CONTRIBUTION OF MICROFINANCE ON ENTREPRENEURSHIP DEVELOPMENT

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Certification of Authorship

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled "**Dividend Practice and Market Price of Stock in Nepalese Commercial Banks**". The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor. It has been proposed and presented as part of requirements for any other academic purposes.

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

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Angila Dangol

Report of Research Committee

Miss Angila Dangol has defended research proposal entitled "**Dividend Practice and Market Price of Stock in Nepalese Commercial Banks**", successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestions and guidance of supervisor Dhruba Subedi and submit the thesis for evaluation and viva voce examination.

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Approval Sheet

We, the undersigned, have examined the thesis entitled "**Dividend Practice and Market Price of Stock in Nepalese Commercial Banks**" presented by Angila Dangol a candidate for the degree of master of Business Studies (MBS Semester) and conducted the Viva voce examination of the candidate. We hereby certify that the thesis is worthy of acceptance.

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ABSTRACT

The dividend policy of the company, which indicates how much of its earnings will be retained to promote future growth, is an important business decision. The primary goals of the research are to evaluate the dividend policies now followed by Nepalese listed businesses and determine whether or not dividend decisions are influenced by the financial structure, cash flow, company liquidity, stock prices, and investor satisfaction. The primary goals of the research are to assess how dividend policies affect sample commercial banks' stock prices and to look at how dividend practices and share prices are doing now in Nepalese commercial banks. In order to determine whether the market price of the sample commercial banks' stock is significantly impacted by earnings per share, dividends per share, and dividend payout ratio. Depending on the objectives of the investigation, both a causal and analytic research design will be employed. Thus, in order to fulfill the purpose of the study, secondary data will be used. Using a convenient sampling technique, the following banks have been selected as the study's sample: Nepal Bank Limited, Nabil Bank Limited, NMB Bank Limited, Kumari Bank Limited, and Nepal Investment Megha Bank Limited. All of the information needed for the study is gathered from secondary sources, primarily the websites of the listed firms and their financial statements as well as the trading reports released by NEPSE. According to the report, joint venture banks in Nepal have relatively high profits and dividend payouts. However, the listed firms in Nepal have not been able to deliver equitable dividends due to the low dividend payout ratio. Regarding dividend payments, none of these corporations have acceptable or well-defined policies. The lack of substantial correlation found between DPS and other variables suggests that none of these companies have a stronger dividend policy. The report goes on to say that in order to assess a company's development potential and financial stability, practitioners should look at its dividend indicators, which include net income, earnings per share (EPS), and dividend per share (DPS). Practitioners including investors, financial analysts, and portfolio managers must take profitability into account since it affects a stock's market price. Investment decisions are significantly influenced by profitability.

Key Words: Dividend, Earning Per Share, Dividend Per Share, Market Price Per Share, Dividend Payout Ratio..

CHAPTER I: INTRODUCTION

1.1 Background of the Study

Financial institutions are essential to accomplishing the fundamental goal of social and economic advancement in a nation. They occupy a vital and essential place in our diverse economy. Financial institutions govern many policies in order to raise the nation's overall economic standard. In actuality, they serve as a catalyst for capital formation and resource mobilization, which speeds up the nation's economic development process.

Among other financial organizations, commercial banks are essential for allocating national resources and sustaining the economy. Even though they are profitable, businesses nevertheless need to consider the general welfare in order to survive in the cutthroat commercial market. Every company enterprise constantly aspires to earn enough profit to sustain itself. Despite Nepal's early introduction to commercial banking, the government permitted the establishment of foreign joint venture banks after the country developed a modern banking system many years ago. Consequently, in 1984, 1985, and 1986, respectively, Nepal Arab Bank Ltd. (NABIL), Standard Chartered Bank Ltd. (SCBL), and Nepal Indosuez Bank Ltd. (NISBL) began their commercial transactions. Joint venture banks opened up new opportunities for Nepal's financial sector, hoping to draw in foreign capital, technology, experience, competitiveness, knowledge, and abilities. Following the reestablishment of the multiparty democratic system in 1990, the government implemented policies of liberalization and free markets, which facilitated the expansion of joint venture banks.

Nepal is a developing nation whose economy is based on agriculture. The nation has made great strides in recent years in its attempts to diversify into the manufacturing and other technology sectors. The primary economic activity is farming, which is followed by manufacturing, trade, and tourism. The main sources of foreign exchange profits are tourism, services, exports of goods, and remittances from the Gurkhas. The GDP (gross domestic product) is approximately US$ 4.3 billion annually. The GDP per person is $644 USD.Nepal's principal economic sectors include;

Agriculture: Over 40% of Nepal's GDP comes from farming, which employs eight out of ten people. The Nepalese hills and Terai plains are dotted with tidy terraces and rolling farms. Large swathes of land outside of the city areas are farmed, even in the heavily urbanized Kathmandu Valley.

