Share (MPS)

Buying and selling prices of stocks can change from minute to minute. Because of these changes, it is difficult to choose a market value to decline as a measure of individual change. In this analysis, market value was used based on the closing stock of the bank at the end of the financial year. In this study, market value was used as a variable.

Earning per Share (EPS)

One of the factors that affect a company's dividend policy and stock price is earnings per share. You can measure a company's strength by calculating its earnings per share (EPS). Higher earnings per share will lead to higher dividends and ultimately higher stock prices. So let's assume that stock prices and dividends are independent variables. It is calculated by dividing all common stocks by the income available to shareholders.

Dividend per Share (DPS)

DPS is the term used to describe EPS results given to shareholders. It also affects stock prices. DPS will increase in proportion to EPS. It is calculated by dividing total income paid to shareholders by total capital.

Dividend Payout Ratio (DPR)

Dividends, for example, show that a portion of profits are saved and the rest is set aside to fund future business expansion. To calculate profit, divide dividends per share by earnings per share.

Price Earning Ratio (P/E ratio)

The P/E ratio compares the market price per rupee to current earnings per share, and since it is expressed in numbers of years, it can be calculated as the number of years over which the purchase price will be repaid. Therefore, the P/E ratio should have a positive relationship with the market price per share.

Dividend Yield (DY)

Explain the relationship between share price and dividend. This is calculated by dividing the dividend per share by the share price.

Earning Yield (EY)

The relationship between earnings per share and market value per share is affected by profitability. It is calculated by dividing the share price by the earnings per share.

CHAPTER IV

RESULTS AND DISCUSSION

This section discusses the findings and the methods used to reach these conclusions. In this review section, we tried to present and analyze the data collected on different events using statistical and financial methods. The collected data was analyzed using various presentation and interpretation methods to achieve the research objectives.

4.1 Analysis of Financial Indicators and Variables

4.1.1 Market Price per Share (MPS)

The price of a stock that a company or shareholder can obtain by selling its stocks on the stock exchange is called the stock price. The Ministry of Public Security manages the capital markets. In this analysis, the MPS was determined by averaging the highest and lowest values of the NEPSE index. The current trading price of a stock is called the MPS. The business value section of a private development bank can be written as follows:

Table 4.1

Analysis of Market Price per Share

(In NRs)

Year	Banks			
	JBBL	GBBL	MLBL	MNBBL
2069/70	91	155	100	264
2070/71	207	345	173	630
2071/72	164	305	133	564
2072/73	169	356	330	1307
2073/74	207	296	219	971
2074/75	141	218	171	378
2075/76	163	224	195	370
2076/77	166	223	183	312
2077/78	478	544	445	657
2078/79	302.2	387	374	439.9
Mean	208.82	305.3	232.3	589.29
S.D	109.13	111.3	112.3	327.52
CV	52.26%	36.45%	48.34%	55.58%

Source: Annual Reports of Sample Banks from 2069/70 to 2078/79, Appendix 1

Table 4.1 shows the market price per share of selected development banks from the year 2069/70 to 2078/79.

The average MPS of JBBL, GBBL, MLBL and MNBBL are 208.82, 305.30, 232.30 and 589.29 respectively. The S.D. MPS of JBBL, GBBL, MLBL and MNBBL are 109.13, 111.30, 112.30 and 327.52 respectively. The CV MPS of JBBL, GBBL, MLBL and MNBBL are 52.26%, 36.45%, 48.34% and 55.58% respectively.

The MPS analysis shows that the average MPS of MNBBL is higher than JBBL, GBBL and MLBL. A higher market price creates a positive attitude of investors towards the bank, which subsequently attracts investors to invest in such highly valued shares.

4.1.2 Earning per Share (EPS)

The success and effectiveness of a business organization is often measured by its results. The amount of rupees earned per share is called earnings per share. Calculates the investor's return on investment. Calculates income as a percentage of the member's investment. Banks can make more money when their profits are high using capital and vice versa.

The table below shows the income of some construction banks:

Table 4.2

Analysis of Earning per Share

(In NRs)

Year	Banks			
	JBBL	GBBL	MLBL	MNBBL
2069/70	9.47	27.77	0.05	40.01
2070/71	7.94	27.87	-32.82	41.32
2071/72	12.16	20.33	10.04	35.99
2072/73	16.45	25.82	24.08	43.1
2073/74	10.73	15.83	27.84	32.09
2074/75	13.34	17.43	19.78	20.45
2075/76	17.14	21.32	23.12	27.94
2076/77	13.97	17.82	13.14	16.56
2077/78	17.27	22.75	19.75	24.03
2078/79	15.7	22.49	22.56	23.72
Mean	13.42	21.94	12.75	30.52
S.D	3.3	4.25	17.96	9.36
CV	24.57%	19.38%	140.83%	30.67%

Source: Annual Reports of Sample Banks from 2069/70 to 2078/79, Appendix 1

The Table 4.2 shows the earning per share of selected development banks from the year 2069/70 to 2078/79.

The average EPS of JBBL, GBBL, MLBL and MNBBL are 13.42, 21.95, 12.75 and 30.52 respectively, the S.D. EPS of JBBL, GBBL, MLBL and MNBBL are 3.30, 4.25, 17.96 and 9.36 respectively, the CV EPS of JBBL, GBBL, MLBL and MNBBL are 24.57%, 19.38%, 140.83% and 30.67% respectively.The analysis of EPS shows that average EPS in MNBBL is higher than JBBL, GBBL and MLBL. It indicates the profitability of MNBBL to common shareholders' investment is better than JBBL, GBBL and MLBL.

4.1.3 Dividend per Share (DPS)

The amount paid to shareholders is usually determined by the share price and is called dividends per share. DPS provides net income to business owners. Generally speaking, a higher dividend will increase shareholders' interest in the bank and help increase stock prices. This may also be a sign of improved bank management.

The following table shows the dividend per share of the designated development banks:

Table 4.3

Analysis of Dividend per Share

(In NRs)

Year	Banks			
	JBBL	GBBL	MLBL	MNBBL
2069/70	12.6	25	0	27.5
2070/71	7	21.05	0	40
2071/72	9	20	0	32.63
2072/73	11.7	20	8	34
2073/74	10	15	9	21.05
2074/75	8.4	13.75	15	19.21
2075/76	12.75	17	17.89	18.53
2076/77	10	14.21	9.26	15.51
2077/78	15.5	16	21.05	18.5
2078/79	6.8	14.5	10.47	14.21
Mean	10.38	17.65	9.07	24.11
S.D	2.77	3.71	7.5	8.83
CV	26.66%	21.01%	82.73%	36.63%

Source: Annual Reports of Sample Banks from 2069/70 to 2078/79, Appendix 1

The Table 4.3 shows the dividend per share of selected development banks from the year 2069/70 to 2078/79.

The average DPS of JBBL, GBBL, MLBL and MNBBL are 10.38, 17.65, 9.07 and 24.11 respectively, the S.D. DPS of JBBL, GBBL, MLBL and MNBBL are 2.77, 3.71, 7.5 and 8.83 respectively, the CV DPS of JBBL, GBBL, MLBL and MNBBL are 26.66%, 21.01%, 82.73% and 36.63% respectively. The analysis of DPS shows that average DPS of MNBBL is higher than JBBL, GBBL and MLBL. A higher DPS encourages shareholders to have a positive attitude about the MNBBL, which in turn helps to raise the shares' market value. It indicates that the MNBBL has better performance than JBBL, GBBL and MLBL.

4.1.4 Dividend Payout Ratio (DPR)

Dividend payout ratio is the percentage of earnings distributed as dividends (DPR). This ratio shows dividend as a percentage of equity income. The dividend payout ratio of the bank is determined by its profit.

The dividend payout ratio of selected development banks can be tabulated as follows:

Table 4.4

Analysis of Dividend Payout Ratio

(In %)

Year	Banks			
	JBBL	GBBL	MLBL	MNBBL
2069/70	133%	90%	0%	69%
2070/71	88%	76%	0%	97%
2071/72	74%	98%	0%	91%
2072/73	71%	77%	33%	79%
2073/74	93%	95%	32%	66%
2074/75	63%	79%	76%	94%
2075/76	74%	80%	77%	66%
2076/77	72%	80%	70%	94%
2077/78	90%	70%	107%	77%
2078/79	43%	64%	46%	60%
Mean	80%	81%	44%	79%
S.D	24%	11%	38%	14%
CV	29.42%	13.09%	85.31%	17.39%

Source: Annual Reports of Sample Banks from 2069/70 to 2078/79, Appendix 1

The Table 4.4 shows the dividend payout ratio of selected development banks from the year 2069/70 to 2078/79.

The average DPR of JBBL, GBBL, MLBL and MNBBL are 80%, 81%, 44% and 79% respectively, the S.D. DPR of JBBL, GBBL, MLBL and MNBBL are 24%, 11%, 38% and 14% respectively, the CV DPR of JBBL, GBBL, MLBL and MNBBL are 29.42%, 13.09%, 85.31% and 17.39% respectively. The analysis of DPR shows that average DPR of GBBL is higher than JBBL, MLBL & MNBBL respectively. Higher DPR is good for the investors. It indicates that good banking performance.

4.1.5 Price Earnings Ratio (P/E ratio)

The ratio of the market price per share to the earnings per share is called the price-earnings ratio. The price-earnings ratio is a tool investors use to evaluate a company's performance in security analysis. It describes investors' expectations for the company's success. The company's management team also monitors this ratio to evaluate performance and determine the reasons for the decline in the P/E ratio. The table below shows the cost-earnings ratio of selected construction banks:

Table 4.5

Analysis of Price Earnings Ratio

(In times)

Year	Banks			
	JBBL	GBBL	MLBL	MNBBL
2069/70	12.14	5.58	6.32	6.6
2070/71	26.07	12.38	-5.27	15.25
2071/72	13.49	15.01	13.24	15.25
2072/73	10.27	13.79	13.7	30.32
2073/74	19.29	18.69	7.87	30.26
2074/75	10.57	12.51	8.65	18.48
2075/76	9.51	10.51	8.43	13.24
2076/77	11.88	12.51	9.27	18.84
2077/78	27.68	23.91	20.2	27.34
2078/79	19.25	17.21	16.58	18.55
Mean	16.02	14.21	9.9	19.41
S.D	6.68	4.96	6.89	7.73
CV	42%	35%	70%	40%

Source: Annual Reports of Sample Banks from 2069/70 to 2078/79, Appendix 1

The Table 4.5 shows the price earning ratio of selected development banks from the year 2069/70 to 2078/79.

The average P/E ratio of JBBL, GBBL, MLBL and MNBBL are 16.02, 14.21, 9.90 and 19.41 respectively, the S.D. P/E ratio of JBBL, GBBL, MLBL and MNBBL are 6.68, 4.96, 6.89 and 7.73 respectively, the CV P/E ratio of JBBL, GBBL, MLBL and MNBBL are 42%, 35%, 70% and 40% respectively. The analysis of P/E ratio shows that average P/E ratio of MNBBL is higher than JBBL, GBBL and MLBL respectively.

4.1.6 Dividend Yield (DY)

The ratio of the dividend amount per share to the market price per share is called dividend yield. It calculates the dividend based on the market value of the stock. This is the dividend the investor receives, expressed as a percentage of the share price. The market price per share is greatly affected by this ratio; Even a small change in dividends per share can have a large impact on the capital stock.

The dividend yield of selected development banks can be tabulated as follows:

Table 4.6

Analysis of Dividend Yield

(In %)

Year	Banks			
	JBBL	GBBL	MLBL	MNBBL
2069/70	13.85%	16.13%	0.00%	10.42%
2070/71	3.38%	6.10%	0.00%	6.35%
2071/72	5.49%	6.56%	0.00%	5.79%
2072/73	6.92%	5.62%	2.42%	2.60%
2073/74	4.83%	5.07%	4.11%	2.17%
2074/75	5.96%	6.31%	8.77%	5.08%
2075/76	7.82%	7.59%	9.17%	5.01%
2076/77	6.02%	6.37%	5.06%	4.97%
2077/78	3.24%	2.94%	4.73%	2.82%
2078/79	2.25%	3.75%	2.80%	3.23%
Mean	5.98%	6.64%	3.71%	4.84%
S.D	3.26%	3.61%	3.37%	2.43%
CV	54.61%	54.27%	90.94%	50.21%

Source: Annual Reports of Sample Banks from 2069/70 to 2078/79, Appendix 1

The Table 4.6 shows the dividend yield of selected development banks from the year 2069/70 to 2078/79.

The average DY of JBBL, GBBL, MLBL and MNBBL are 5.98%, 6.64%, 3.71% and 4.84% respectively, the S.D. DY of JBBL, GBBL, MLBL and MNBBL are 3.26%, 3.61%, 3.37% and 2.43% respectively, the CV DY of JBBL, GBBL, MLBL and MNBBL are 54.61%, 54.27%, 90.94% and 50.21% respectively. The analysis of DY shows that average DY of GBBL is higher than JBBL, MLBL and MNBBL respectively.

4.1.7 Earnings Yield (EY)

This ratio has a large impact on the market value of each stock, as small changes in earnings per share can cause changes in the stock price. The main purpose of this expression is to show the percentage.This ratio is calculated by dividing earnings per share by market value per share. It calculates the profit based on the market value of the stock. It provides investors with an estimate of the return on investment. It is beneficial to invest in higher yielding stocks. Stock returns provide useful comparative information when comparing market share of stock prices at a secondary level. The table below shows the results of selected development banks:

Table 4.7

Analysis of Earning Yield

(In %)

Year	Banks			
	JBBL	GBBL	MLBL	MNBBL
2069/70	10.41%	17.92%	0.05%	15.16%
2070/71	3.84%	8.08%	-18.97%	6.56%
2071/72	7.41%	6.67%	7.55%	6.38%
2072/73	9.73%	7.25%	7.30%	3.30%
2073/74	5.18%	5.35%	12.71%	3.30%
2074/75	9.46%	8.00%	11.57%	5.41%
2075/76	10.52%	9.52%	11.86%	7.55%
2076/77	8.42%	7.99%	7.18%	5.31%
2077/78	3.61%	4.18%	4.44%	3.66%
2078/79	5.20%	5.81%	6.03%	5.39%
Mean	7.38%	8.08%	4.97%	6.20%
S.D	2.71%	3.79%	9.23%	3.46%
CV	36.79%	46.94%	185.66%	55.74%

Source: Annual Reports of Sample Banks from 2069/70 to 2078/79, Appendix 1

The Table 4.7 shows the earning yield ratio of selected development banks from the year 2069/70 to 2078/79.