Manufacturing: Accounting for less than 10% of GDP, manufacturing is still in its infancy. Woolen carpets, clothing, textiles, leather goods, paper, and cement are important businesses. Cigarettes, drinks, sugar, and steel utensils are among the other items manufactured in Nepal. While there are a lot of huge, contemporary manufacturers, the majority are cottage or small-scale businesses. Trade: Since ancient times, one of Nepal's main vocations has been commerce. The people of Nepal are accustomed to trading because their country is located at the intersection of the historic Trans-Himalayan trade route. The import of manufactured goods and the export of agricultural raw materials define foreign trade. Nepal imports over $1 billion worth of petroleum products and manufactured goods each year.

Tourism: One of the main sectors in the Kingdom, tourism brought in 463,684 visitors to Nepal in 1998. Since the 1950s, when this industry first emerged, it has been growing quickly. Because of Nepal's stunning natural surroundings, rich cultural legacy, and wide range of exciting adventure and sight-seeing options.

With an estimated 42,000 MW of viable hydroelectric capacity, Nepal has a lot of potential to be fully utilized, but political unrest prevents international investment. The obstacles to Nepal's development, despite its unrealized potential, are its landlocked geography, labor instability and civil turmoil, and its vulnerability to natural disasters. Due to a number of factors, including ineffective management, the majority of public businesses in our nation are losing money. In these kinds of businesses, the focus is on minimizing losses by making better use of capital, not on distributing dividends. Few businesses are paying their stockholders a decent dividend, as far as we can see. However, there is a new trend of distributing dividends to shareholders following the development of joint venture corporations. This has raised increased expectations for a successful fund-raising effort. Therefore, the dividend policy of the company, or the portion of earnings it gives its shareholders in cash, is a key decision.

When we refer to a dividend policy, we mean a methodical way to deciding between distribution and retention rather than relying solely on ad hoc analysis from time to time. since a result, the question of what and how much dividends are desirable is never settled, since investors constantly want to see bigger payouts, even though the company makes care to set away money to maximize shareholder wealth (Dickens, Casey, & Newman, 2002).The company's growth depends on maintaining earnings, yet shareholders want to receive a return in the form of dividends.

For each firm, choosing how much dividend to pay out is quite important. One useful tool for figuring out how to divide profits between paying out dividends and keeping some for the company is its dividend policy. A dividend is a percentage of a company's earnings given to its owners. The largest internal source of funding for the company's expansion is retained earnings. Anytime a business turns a profit, the question of how much should be kept within the company arises. Dividend policy offers a solution to this issue. A key consideration when choosing a firm's financing strategy is its dividend policy (Horne and Wachowicz, 1997).

A key choice made by the company is its dividend policy, which establishes the portion of earnings that will be kept in the company and is desired for its expansion. The regularity of dividend payments is being questioned in Nepal. On the other hand, the majority of joint venture banks pledge to distribute dividends to their owners. Without a doubt, the increase in the market value of these joint venture banks' shares has given shareholders a sufficient sense of protection (Shrestha, 2011).In addition to drawing investors, the dividend distribution trend has increased management awareness of the dividend payment policy, raising fresh prospects for successful capital raising. With reference to a few joint venture banks in Nepal, this study intends to concentrate on the current practices and policies of listed Nepalese corporations with regard to dividend distributions.

1.2 Problem Statement

The allocation of earnings between payments to stockholders and reinvestment in the company is determined by the dividend policy. One of the most important sources of funding for company expansion is retained earnings, while dividends are the cash flows that go to investors. Theoretical literature in finance has various schools of thought regarding dividend policy. According to one school of thought, capital gains from earnings retention are considered riskier than dividend expectations. According to a rival school of thinking, investors don't really care whether they receive capital gains or dividends as returns.

The literature on finance has developed a number of theories and empirical discoveries about dividend policy, but the topic remains important and arguably the most contentious in the field. A company's dividend policy may have an impact on a number of factors, including stock prices, corporate liquidity, financial structure, and investor satisfaction. It is without a doubt a crucial component of financial management.

With regard to Nepal, the Nepal Stock Exchange lists around 217 businesses and state enterprises. Since the majority of these corporations lack a clear and consistent policy regarding dividend distribution, they are not seen as being very serious when making decisions about dividends. Regarding public enterprises in Nepal, Dr. M.K. Shrestha notes that dividends are still viewed as an unintended strategy or an unpayable obligation at a time when the Nepalese government is unable to compel public limited companies to pay a minimum dividend rate on contributed equity capital. Regarding dividend payments, certain Nepalese legislation remain quiet, including the Commercial Bank Act of 2031, the Nepal Company Act of 2053, and other governing legislation. These factors are the cause of the inconsistent dividend decisions made by various firms. Dividend decisions are increasingly made by business management rather than at shareholder meetings.

In the Nepali environment, distinct corporations have implemented varying policies, and dividends are disbursed in various formats, including cash and stock dividends. These days, stock dividends are more common in Nepal, particularly in the banking industry. However, the distribution of dividends is not uniform. Additionally, the banks included in the analysis are not paying out dividends in an equitable manner. In light of the frequency of these circumstances, this study attempts to address the following issues.