The average EY of JBBL, GBBL, MLBL and MNBBL are 7.38%, 8.08%, 4.97% and 6.20% respectively, the S.D. EY of JBBL, GBBL, MLBL and MNBBL are 2.71%, 3.79%, 9.23% and 3.46% respectively, the CV EY of JBBL, GBBL, MLBL and MNBBL are 36.79%, 46.94%, 185.66% and 55.74% respectively. The analysis of EY shows that average EY of GBBL is higher than JBBL, MLBL and MNBBL respectively.

4.2 Descriptive Statistics

A brief description that provides details of specific data (which may be representative of the entire population or a sample) is called a statistic. Table 4.8 provides a critical analysis of the descriptive statistics of achievement and explanatory variables in this study.

Table 4.8

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
MPS	40	91.00	1307.00	333.92750	238.46275
EPS	40	-32.82	43.10	19.65875	12.45642
DPS	40	0.00	40.00	15.30176	8.57033
DPR	40	0.00	1.33	0.71115	0.27821
P/E Ratio	40	-5.27	30.32	14.88425	7.26757
DY	40	0.00	0.16	0.05292	0.03276
EY	40	-0.19	0.18	0.06657	0.05372

Source: SPSS output (Appendix 2)

The study's detailed descriptive data for the variables influencing the market price of the chosen development banks listed in NRB between 2069–2070 and 2078–2079 are presented in Table 4.8. The dependent variable in the model, market price per share, has a mean value of 333.9275 and a standard deviation of 238.46275. The model spans from 91 to 1307. Earnings per share is the first explanatory variable, with a mean value of 19.65875, a standard deviation of 12.45642, a minimum of -32.82 and a high of 43.10. Dividend per share is the second explanatory variable. Its mean value is 15.30176, and its standard deviation is 8.57033. Its range is 0 to 40.00. The third explanatory variable, the dividend payout ratio, has a mean of 0.71115 and a standard deviation of 0.27821. It runs

from 0 to 1.33. Price earning ratio, which has a mean value of 14.88424 and a standard deviation of 7.26757, with a minimum value of -5.27 and a maximum value of 30.32, is the fourth explanatory variable. The fifth explanatory variable, dividend yield, has a mean of 0.05292 and a standard deviation of 0.03276, and runs from 0 to 0.16. Lastly, earning yield, the fifth explanatory variable, has a mean of 0.06657 and a standard deviation of 0.05372 with a minimum value of -0.19 and a maximum value of 0.18.

4.3 Correlation Analysis

This section presents the results of the study and the interpretation of the social analysis. One way to determine how two variables are related is through correlation analysis. It helps us determine the proximity of two or more different things. Shows the direction and strength of the connection. The correlation coefficient is a mathematical number that shows the relationship between two variables. The value of perfect correlation is +1, and the value of negative correlation is -1. It also indicates the importance or unimportance of the connection. The relationships and results between MPS, EPS, DPS, DPR, price-earnings ratio, DY and EY of the three development banks selected in the method research with correlation analysis are shown in Table 4.9.

Table 4.9

Pearson's Correlation Matrix

	MPS	**EPS**	**DPS**	**DPR**	**P/E**	**DY**	**EY**
MPS	1						
EPS	.825**	1					
DPS	.839**	.838**	1				
DPR	-0.026	-0.214	0.288	1			
P/E	.599**	0.124	.381*	.397*	1		
DY	-.389*	-0.245	0.057	.622**	-.376*	1	
EY	-.575**	-0.178	-0.33	-0.278	-.933**	.483**	1

****. Correlation is significant at the 0.01 level (2-tailed).**
***. Correlation is significant at the 0.05 level (2-tailed).**

Source: SPSS output (Appendix 2)

Table 4.9 defines the following variables: market price per share, earning per share, dividend payout ratio, price earning ratio, dividend yield, and earning yield. The

correlation coefficients are based on three selected development banks with 30 observations for the period of 2069/70 to 2078/79.

The strongest link between P/E ratio and EY has been found to be -0.933, as shown in Table 4.9. The MPS has a negative relationship with DPR, DY, and EY, but a good relationship with EPS, DPS, and P/E ratio. The greatest connection, 0.839, is seen between MPS and DPS. The result shows that higher EPS, DPS and P/E ratio higher would be the MPS. But result shows that higher DPR, DY and EY lower would be the MPS. The MPS have positively significant relationship with EPS, DPS and P/E ratio. MPS have negatively significant relationship with DY and EY but MPS have negatively insignificant relationship with DPR.

4.4 Regression Analysis

Regression analysis is used to determine whether or not the independent variables have an impact on the dependent variable. The dependent variable in this analysis is MPS, while the independent variables are EPS, DPS, DPR, P/E ratio, DY, and EY.

Multiple Regression Analysis

Multiple regression analysis is performed to determine the relationship of MPS to EPS, DPS, DPR, P/E ratio, DY and EY. Where MPS are dependent variables and EPS, DPS, DPR, P/E ratio, DY and EY are independent variables.

The multiple regression equation is,

$$MPS = a + b_1EPS + b_2DPS + b_3DPR + b_4P/E\ ratio + b_5DY + b_6EY$$

Where,

MPS is dependent variable and EPS, DPS, DPR, P/E ratio; DY and EY are independent variables.

The Table 4.10 shows the variation in MPS explained by EPS, DPS, DPR, P/E ratio, DY and EY.

Table 4.10

Significance of Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.981[a]	.963	.953	179.236

a. Predictors: (Constant), EY, EPS, DPR, DY, P/E Ratio, DPS
Source: SPSS output (Appendix 2)

A summary of the model that shows how EPS, DPS, DPR, P/E ratio, DY, and EY account for the entire variation in MPS is presented in Table 4.10. With an R-square coefficient of determination of 0.963, the independent variables account for 96.3% of the variation in the market price per share. However, the remaining 3.7% is still explained by another independent variable that is important in explaining the dividend and was not considered in this research.

Similarly, the adjusted R-square is 0.953, which means that 95.3% of the variation in the market price per share is explained by the independent variables after adjusting for degrees of freedom (DF). This shows a moderate relationship between all dividend variables and market price per share. The model summary also gives a standard error of estimate of 179.236, which shows the variability of the observed value of Market price per share from the regression line of 179.236 units.