- What is the current status of dividend practice and market price of share in Nepalese commercial banks?

- Is there any relationship between earning per share, dividend per share, and dividend payout ratio on market price of stock of commercial banks in Nepal?
- How dividend policy impact the market price of share of commercial banks in Nepal?

1.3 Objectives of the Study

The primary goals of the research are to evaluate the dividend policies now followed by Nepalese listed businesses and determine whether or not dividend decisions are influenced by the financial structure, cash flow, company liquidity, stock prices, and investor satisfaction. The objectives of the study are as follows:

- To examine the current status of dividend practice and market price of share in Nepalese commercial banks.
- To analyze relationship between earning per share, dividend per share, and dividend payout ratio on market price of stock of sample commercial banks in Nepal.
- To analyze the impact of dividend policy on the market price of stock of sample commercial banks in Nepal.

1.4 Rationale of the Study

These days, people are drawn to share investing in order to increase their wealth position and receive higher returns. As a result, the dividend policy has proven to be a successful strategy for drawing in new capital, keeping hold of current capital, and preserving the company's goodwill. Upon the float of shares through the stock market, a large crowd gathers to apply for an owner's certificate. It shows what individuals anticipate will happen to share investments in the future. The investor loses out on potential revenue while making an investment in shares. There are two ways to generate a return in the stock market.

a) By means of dividend

b) By capital gains i.e. increase in price

People are making haphazard stock investments since they don't know enough about shares. It's important to develop precise ideas about the return on investment that comes from buying stocks. Almost no corporations in Nepal have implemented a dividend policy. There are numerous explanations for it for which insufficient research has been done.

In light of these facts, a study is conducted to assist investors in selecting a lucrative company that will yield a larger return on their investment. Thus, this will assist them in selecting the best company to invest in. This study will be helpful to stockbrokers, financial agencies, scholars, policy makers, and other interested parties in addition to management in identifying weaknesses and offering solutions about the proper dividend policy.

1.5 Limitation of the Study

The scope of this study is restricted to the following areas due to constraints on time, money, and other resources:

1. Among the different financing organizations, five commercial banks included in the NEPSE were the basis for the study.
2. Only the most recent statistics and information for the ten years between 2011/12 and 2021/22 are covered in this study.
3. The investigation of the dividend's impact on stock price is the exclusive topic of this study.
4. Limited financial indicators such as —dividend per share, dividend payout ratio, earnings per share, market price per share, PE ratios—were the only ones the study examined and indicators have been eliminated for the study right now.

CHAPTER II: LITERATURE REVIEW

A literature review is a critical assessment of the body of knowledge regarding a specific subject. To get a thorough grasp of the subject, it entails finding, evaluating, and synthesizing pertinent books, scholarly articles, and other information sources. Any research endeavor must include a literature review because it helps place the findings in the context of previous research and lays the groundwork for additional investigation. To make sure that the study is based on the most recent and pertinent research in the field, it is crucial to perform an exhaustive and methodical examination of the literature.

2.1 Theoretical Review

2.1.1 Theory of Stock Price

The market, where buyer demand and seller supply balance, sets stock prices. However, have you ever questioned what influences a stock's price and what moves the stock market? Sadly, there isn't a simple formula that can accurately predict how a stock's price will move. Nevertheless, we do have some knowledge of the factors that influence a stock's rise or fall. Although a number of factors influence stock prices, supply and demand in the market at any one time determine the price at that instant. Technical aspects of a stock's price history in the market include momentum, chart patterns, and trader and investor activity.

The calculation of the volatility parameter is necessary for many value-at-risk models that quantify market risk. Stock behavior data is also a critical input for hedging techniques and portfolio diversifications. Concern is increased by the erratic nature of stock prices and their behavior, which are now commonplace in the financial markets. The rapid transmission of stock price behavior across markets is a new attribute brought about by the increasing connections between national markets for commodities, currencies, and stocks and the global market, as well as the presence of common actors. Risk and the behavior of stock prices have gained more significance in recent years for scholars, market players, regulators, and financial professionals. The goal of the current study is to examine the body of research on ideas that explain stock price behavior (Ritter & Silber, 2012).

The stock market is a financial marketplace where long-term securities, such as those backed by debt and equity, are purchased and sold. The most popular and frequently traded securities in financial markets are stocks, sometimes known as "shares" or "equity." It is thought considered as a long-term financial source. With stocks, the holder acquires ownership of a portion of the firm as well as the right to profit in the event that the company makes money or to suffer a loss equivalent to that of shares. The stock market gives businesses and investors a platform to invest their savings while giving businesses access to low-cost long-term funding. Arkan (2016)

Research on the behavior of stock prices has shown a great deal of interest in the long-term time series characteristics of stock prices, with a focus on determining whether or not stock prices can be described as random walks. In the event that stock prices exhibit a mean reverting process, investors may be able to predict future returns by utilizing historical return data, as there is a propensity for the price level to eventually return to its trend path. A random walk process, on the other hand, suggests that any stock price shock is irreversible and that there is no propensity for the price level to eventually revert to a trend path.

Money markets and capital markets are the two main functional divisions of financial markets. According to Gupta (2008), the former are short-term fund markets, whereas the latter are long-term fund markets. One of the key elements of the capital market is the stock market. The most crucial aspect of any financial market is the capital market. It is the market where long-term money are collected. The dispersed public savings can be used to raise the necessary capital for entrepreneurs with ideas but lack the resources to launch, grow, and run their businesses. They issue securities that can be traded, such as debentures and shares. The main market, often known as the IPO (Initial Public Offering) market, is the market through which they issue new or extra issues. The public's reaction will determine whether the problem is successful. An issue is considered successful if there is a strong public response and an excess of subscriptions. Buying securities is referred to as investing. Investors give up current consumption in favor of future gains. The public's reaction to the public issue is one of the important aspects to take into account in this case. Only if they believe they can get rid of their investment when they need it will they respond. After investing their money, the business owners made a profit. Additionally, the business owners divide a portion of their generated earnings and set aside a specific percentage for the growth and diversification of their enterprise.

Occasionally, business owners who are short on cash will keep all of their profits for themselves and reinvest them back into the company. Investors anticipate a larger percentage in return because of the greater capital and reserve. Investors of this type are able to sell their shares on the secondary market. They will demand higher prices for their investment in this scenario. Better investment opportunities are sought after by other investors as well. As a result, the price of the securities controls both the company's performance and the information-sharing mechanism. The average value is computed using several methods as a market price indication. An index is a value of this kind. To illustrate the market price, the Nepal Stock Exchange, for instance, computes the NEPSE Index. Many investors may be drawn to the capital market if its reach extends beyond the Kathmandu valley.

There is no agreed-upon definition or metric for measuring stock market development among economists. However, market size, liquidity, volatility, and concentration are the different metrics used to assess the evolution of the stock market. A developed stock market is generally indicated by a large stock market size. The number of listed businesses on the stock exchange at any given time is one indicator of the size of the stock market. As the number of listed firms rises, so does the size of the stock market. The market capitalization ratio, which is calculated by dividing the total market value of listed shares by the GDP, is another indicator of the size of the stock market. The underlying premise of this measure is that the size of the stock market as a whole is positively connected with the capacity to raise capital and diversify risk across the economy. Market capitalization ratios in developed nations should be more than 1, as many emerging nations have ratios between 0.3 and 0.4 (Ritter, 2012).

Investors can easily and affordably make changes to their investment portfolios at any moment because to market liquidity. Financial assets with more liquidity are less risky, which enhances resource allocation efficiency and fosters long-term economic growth. The capacity to purchase and sell securities in the market with ease is referred to as liquidity in the stock market. There are two methods for calculating the stock market's liquidity. First, the market capitalization ratio is supplemented by the total value traded / GDP metric, which is the share traded on the stock market divided by GDP. This method shows how easy it is to trade shares in a country's stock market, even if it does not measure the cost of trading shares directly. It is anticipated that when organized equity trading becomes easier and less expensive, its volume as a percentage of the country's output will rise. It is noteworthy that in rich nations, the ratio of total value traded to GDP can reach 0.4, whereas in developing nations, it often ranges from 0.001 to 0.01 (Ritter, 2012). The second metric is stock market liquidity, or the turnover ratio, which is calculated by dividing the value of each traded share by the market capitalization. A high turnover percentage is indicative of cheap transaction costs and comparatively simple share purchases and sales. This ratio ranges from 0.15 to 0.3 in many developing nations, while it is larger than or very close to 1 in developed ones (Ritter, 2012).

For the sake of simplicity, "less volatility" is sometimes referred to as "greater stock market development," even if greater volatility is not always an indicator of more or less stock market development. High stock market volatility does not always indicate an underdeveloped stock market; rather, it indicates risk associated with investing in shares. It is commonly assumed that developed stock markets provide lower volatility and higher returns while absorbing financial asset risk. Thus, lower volatility is chosen above higher volatility as a measure of the progress of the stock markets in eight countries. Another crucial metric for tracking the evolution of the stock market is volatility. Based on market returns, this indicator's twelve-month standard deviation was calculated. Greater volatility and risk are associated with bigger standard deviations. Another way that the expansion of the stock market may impact economic growth is through risk diversification through globally integrated stock markets. Increased risk diversification can impact growth by directing funds into ventures with greater rates of return. Better risk diversification through globally connected stock markets is predicted to encourage investment in high-return initiatives, as projects with greater expected returns are also typically riskier (Levine & Zervous, 1998).

It's unclear in developing nations whether stock markets are essentially expanding casinos where an increasing number of people are coming to gamble or if they have a significant role in driving economic expansion. One school of thought contends that it is unimportant, while another emphasizes the role that stock markets play in facilitating risk management, distributing capital, mobilizing savings, and exerting corporate control.

Conventional proponents of growth theory held that there is no relationship between the expansion of the stock market and economic growth. Singh (2016) argued that attaining a high degree of economic development does not require the presence of stock markets. Due to their vulnerability to market failure, which frequently materializes in the volatility nature of the stock market in many developing nations, many saw the stock market as a force that hinders economic progress (Ahmed, 2013).