The Table 4.11 shows the Analysis of Variance (ANOVA)

Table 4.11

ANOVA

Model	Sum of Squares	DF	Mean Square	F	Sig.
Regression	19181757.611	6	3196960	99.515	.000[b]
Residual	738883.855	23	32125.4		
Total	19920641.467	29			

a. Dependent Variable: MPS
b. Predictors: (Constant), EY, EPS, DPR, DY, P/E Ratio, DPS

Source: SPSS output (Appendix 2)

Similarly, after adjusting for degrees of freedom (DF), the adjusted R-square is 0.953, meaning that 95.3% of the variation in the market price per share is explained by the independent variables. This indicates that there is a moderate correlation between the market price per share and all dividend components. A standard error of estimate of

179.236 is also provided by the model summary, illustrating the range of the observed market price per share value from the regression line of 179.236 units.The processed data, which are population parameters, had a significance level of 0.00b%, according to the ANOVA statistics in Table 4.11. This means that the data is perfect for inferring the population parameters because the significance value (p-value) is lower than the standard (5%). The F-value, or F (sig), is approximately 99.515, and the P-value, or F (sig), of 0.00b consistently shows that the co-explanatory factors have a considerable impact on the dependent variable. This indicates that the variables have a significant influence on how stock price market values behave.

The regression results for independent effect of EPS, DPS, DPR, P/E ratio, DY and EY on MPS is shown in the Table 4.12

Table 4.12

Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-1264.9	679.705		-1.861	0.076
EPS	11.634	5.988	0.348	1.943	0.064
DPS	18.48	8.219	0.421	2.248	0.034
DPR	-9.218	2.558	-0.442	-3.604	0.001
P/E	61.147	13.233	0.721	4.621	0
DY	74.561	48.676	0.175	1.532	0.139
EY	47.407	72.364	0.09	0.655	0.519

a. Dependent Variable: MPS

Source: SPSS output (Appendix 2)

From the regression model in Table 4.12, At 11.634, the MPS regression coefficient on EPS is positive. The impact of EPS is positive when determining MPS, meaning that a rise in EPS causes an increase in MPS. The SE for this coefficient regression, which gauges how variable the observed values are around the fitted regression line, is 5.988. This coefficient has a p-value of 0.064. Therefore, at the 5% level of significance, the p-value is not significant. The link between MPS and EPS is positively insignificant.

At 18.480, the MPS regression coefficient on DPS is positive. There is a positive correlation between DPS and MPS, meaning that higher DPS corresponds to higher MPS. The SE for this coefficient regression, which gauges how variable the observed values are around the fitted regression line, is 8.219. This coefficient has a p-value of 0.034. At the 5% level of significance, the p-value is therefore significant. MPS and DPS have a substantial positive association.

With respect to DPR, MPS's regression coefficient is negative, or -9.218. There is a negative correlation between DPR and MPS, meaning that higher DPR levels result in lower MPS. The SE for this coefficient regression, which gauges how variable the observed values are around the fitted regression line, is 2.558. This coefficient has a p-value of 0.001. At the 5% level of significance, the p-value is therefore significant. The connection between MPS and DPR is statistically significant and unfavorable.

MPS has a positive regression coefficient (61.147) on the P/E ratio. The influence of the P/E ratio on MPS is positive, meaning that a higher P/E ratio results in a higher MPS. The SE for this coefficient regression, which calculates the variability of the observed values around the fitted regression line, is 13.233. This coefficient's p-value is 0.000. At the 5% level of significance, the p-value is therefore significant. The MPS and P/E ratio have a considerable positive association.

74.561 is the positive regression coefficient of MPS on DY. The influence of DY on MPS is positive, meaning that higher DY levels result in higher MPS levels. The standard error of the observed values around the fitted regression line is 48.676 in this coefficient regression. This coefficient has a p-value of 0.139. Therefore, at the 5% level of significance, the p-value is not significant. MPS and DY have a positively insignificant association.

47.407 is the positive regression coefficient of MPS on EY. The impact of EY on MPS is positive, implying that an increase in EY causes an increase in MPS. The SE of this coefficient regression, which gauges how variable the observed values are around the fitted regression line, is 72.364. This coefficient has a p-value of 0.519. Therefore, at the 5% level of significance, the p-value is not significant. MPS and EY have a positively insignificant association.

4.5 Discussion

The analysis shows that the average price per share, earnings per share, profit and loss of MNBBL are higher than JBBL, GBBL and MLBL, but the average profit and loss amount of MNBBL is higher than JBBL. . Overall the results showed that MNBBL performed better than JBBL, GBBL and MLBL.

According to descriptive statistics, MPS has a mean of 238.46275 and a standard deviation of 333.9275. The standard deviation is 12.45642 and the mean of the EPS is 19.65875. DPS has an 8.57033 standard deviation and a mean of 15.30176. Additionally, it shows that the standard deviation is 0.27821 and the mean DPR is 0.71115. The P/E ratio's standard deviation is 7.26757, and its mean is 14.88425. The means for DY and EY are 0.05292 and 0.06657, respectively, with corresponding standard deviations of 0.03276 and 0.05372.

The correlation result shows that MPS has a positive relationship with EPS and a statistically significant relationship between the two variables. This was consistent with the findings of Aryal (2077), Adhikari (2078) and Joshi (2078). DPS has a significant positive correlation with MPS. This was consistent with the findings of Adhikari (2078) and Joshi (2078). Meanwhile, DPRs have an insignificant negative correlation with MPS. A negative and non-significant association of these variables was found in a previous study by Aryal (2077). Then there is a positive significant relationship between MPS and P/E ratio. Studies by Aryal (2077), Adhikari (2078) and Joshi (2078) found a positive and significant association between the two variables. The correlation result also shows that DY and EY have a significant negative correlation with MPS. This was consistent with the finding of Poudel (2078). DPR has a negative insignificant relationship with MPS. A study by Aryal (2077) found this negative and insignificant association between the two variables.

Regarding the dependent variables of MPS, the regression result also shows that the regression coefficient (B) is 11.634 for EPS and the p-value of EPS is 0.064, which shows that it is statistically insignificant at the 5% level of significance. This result is consistent with those identified by Joshi (2078). It is therefore an insignificant positive relationship between EPS and MPS. The regression coefficient (B) is 18.480 for DPS and the p value of DPS is 0.034 shows that it is statistically significant at 5% level of significance. This result is consistent with those identified by Khatiwada (2077), Joshi (2078), Adhikari

(2078) and Poudel (2078). Thus, there is a significant positive relationship between DPS and MPS. Similarly, the regression coefficient (B) is -9.218 for DPR and the p value is 0.001 which shows that it is statistically significant at 5% level of significance. This result is consistent with that identified by Joshi (2078). Thus, there is a significant negative relationship between DPR and MPS. Regression coefficient (B) is 61.147 for P/E ratio and p value of P/E ratio is 0.000 shows that it is statistically significant at 5 percent level of significance. This result is consistent with

findings of Aryal (2077) and Joshi (2078). Thus, P/E ratio has a positive significant impact on MPS. The regression coefficient (B) is 74.561 for DY and the p-value for DY is 0.139 reveals that it is statistically insignificant at 5% level of significance. This result is consistent with the finding of Adhikari (2078). It is therefore a non-significant positive relationship between DY and MPS. Similarly, regression coefficient (B) is 47.407 for EY and p-value for EY is 0.519 shows that it is insignificant at 5% level of significance. Therefore, it is a non-significant positive effect between EY and MPS. This result is consistent with that identified by Poudel (2078).