In contrast to the conventional wisdom, Pardy (2006) argued in his important article that capital markets may more effectively allocate funds and mobilize domestic savings in less developed countries. According to Levine and Zervous (1997), there is a strong and positive correlation between the development of the stock market and economic growth. In a similar vein, Carprorale (2006) found that sustained economic growth can be facilitated by a robust stock market. It also lends credence to the idea that a healthy stock market can spur economic growth by accelerating capital allocation and fine-tuning it through more efficient resource allocation.

2.1.2 Arbitrage Pricing Theory (1976)

The factor loading model and the macro variable model are the two APT variations. Artificial variables produced by factor analysis are used in factor loading models. According to Erdugan (2012), the macro variable model employs macroeconomic variables that have an economically interpretable impact on stock prices. The APT was created by Ross in 1976, and Roll and Ross (1995) explored its benefits for portfolio management and offered a clearer explanation of the concept. An alternate method to the CAPM, which has emerged as the primary analytical instrument for elucidating the phenomena seen in capital markets, is the APT. The APT is a different asset-pricing model from the CAPM in that it makes different assumptions and explains different risk factors related to an asset's risk. Returns are only specified as a linear function of systematic risk by the CAPM. Returns are specified by the APT as a linear function of multiple factors. Using a linear combination of variables, it forecasts a link between the returns of a portfolio and the returns of a particular asset. With the APT approach, the concept of "pricing by arbitrage" was fully utilized, departing from the risk vs return rationale of the CAPM. Since arbitrage-theoretic reasoning is the fundamental logic and process of almost all finance theory, it is not exclusive to any one theory, as Ross (1976) has pointed out. Numerous multifactor asset pricing models have been created and published in the literature. Sinclair (1984) asserts that every multifactor asset pricing model created in the literature can be thought of as a particular theoretical instance of the APT.

In the US and other countries, the APT has been the subject of empirical research. Chen (1983), Chen et al. (1986), Priestly (1996), Clare and Thomas (1994), Cheng (1995 and 1998), Chen and Jordan (1980) are a few examples. Chen et al. (1997), Beenstock and Chan (1986), Merville et al. (2001), and Cho et al. (1984). Numerous empirical studies on APT have been conducted with Australian data, including those by Groenewold and Fraser (1997), Faff and Chan (1998), and Sinclair (1984). The factor loading model, the macro variable model of the APT, and the CAPM were compared by Groenewold and Fraser (1997). While it was observed that both APT variants performed significantly better than the CAPM, there was no clear winner when it came to within- and out-of-sample explanatory power. In order to determine the number of factors and their importance in predicting the responsiveness of individual securities to various systematic risk variables, the factor loading model employs a factor analysis technique based on artificial factors.

2.1.3 Dividend Irrelevance Theory

The theory of dividend irrelevance was formulated in 1961 by Merton Miller and Franco Modigliani, two economists. According to the dividend irrelevance theory, a company's stock price is unaffected by its dividend payments. A dividend is usually a sum of money paid to shareholders as a return on their investment from the company's profits. According to the notion known as "dividend irrelevance," a company's long-term competitiveness may suffer if it pays out dividends since the money would be better used to increase profitability through internal investment. Many opponents of the dividend irrelevance argument contend that dividends actually increase a company's stock price, despite the fact that some businesses have probably chosen to pay dividends rather than increase their earnings. According to the notion of dividend irrelevance, markets operate effectively, meaning that every dividend payment will cause the stock price to drop by the dividend amount. Put another way, if the company paid a Rs. 1 dividend a few days after the stock price of Rs. 10 was reached, the stock would drop to Rs. 9 per share. Because the stock price drops for the same amount of the distribution, holding the shares for the dividend results in no gain.

2.3.4 Bird in the hand Theory

A bird in the hand one of the main theories pertaining to an enterprise's dividend policy is theory. In reaction to Modigliani and Miller's dividend irrelevance theory, Myron Gordon and John Lintner created this notion. Modigliani and Miller erred in thinking that the dividend policy had no bearing on the cost of capital for the company, according to Gordon and Lintner. They maintained that greater capital expenses are the outcome of smaller payments. They recommended that investors choose dividends over capital gains, which could or might not materialize if they allow the company to keep its profits. The authors suggested that because of the greater risk, investors seek a larger overall return when the capital gains/dividend ratio is higher. Stated differently, Gordon and Lintner asserted that a one percent decrease in dividend distribution must be balanced by a greater than one percent increase in growth.