CHAPTER V

SUMMARY AND CONCLUSION

This section contains the summary, results and implications of the research project. This section presents facts and conclusions regarding secondary data analysis. In addition to the content and results, the implications for individuals and organizations are also important.

5.1 Summary

The main purpose of this study is to identify the factors affecting the prices of selected companies. To answer these questions, some information regarding the distribution policy and the income variable is discussed. Dividend policy is an important decision in financial management. Dividend is money a company pays to its shareholders. This is the part of the company's profits that is paid to shareholders. Decisions regarding dividends affect an organization's performance and success. Dividends can be a great tool to attract new investors and retain existing investors. Others believe that dividend policy affects the price due to uncertainty. There are many factors that affect dividends, including the needs of investors and the interests and needs of financial institutions in assisting with capital investment. Dividend decisions are relevant to business entities. However, it provides important information for investors. The mutual impact of dividend decision on stock price. Since the creation of financial institutions that cannot meet the demand for credit and cannot meet the market's expectations that business will lead to growth, these institutions have been given the opportunity to expand their work and network. The market value of the stock should exceed the net price, and shareholders have high expectations that they will receive a large portion of the profit as dividends. Therefore, paying dividends to shareholders is a good way to win investors and encourage them to buy stocks.

Many factors can influence a company's dividend decision. These are legal restrictions, fixed income, capital market access, income, income, management and contractual restrictions. These points indicate the financial health of the bank or company. Businesses that are successful in these areas will be able to pay dividends to their shareholders. The

main purpose of this study is to examine the relationship between the distribution model and the price of products in the context of Nepal Development Bank. The specific objectives of this study are (1) to examine the relationship between dividend policy and various financial indicators such as EPS, DPS, MPS, DPR, DY, EY and value for money of selected construction companies. (2) Analyze the impact of dividend policy on operating costs. (3) Compare dividend and financial ratios of JBBL, GBBL, MLBL and MNBBL banks.

In this study, selected growth banks are examined whether the dividend policy has any effect on determining the stock prices of the companies. Model development banks for this purpose are JBBL, GBBL, MLBL and MuktinathBikas Bank Ltd (MNBBL). A descriptive research design was used to achieve the research objectives. Secondary data was used to achieve the research purpose. For this purpose, firstly, the necessary data and information (annual reports and financial statements provided by the participating companies) from 2069/70 to 2078/79 were collected and learned. The data is then analyzed using appropriate financial, descriptive and analytical tools. Explanations and comments are also included in the review section if necessary.

5.2 Conclusions

In summary, this research shows the significant relationship between the value and dividend policy of Nepal Development Bank. Analysis of various variables shows that earnings per share (EPS), earnings per share (DPS), dividend yield (DPR), price-to-earnings (P/E), earnings (DY) and earnings (EY) are available. has a significant impact on the stock price. The relationship between earnings per share and stock prices shows that an increase in earnings per share leads to an increase in stock prices and vice versa. Similarly, DPS and PE ratio are positively related to the value of selected banks, while DY, EY and DPR are negatively related.

Further regression analysis shows that EPS and DPS have a positive impact on stock prices; This shows that higher profits and dividends lead to higher stock prices. On the contrary, DPR has a negative correlation with the stock price, while the price-to-earnings ratio is similar, reflecting investors' hopes and expectations for the future. This study highlights the importance of dividend payouts, dividend payouts, and price-earnings ratios in the pricing decision-making process.

Moreover, this study also highlights the important role played by business people, business people and business rumors in the negative process leading to product changes in the Nepali market. Although external factors such as the economy, government policies and market expectations still affect product prices, the study shows the importance of optimization. Again, dividends are correct to return more money to shareholders. Companies are advised to consider adjusting existing dividends and practices to maximize the business value of their resources without compromising growth. In conclusion, the study highlights the need for equity and strategic allocation policies to enhance shareholder value in the dynamic environment of Nepali stock market.

5.3 Implications

This study examines how Nepal Development Bank's dividend policy affects stock prices. Investors get important and valuable information from research. Lawmakers, stockbrokers, financial institutions, regulators and other stakeholders will find it useful. Those who have direct or indirect connections with financial institutions will benefit from this. Thanks to this study, lawmakers will be able to create their own budget allocation policies. This study used selected statistics including regression and correlation. Future research may use some qualitative analysis tools. For example, future research may use bidirectional causality tools and nonlinear methods.

The findings of this study are mostly from growing companies of Nepal. Therefore, future research will also include other financial institutions such as development banks, financial institutions, and financial institutions. Moreover, the analysis does not take into account the interests of different investors and other stakeholders and is based solely on secondary data. Therefore, primary data or a combination of primary and secondary data can form the basis for future research. The sample size and duration of this survey are limited; therefore, larger samples and longer study periods may be used in the future. Since large changes can be seen in the data each year, additional variables such as inflation and bank accounts need to be included in future studies to obtain better results. Data is collected weekly or monthly. The findings of this study are limited to the Nepali context; therefore, more research is needed outside Nepal.

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Appendix

Appendix 1

Calculation of Mean, Standard Deviation and Coefficient of Variation

MPS

Year	JBBL		GBBL		MLBL		MNBBL	
	MPS (x)	$(x-\bar{x})^2$	MPS (x)	$(x-\bar{x})^2$	MPS (x)	$(x-\bar{x})^2$	MPS (x)	$(x-\bar{x})^2$
2069/70	91	13881.6	155	22590.1	252	36366.5	264	105814
2070/71	207	3.31	345	1576.09	515	5227.29	630	1657.3
2071/72	164	2008.83	305	0.09	507	4134.49	564	639.58
2072/73	169	1585.63	356	2570.49	810	134909	1307	515108
2073/74	207	3.31	296	86.49	545	10465.3	971	145703
2074/75	141	4599.55	218	7621.29	358	7174.09	378	44643.5
2075/76	163	2099.47	224	6609.69	382	3684.49	370	48088.1
2076/77	166	1833.55	223	6773.29	397	2088.49	312	76889.7
2077/78	478	72457.9	544	56977.7	400	1823.29	657	4584.64
2078/79	302.2	8719.82	387	6674.89	261	33014.9	439.9	22317.4
Total	2088.2	107193	3053	111480	4427	238888	5892.9	965444
Mean	208.82		305.3		442.7		589.29	
SD	103.53		105.58		154.56		310.72	
CV	49.58%		34.58%		34.91%		52.73%	

$$\text{Mean}(\bar{x}) = \frac{\sum x}{N}$$

$$\text{For JBBL} = \frac{2088.2}{10} = 208.82$$

$$\text{For GBBL} = \frac{3053}{10} = 305.3$$

$$\text{For MLBL} = \frac{4427}{10} = 442.7$$

$$\text{For MNBBL} = \frac{5892.9}{10} = 589.29$$

$$\text{Standard Deviation } (\sigma) = \sqrt{\frac{\sum(x-\bar{x})^2}{N}}$$

$$\text{For JBBL} = \sqrt{\frac{107192.92}{10}} = 103.53$$

$$\text{For GBBL} = \sqrt{\frac{111480.10}{10}} = 105.58$$

$$\text{For MLBL} = \sqrt{\frac{238888.1}{10}} = 154.56$$

$$\text{For MNBBL} = \sqrt{\frac{965443.97}{10}} = 310.72$$

$$\text{Coefficient of variation (CV)} = \frac{\sigma}{\bar{x}} \times 100\%$$

$$\text{For JBBL} = \frac{103.53}{208.82} \times 100\% = 49.58\%$$

$$\text{For GBBL} = \frac{105.58}{305.30} \times 100\% = 34.58\%$$

$$\text{For MLBL} = \frac{154.56}{442.70} \times 100\% = 34.91\%$$

$$\text{For MNBBL} = \frac{310.72}{589.29} \times 100\% = 52.73\%$$

EPS

Year	JBBL		GBBL		MLBL		MNBBL	
	EPS (x)	$(x-\bar{x})^2$	EPS (x)	$(x-\bar{x})^2$	EPS (x)	$(x-\bar{x})^2$	EPS (x)	$(x-\bar{x})^2$
2069/70	9.47	15.58	27.77	33.95	0.05	161.39	40.01	90.04
2070/71	7.94	30	27.87	35.13	-32.82	2076.99	41.32	116.62
2071/72	12.16	1.58	20.33	2.6	10.04	7.37	35.99	29.91
2072/73	16.45	9.2	25.82	15.03	24.08	128.28	43.1	158.23
2073/74	10.73	7.22	15.83	37.37	27.84	227.59	32.09	2.46
2074/75	13.34	0.01	17.43	20.37	19.78	49.36	20.45	101.43
2075/76	17.14	13.86	21.32	0.39	23.12	107.45	27.94	6.66
2076/77	13.97	0.31	17.82	17	13.14	0.15	16.56	194.91
2077/78	17.27	14.85	22.75	0.65	19.75	48.94	24.03	42.13
2078/79	15.7	5.21	22.49	0.3	22.56	96.16	23.72	46.25
Total	134.17	97.81	219.43	162.79	127.54	2903.68	305.21	788.65
Mean	13.42		21.94		12.75		30.52	
SD	3.13		4.03		17.04		8.88	
CV	23.31%		18.39%		133.61%		29.10%	

$$\text{Mean}(\bar{x}) = \frac{\sum x}{N}$$

$$\text{For JBBL} = \frac{134.17}{10} = 13.42$$

$$\text{For GBBL} = \frac{219.43}{10} = 21.94$$

$$\text{For MLBL} = \frac{127.54}{10} = 12.75$$

$$\text{For MNBBL} = \frac{305.21}{10} = 30.52$$

$$\text{Standard Deviation } (\sigma) = \sqrt{\frac{\sum(x-\bar{x})^2}{N}}$$

$$\text{For JBBL} = \sqrt{\frac{97.81}{10}} = 3.13$$

$$\text{For GBBL} = \sqrt{\frac{162.79}{10}} = 4.03$$

$$\text{For MLBL} = \sqrt{\frac{2903.68}{10}} = 17.04$$

$$\text{For MNBBL} = \sqrt{\frac{788.65}{10}} = 8.88$$

$$\text{Coefficient of variation (CV)} = \frac{\sigma}{\bar{x}} \times 100\%$$

$$\text{For JBBL} = \frac{3.13}{13.42} \times 100\% = 23.31\%$$

$$\text{For GBBL} = \frac{4.03}{21.94} \times 100\% = 18.39\%$$

$$\text{For MLBL} = \frac{17.04}{12.75} \times 100\% = 133.61\%$$

$$\text{For MNBBL} = \frac{8.88}{30.52} \times 100\% = 29.10\%$$

DPS

Year	JBBL		GBBL		MLBL		MNBBL	
	EPS (x)	$(x-\bar{x})^2$	EPS (x)	$(x-\bar{x})^2$	EPS (x)	$(x-\bar{x})^2$	EPS (x)	$(x-\bar{x})^2$
2069/70	12.6	0.67	25	9.35	0	162.66	27.5	9.13
2070/71	7	41.18	21.05	0.8	0	162.66	40	89.85
2071/72	9	19.51	20	3.78	0	162.66	32.63	4.45
2072/73	11.7	2.95	20	3.78	8	22.6	34	12.1
2073/74	10	11.68	15	48.21	9	14.09	21.05	89.7
2074/75	8.4	25.17	13.75	67.13	15	5.04	19.21	127.94
2075/76	12.75	0.44	17	24.43	17.89	26.38	18.53	143.78
2076/77	10	11.68	14.21	59.8	9.26	12.21	15.51	225.33
2077/78	15.5	4.34	16	35.32	21.05	68.82	18.5	144.5
2078/79	6.8	43.78	14.5	55.4	10.47	5.22	14.21	266.03
Total	103.75	161.39	176.51	307.97	90.67	642.36	241.14	1112.82
Mean	10.38		17.65		9.07		24.11	
SD	4.02		5.55		8.01		10.55	
CV	38.72%		31.44%		88.39%		43.75%	