2.2 Empirical Review

Hanafi, (2023) studied on the effect of dividend policy on share prices of bursa malaysia listed companies. This research aims to ascertain how dividend policies affect share prices, focusing on firms that are included in the FTSE Bursa Malaysia 100 (FBM100) index. The purpose of this research is to look into and analyze how listed firms within the FTSE FBM100's share price performance are affected by their dividend policies. This study examines the link between share price, the dependent variable, and dividend policies (independent variables), such as dividend yield, volume traded, dividend payout, and firm size, return on invested capital, free cash flow yield, and volume traded (control variables). Dividend policy's impact on share price volatility is one of the most hotly debated subjects in corporate finance. When deciding whether to purchase shares, investors most frequently consider the share price. There are numerous empirical studies that look into and analyze how dividend policies affect share prices, however the findings aren't always consistent. The effect of dividend policy on share prices of firms listed on the FTSE (Financial Time Stock Exchange) FBM100 index between 2011 and 2020 was the main subject of this study. After filtering, a total of 56 companies are sampled in this study, and the regression model was used to analyze the data. The panel data regression model's results showed that while dividend yield has a negative and significant impact on share price, dividend distribution has no effect on share prices. Share prices are significantly impacted by return on invested capital, volume traded, and firm sizes as measured by market capitalization; free cash flow yield had no discernible impact. Dividend policy therefore has a big influence on share prices.

Mahirun, (2023) examined a study on impact of dividend policy on stock prices. By utilizing dividend policy as an intervening variable on the relationship between firm value and capital structure, this study seeks to test and evaluate the research model. Profitability, trading volume activity, and the pool of investment opportunities are further factors affecting the stock price. The companies that were part of the Indonesia Stock Exchange's LQ45 index between 2012 and 2021 are the subjects of this study. Path analysis is the analytical method we use to assess both direct and indirect impacts of exogenous variables on endogenous variables. The dividend policy with the DPR (Dividend Payout Ratio) indicator was found to be unable to mediate financing policy and firm value in rising stock prices after evaluating 177 samples over a ten-year period. Another study discovered that while some variables, like PER (price earning ratio) and DER (debt to equity ratio), have a positive and significant influence on SP (stock prices), others, like ROE (return on equity) and DPR (dividend payout ratio), do not significantly increase SP (stock prices). While DAR (Debt to Assets Ratio) and TVA (Trading Volume Activity) are the factors in our study that can lower SP (Stock Prices), PBV (Price to Book Value) and ROA (Return on Assets) are other factors that do not significantly lower SP (Stock Prices) even though their direction of influence is negative.

Ali (2022) observed on Micro-Meso-level and macro-level determinants of stock price crash risk: a systematic survey of literature. In order to identify the macro-meso and micro-level factors influencing stock price crashes, this paper performed a comprehensive assessment and synthesis of the empirical research on the antecedents of stock price crash risk. The authors evaluated the macro-meso and micro-level factors influencing stock market collapses by methodically reviewing 85 empirical studies that were published in journals with an ABS ranking. The results show that macroeconomic variables that affect firm-level business conduct and raise the likelihood of a stock market crash include corporate governance, political and legal issues, socioeconomic indices, and religious attitudes. The probability of a stock market crash is significantly influenced at the meso-level by factors such as media coverage, industry-level characteristics, consumer concentration, ownership structure, and behavioral aspects. Lastly, managerial traits, firm-specific factors, earnings management, business policies, CEO attributes and compensation, financial transparency, and financial transparency are micro-level factors that affect the likelihood of a stock market crash.

Bossman (2022) observed on dividend policy and performance of listed firms on Ghana stock exchange. After adjusting for business age, size, capital structure, governance, and financial sector clean-up, the study's primary goal was to investigate the relationship between dividend policy and financial performance among Ghanaian listed firms. Using data from 2015 to 2019, the study used the system dynamic general method of moments (GMM) estimate technique. During a time of financial sector reforms and clean-ups, new proxies of dividend policy (dividend capacity and free cash flow savings) were used in addition to dividend payout to determine their impact on firm performance. The study discovered that dividend capacity had a noteworthy impact on both return on equity and return on assets. It was discovered that free cash flow savings had an indirect association with Tobin's Q and stock price, but a direct and considerable impact on return on equity and return on assets. Our results show that dividend payout has a negative impact on owners' wealth during times of crisis, despite the fact that free cash flow savings and dividend capacity are favorably correlated with company performance. The results showed that the performance of non-financial enterprises alone was negatively impacted by clean-ups in the financial sector.

Koleosho (2022) examined the effect of dividend policy on share price volatility of some selected companies on the Nigerian exchange. Different patterns of share price volatility have been observed in several worldwide exchange marketplaces, such as the Nigerian Exchange (NGX). Fewer research have been done in this area, particularly in developing nations like Nigeria, despite several attempts to identify potential reasons of this volatility and strategies for mitigating them. Thus, the purpose of this study is to investigate how the dividend policy affects the share price volatility of particular NGX-listed businesses. The research design employed in the study was ex-post facto, and volatility was measured using the EGARCH. For the panel data, 49 randomly chosen out of 162 companies listed on the Nigerian Exchange between 2010 and 2020 were included in the study. The analysis comes to the conclusion that share price volatility is significantly influenced by dividend policy. The findings suggest that businesses should prioritize dividends more, and that investors should choose companies with a stable payout ratio.