$$\text{Mean}(\bar{x}) = \frac{\sum x}{N}$$

$$\text{For JBBL} = \frac{103.75}{10} = 10.38$$

$$\text{For GBBL} = \frac{176.51}{10} = 17.65$$

$$\text{For MLBL} = \frac{90.67}{10} = 9.07$$

$$\text{For MNBBL} = \frac{241.14}{10} = 24.11$$

$$\text{Standard Deviation } (\sigma) = \sqrt{\frac{\sum(x - \bar{x})^2}{N}}$$

$$\text{For JBBL} = \sqrt{\frac{161.39}{10}} = 4.02$$

$$\text{For GBBL} = \sqrt{\frac{307.97}{10}} = 5.55$$

$$\text{For MLBL} = \sqrt{\frac{642.36}{10}} = 8.01$$

$$\text{For MNBBL} = \sqrt{\frac{1112.82}{10}} = 10.55$$

$$\text{Coefficient of variation (CV)} = \frac{\sigma}{\bar{x}} \times 100\%$$

$$\text{For JBBL} = \frac{4.02}{10.38} \times 100\% = 38.72\%$$

$$\text{For GBBL} = \frac{5.55}{17.65} \times 100\% = 31.44\%$$

$$\text{For MLBL} = \frac{8.01}{9.07} \times 100\% = 88.39\%$$

$$\text{For MNBBL} = \frac{10.55}{24.11} \times 100\% = 43.75\%$$

DPR

Year	JBBL		GBBL		MLBL		MNBBL	
	DPR (x)	$(x-\bar{x})^2$	DPR (x)	$(x-\bar{x})^2$	DPR (x)	$(x-\bar{x})^2$	DPR (x)	$(x-\bar{x})^2$
2069/70	133	14300.1	90	4631.76	0	162.66	69	1480.63
2070/71	88	5562.62	76	2922.16	0	162.66	97	4419.46
2071/72	74	3670.3	98	5784.67	0	162.66	91	3657.71
2072/73	71	3315.8	77	3031.27	33	409.9	79	2350.21
2073/74	93	6333.45	95	5337.33	32	370.41	66	1258.76
2074/75	63	2458.47	79	3255.5	76	4000.06	94	4029.58
2075/76	74	3670.3	80	3370.62	77	4127.55	66	1258.76
2076/77	72	3431.97	80	3370.62	70	3277.1	94	4029.58
2077/78	90	5864.96	70	2309.48	107	8882.31	77	2160.3
2078/79	43	875.15	64	1768.79	46	1105.3	60	869.01
Total	801	49483.1	809	35782.2	441	22660.6	793	25514
Mean	80.1		80.9		44.1		79.3	
SD	70.34		59.82		47.6		50.51	
CV	87.82%		73.94%		107.94%		63.70%	

$$\text{Mean}(\bar{x}) = \frac{\sum x}{N}$$

$$\text{For JBBL} = \frac{801}{10} = 80.10$$

$$\text{For GBBL} = \frac{809}{10} = 80.90$$

$$\text{For MLBL} = \frac{441}{10} = 44.10$$

$$\text{For MNBBL} = \frac{793}{10} = 79.03$$

$$\text{Standard Deviation } (\sigma) = \sqrt{\frac{\sum(x-\bar{x})^2}{N}}$$

$$\text{For JBBL} = \sqrt{\frac{49483.12}{10}} = 70.34$$

$$\text{For GBBL} = \sqrt{\frac{35782.18}{10}} = 59.82$$

$$\text{For MLBL} = \sqrt{\frac{22660.62}{10}} = 47.60$$

$$\text{For MNBBL} = \sqrt{\frac{25514.01}{10}} = 50.51$$

$$\text{Coefficient of variation (CV)} = \frac{\sigma}{\bar{x}} \times 100\%$$

$$\text{For JBBL} = \frac{70.34}{80.10} \times 100\% = 87.82\%$$

$$\text{For GBBL} = \frac{59.82}{80.90} \times 100\% = 73.94\%$$

$$\text{For MLBL} = \frac{47.60}{44.10} \times 100\% = 107.94\%$$

$$\text{For MNBBL} = \frac{50.51}{79.30} \times 100\% = 63.70\%$$

P/E Ratio

Year	JBBL		GBBL		MLBL		MNBBL	
	P/E ratio (x)	$(x-\bar{x})^2$	P/E ratio (x)	$(x-\bar{x})^2$	P/E ratio (x)	$(x-\bar{x})^2$	P/E ratio (x)	$(x-\bar{x})^2$
2069/70	12.14	1.63	5.58	267.75	6.32	41.4	6.6	572.21
2070/71	26.07	160.1	12.38	91.45	-5.27	324.86	15.25	233.2
2071/72	13.49	0.01	15.01	48.07	13.24	0.24	15.25	233.2
2072/73	10.27	9.9	13.79	66.47	13.7	0.89	30.32	0.04
2073/74	19.29	34.49	18.69	10.58	7.87	23.85	30.26	0.07
2074/75	10.57	8.11	12.51	88.98	8.65	16.84	18.48	144.99
2075/76	9.51	15.26	10.51	130.71	8.43	18.7	13.24	298.63
2076/77	11.88	2.36	12.51	88.98	9.27	12.14	18.84	136.45
2077/78	27.68	203.43	23.91	3.87	20.2	55.44	27.34	10.12
2078/79	19.25	34.02	17.21	22.4	16.58	14.64	18.55	143.3
Total	160.15	469.32	142.1	819.27	98.99	509	194.13	1772.22
Mean	16.02		14.21		9.9		19.41	
SD	6.85		9.05		7.13		13.31	
CV	42.78%		63.70%		72.07%		68.58%	

$$\text{Mean}(\bar{x}) = \frac{\sum x}{N}$$

$$\text{For JBBL} = \frac{160.15}{10} = 16.02$$

$$\text{For GBBL} = \frac{142.1}{10} = 14.21$$

$$\text{For MLBL} = \frac{98.99}{10} = 9.90$$

$$\text{For MNBBL} = \frac{194.13}{10} = 19.41$$

$$\text{Standard Deviation } (\sigma) = \sqrt{\frac{\sum(x - \bar{x})^2}{N}}$$

$$\text{For JBBL} = \sqrt{\frac{469.32}{10}} = 6.85$$

$$\text{For GBBL} = \sqrt{\frac{819.27}{10}} = 9.05$$

$$\text{For MLBL} = \sqrt{\frac{509}{10}} = 7.13$$

$$\text{For MNBBL} = \sqrt{\frac{1772.22}{10}} = 13.31$$

$$\text{Coefficient of variation (CV)} = \frac{\sigma}{\bar{x}} \times 100\%$$

$$\text{For JBBL} = \frac{6.85}{16.02} \times 100\% = 42.78\%$$

$$\text{For GBBL} = \frac{9.05}{14.21} \times 100\% = 63.70\%$$

$$\text{For MLBL} = \frac{7.13}{9.90} \times 100\% = 72.07\%$$

$$\text{For MNBBL} = \frac{13.31}{19.41} \times 100\% = 68.58\%$$

DY

Year	JBBL		GBBL		MLBL		MNBBL	
	DY (x)	$(x-\bar{x})^2$	DY (x)	$(x-\bar{x})^2$	DY (x)	$(x-\bar{x})^2$	DY (x)	$(x-\bar{x})^2$
2069/70	13.85	0.19	16.13	33.79	0	162.66	10.42	404.05
2070/71	3.38	100.74	6.1	251	0	162.66	6.35	584.24
2071/72	5.49	62.84	6.56	236.64	0	162.66	5.79	611.62
2072/73	6.92	42.21	5.62	266.44	2.42	106.79	2.6	779.58
2073/74	4.83	73.74	5.07	284.7	4.11	74.72	2.17	803.78
2074/75	5.96	55.61	6.31	244.39	8.77	15.87	5.08	647.24
2075/76	7.82	31.33	7.59	206.01	9.17	12.85	5.01	650.81
2076/77	6.02	54.72	6.37	242.52	5.06	59.2	4.97	652.85
2077/78	3.24	103.57	2.94	361.11	4.73	64.38	2.82	767.35
2078/79	2.25	124.7	3.75	330.99	2.8	99.08	3.23	744.8
Total	59.76	649.64	66.44	2457.58	37.06	920.89	48.44	6646.32
Mean	5.98		6.64		3.71		4.84	
SD	8.06		15.68		9.6		25.78	
CV	134.87%		235.95%		258.94%		532.21%	

$$\text{Mean}(\bar{x}) = \frac{\sum x}{N}$$

$$\text{For JBBL} = \frac{59.76}{10} = 5.98$$

$$\text{For GBBL} = \frac{66.44}{10} = 6.64$$

$$\text{For MLBL} = \frac{37.06}{10} = 3.71$$

$$\text{For MNBBL} = \frac{48.44}{10} = 4.84$$

$$\text{Standard Deviation } (\sigma) = \sqrt{\frac{\sum(x-\bar{x})^2}{N}}$$

$$\text{For JBBL} = \sqrt{\frac{649.64}{10}} = 8.06$$

$$\text{For GBBL} = \sqrt{\frac{2457.58}{10}} = 15.68$$

$$\text{For MLBL} = \sqrt{\frac{920.89}{10}} = 9.60$$

$$\text{For MNBBL} = \sqrt{\frac{6646.30}{10}} = 25.78$$

$$\text{Coefficient of variation (CV)} = \frac{\sigma}{\bar{x}} \times 100\%$$

$$\text{For JBBL} = \frac{8.06}{5.98} \times 100\% = 134.87\%$$

$$\text{For GBBL} = \frac{15.68}{6.64} \times 100\% = 235.95\%$$

$$\text{For MLBL} = \frac{9.60}{3.71} \times 100\% = 258.94\%$$

$$\text{For MNBBL} = \frac{25.78}{4.84} \times 100\% = 532.21\%$$

EY

Year	JBBL		GBBL		MLBL		MNBBL	
	EY (x)	$(x-\bar{x})^2$	EY (x)	$(x-\bar{x})^2$	EY (x)	$(x-\bar{x})^2$	EY (x)	$(x-\bar{x})^2$
2069/70	10.41	9.04	17.92	16.18	0.05	161.39	15.16	235.96
2070/71	3.84	91.72	8.08	192.18	-18.97	1006.41	6.56	574.13
2071/72	7.41	36.08	6.67	233.26	7.55	27.08	6.38	582.79
2072/73	9.73	13.59	7.25	215.88	7.3	29.75	3.3	740.98
2073/74	5.18	67.85	5.35	275.33	12.71	0	3.3	740.98
2074/75	9.46	15.66	8	194.41	11.57	1.4	5.41	630.56
2075/76	10.52	8.39	9.52	154.33	11.86	0.8	7.55	527.67
2076/77	8.42	24.97	7.99	194.69	7.18	31.07	5.31	635.59
2077/78	3.61	96.18	4.18	315.52	4.44	69.12	3.66	721.51
2078/79	5.2	67.52	5.81	260.27	6.03	45.21	5.39	631.57
Total	73.78	431	80.77	2052.07	49.72	1372.24	62.02	6021.75
Mean	7.38		8.08		4.97		6.2	
SD	6.57		14.33		11.71		24.54	
CV	88.98%		177.36%		235.60%		395.67%	

$$\text{Mean}(\bar{x}) = \frac{\sum x}{N}$$

For JBBL $= \frac{73.78}{10} = 7.38$

For GBBL $= \frac{80.77}{10} = 8.08$

For MLBL $= \frac{49.72}{10} = 4.97$

For MNBBL $= \frac{62.02}{10} = 6.20$

Standard Deviation $(\sigma) = \sqrt{\frac{\sum(x - \bar{x})^2}{N}}$

For JBBL $= \sqrt{\frac{431}{10}} = 6.57$

For GBBL $= \sqrt{\frac{2052.07}{10}} = 14.33$

For MLBL $= \sqrt{\frac{1372.24}{10}} = 11.71$

For MNBBL $= \sqrt{\frac{6021.75}{10}} = 24.54$

Coefficient of variation $(CV) = \frac{\sigma}{\bar{x}} \times 100\%$

For JBBL $= \frac{6.57}{7.38} \times 100\% = 88.98\%$

For GBBL $= \frac{14.33}{8.08} \times 100\% = 177.36\%$

For MLBL $= \frac{11.71}{4.97} \times 100\% = 235.60\%$

For MNBBL $= \frac{24.54}{6.20} \times 100\% = 395.67\%$

Appendix 2

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
MPS	40	91	1307	333.9275	238.46275
EPS	40	-32.82	43.1	19.65875	12.45642
DPS	40	0	40	15.30176	8.57033
DPR	40	0	1.33	0.71115	0.27821
P/E Ratio	40	-5.27	30.32	14.88425	7.26757
DY	40	0	0.16	0.05292	0.03276
EY	40	-0.19	0.18	0.06657	0.05372

Correlation coefficient

		MPS	EPS	DPS	DPR	P/E Ratio	DY	EY
MPS	Pearson Correlation	1						
EPS	Pearson Correlation	.825**	1					
DPS	Pearson Correlation	.839**	.838**	1				
DPR	Pearson Correlation	-.026	-.214	.288	1			
P/E Ratio	Pearson Correlation	.599**	.124	.381*	.397*	1		
DY	Pearson Correlation	-.389*	-.245	.057	.622**	-.376*	1	
EY	Pearson Correlation	-.575**	-.178	-.330	-.278	-.933**	.483**	1

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

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

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.981[a]	.963	.953	179.236

a. Predictors: (Constant), EY, EPS, DPR, DY, P/E Ratio, DPS

ANOVA

Model		Sum of Squares	DF	Mean Square	F	Sig.
1	Regression	19181757.611	6	3196959.602	99.515	.000[b]
	Residual	738883.855	23	32125.385		
	Total	19920641.467	29			

a. Dependent Variable: MPS

b. Predictors: (Constant), EY, EPS, DPR, DY, P/E Ratio, DPS

Regression

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-1264.9	679.705		-1.861	0.076
	EPS	11.634	5.988	0.348	1.943	0.064
	DPS	18.48	8.219	0.421	2.248	0.034
	DPR	-9.218	2.558	-0.442	-3.604	0.001
	P/E Ratio	61.147	13.233	0.721	4.621	0
	DY	74.561	48.676	0.175	1.532	0.139
	EY	47.407	72.364	0.09	0.655	0.519

a. Dependent Variable: MPS

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ABSTRACTS This study aims to investigate the practices of growth banks and their impact on market value. The impact of dividend policy on the share price of Nepal Development Bank has been studied by analyzing the dividend policy using various metrics such as Earnings per share, Dividend distribution, price-earnings, net income and relative income. to the market. Secondary data for the period 2012-13 to 2021-22 was collected from annual reports of development banks and other published sources. Use appropriate descriptive research techniques to analyze data. Multiple regression models and correlation analysis were

used to examine **the relationship between dividends and stock prices** and **the** significance **of the** relationship. The **study** found that **there is a negative** correlation **between**

earnings per share, net income, and net income, and a positive correlation between net income and price and earnings per share.

CHAPTER I INTRODUCTION 1.1 Background of the Study One of the most common issues in finance is the distribution of money. But managers, policymakers, and researchers have long disagreed about whether dividend policy affects stock prices. Investors, management, lenders and other stakeholders widely use distribution policy. This is important for investors because the dividend is