Endri (2021) observed the stock price volatility during the COVID-2019 pandamic: The GRACH model. Using an event study methodology and the GARCH model, this research looked at how stock prices on the Indonesia Stock Exchange (IDX) responded to COVID-19. The composite stock price index (JCI) and companies that are part of LQ-45 in the 40 days leading up to the COVID-19 incident, the day of the incident (March 2, 2020), and the 10 days following the incident (January 6, 2020 – March 16, 2020) comprise the search sample. Research demonstrates that anomalous returns are adversely affected by COVID-19, that there is significant volatility in the JCI during the COVID-19 event, and that the model may be used to estimate volatility and forecast anomalous returns for stocks in IDX during COVID-19-affected market conditions. The study's practical implications for investors are that abnormal returns are impacted by stock price volatility, which was brought on by the COVID-19 event. In order to manage a stock portfolio in the face of future conditions of uncertainty and greater volatility, multiple lines of risk management are required. Furthermore, it creates avenues for speculators to make money in an inefficient market. The empirical literature that is presently being generated to look into the phenomena of stock price volatility behavior during COVID-19 on the IDX is the basis for this study. The COVID-19 pandemic causes an increase in stock price volatility, which in turn causes anomalous returns to drop, as demonstrated by the GARCH model. The empirical results also support the theories of financial behavior related to uncertainty and the efficient market hypothesis theory related to the study of occurrences.

Susanti (2021) examined on dividend policy on regional development banks in Indonesia. The purpose of this study is to forecast and estimate how stock prices would affect net profit, comprehensive income, and profit volatility on the Indonesia Stock Exchange between 2014 and 2019. Using secondary data from 98 banking companies listed on the Indonesia Stock Exchange between 2014 and 2019, the study does quantitative analysis. The findings demonstrate that net income and comprehensive income are significantly impacted by share price, but profit volatility is not significantly impacted by share price. This suggests that investors should consider both variables when conducting additional fundamental research because net and comprehensive income are relevant to share price. Prior research assessed how volatile earnings, net income, and comprehensive income were in relation to share price; however, when other methodologies are tested by causality, share prices have an impact on net income and comprehensive income but not profit volatility.

Ashraf (2020) examined stock markets' reaction to COVID-19: Cases or fatalities. In this paper, the main objective was to examine the stock markets' response to the COVID-19 pandemic. Utilizing daily data from 64 nations on COVID-19 confirmed cases, deaths, and stock market returns from January 22, 2020 to April 17, 2020, the study discovered that stock markets reacted adversely to the increase in COVID-19 confirmed cases. In other words, as the number of confirmed instances rose, stock market returns decreased. We also discover that stock markets responded more aggressively to an increase in confirmed cases than to an increase in fatalities. Additionally, according to our data, there was a significant negative market reaction in the early days following the confirmation of cases as well as between 40 and 60 days later. All things considered, our findings imply that stock markets react to the COVID-19 pandemic fast, and that this reaction changes over time based on the outbreak's stage.

Karlsson, et.al. (2020) analyzed on market structure and efficiency in Swedish commercial banking, 1912–1938. The relationship between market structure and performance in the Swedish commercial banking sector from 1912 to 1938 is examined in this article. New market regulations were implemented at this time in an effort to promote large-scale banking. The industry thus went through a significant era of consolidation. These alterations to the market structure followed the growth and advancement of industry. Because of this, it is widely believed that the new system encouraged banks that could effectively provide financial services to the industry. However, no thorough analysis of the real effects of these policy changes on the banks' performance has been carried out up to this point. We investigate this effect by creating a Malmquist index based on technical efficiency scores obtained from Data Envelopment Analysis (DEA) to gauge the effectiveness of Swedish commercial banks. Fractional regression analysis is a tool used by researchers to study how bank mergers and market concentration affect efficiency. They discover that over this time, the average efficiency of the Swedish commercial banking sector was significantly impacted negatively by market concentration. Large financial intermediaries might have been required to direct funding towards extensive industrial and infrastructure projects.

Kumari (2019) examined on an empirical analysis of stock price behaviour around bonus issue announcement in India. Given this, the current study looks into how Bonus Issue announcements affected the Indian stock market over a five-year period, from 2014 to

2018. Announcements of corporate actions are typically interpreted as positive news for market investors. Fake business actions, like the Bonus share offering, often have a beneficial or negative impact on the market price. This study used a sample size of nine BSE businesses and employed the event study approach. The data have been analyzed and interpreted using statistical methods such as t-test, mean, standard deviation, regression analysis, percentage analysis, and CAGR (Compounded Annual Growth Rate). To examine the abnormal return taking into account nine companies, an investigation window (t-10 to t+10) was taken for all bonus issue announcement events. The outcome shows that the announcement of a bonus share issue has no effect on the Indian stock market. As a result, this study supports the idea that a company's announcement of the issuance of bonus shares has no discernible impact on the stock price.

Ruhani (2018) examined on theories explaining stock price behavior. The outcome demonstrates the significance of estimating stock price behavior for many market parties and for a number of reasons. Stock price behavior is a result of the developing connections between national markets for commodities, currencies, and stocks and the global markets, as well as the presence of common participants. The goal of the current study is to review the body of research on ideas that explain stock price behavior. This study offered the theories in two distinct eras to review the literature. Financial theory can be divided into two eras: the premodern era and the modern financial economics ideas accompanied by technical advancement.

Narwani (2017) observed on equity share price of selected pharmaceutical industries (BSE) in stock exchange. The findings indicated that among the world's leading rising markets for pharmaceuticals is India. Technical analysis looks at how stock prices have behaved in order to predict future stock values. Before making an investment, it enables investors to comprehend market trends and pricing risk. This aids in their education about the financial system and keeps kids out of danger. based on five businesses' predictions. The various price patterns of these companies' stocks can be used to predict their future trends when analyzed with the appropriate technical analysis tool. Technical analysis is crucial for predicting the short- and medium-term price movement trends and for assisting investors in choosing the best course of action when investing in profitable stocks.

Lucky & Akani (2015) analyzed on Prudential Determinants of Stock Prices of Commercial Banks in Nigeria: an Application of Fundamentalists and Macroeconomic View. 1980 – 2014. This study looked at the macroeconomic and fundamentalist approaches to determine the prudential factor of commercial bank stock prices in Nigeria between 1980 and 2014. The Central Bank of Nigeria (CBN) statistical bulletin, Stock Exchange fact book, and bank annual financial reports were the sources of secondary data. The dependent variable in this study was the aggregate value of the commercial banks' end-of-year stock prices. The macro prudential variables are the monetary policy rate, inflation rate, all share price index to gross domestic product, real gross domestic product, exchange rate, and broad money supply, while the micro prudential variables are the ratio of retain earnings, ratio of dividend payout, profitability, commercial banks capital to total assets, lending rate, and bank size. The nature of the link between the dependent and independent variables in the regression models was examined using the Ordinary Least Square Method of Co-integration test, Augmented Dickey Fuller Unit Root Test, Granger Causality test, and Vector Error Correction Model. With the exception of loan rate, the analysis indicated that all microprudential factors had a favorable impact on the stock values of commercial banks. The macro prudential variables revealed an R2 of 52.0% explained variation, 8.788310 over significant, and probability of 0.000004, indicating that the macro prudential variables exhibit positive average and significant relationship with stock prices in Nigeria, while the micro prudential variables show strong relationship between the dependent and independent variables with a R 2 of 69.4% explained variation, 12.43051 overall significant, and the probability of 0.000004. The results support macroeconomic and fundamentalist viewpoints. As a result, we advise that commercial bank management improve its ability to handle both macro and microprudential issues that may have a detrimental impact on the quoted stock prices in Nigeria.

Islam (2015) examined a research on Determinants of stock price movements: evidence from Chittagong stock exchange, Bangladesh. The events surrounding Bangladesh's stock market meltdown in 2010–2011 are the main subject of the study. The study intends to analyze, in the post-crash period, the relationship between stock price, dividend, and retained earnings of 29 listed banks on the Chittagong Stock Exchange. Secondary sources provided the cross-sectional data. The study used the linear regression method to find that, despite the variables' moderate explanatory power, the sample banks' retained earnings and dividends had a significant impact on the stock price. According to the study's findings, retained earnings and dividends both significantly influence stock price.

Harshapriya (2015) analyzed on the impact of dividend policy on share price volatility: evidence from banking stocks in Colombo stock exchange. This study looks for evidence in the literature on dividend policies by analyzing licensed commercial banks listed on the Colombo Stock Exchange in Sri Lanka and examining the effect of dividend policies on share price volatility. The fixed effect model was used in conjunction with the panel data least squares method. While dividend payout had a significant negative correlation with share price volatility, as predicted by theories related to dividends and empirical evidence from various capital markets, the impact of dividend yield on the volatility of the share prices of licensed commercial banks was found to be insignificant at a 5% significant level with positive correlation. These findings imply that dividend policy affects the volatility of share prices for stocks in the banking industry on the Colombo Stock Exchange.

Table 1

Summary of Empirical Review

SN	Authors	Objectives	Methodology	Findings
1	Hanafi, (2023)	The purpose of this research is to look into and analyze how listed firms within the FTSE FBM100's share price performance are affected by their dividend policies.	Regression analysis	Results showed that while dividend yield has a negative and significant impact on share price, dividend distribution has no effect on share prices. Share prices are significantly impacted by return on invested capital, volume traded, and firm sizes as measured by market capitalization; free cash flow yield had no discernible impact. Dividend policy therefore has a big influence on share prices.
2.	Mahirun, (2023)	To test and evaluate the research model. Profitability,	Path Analysis	study discovered that while some variables, like PER (price earning ratio) and DER (debt to equity ratio), have a positive and

		trading volume activity, and the pool of investment opportunities are further factors affecting the stock price.		significant influence on SP (stock prices), others, like ROE (return on equity) and DPR (dividend payout ratio), do not significantly increase SP (stock prices). While DAR (Debt to Assets Ratio) and TVA (Trading Volume Activity) are the factors in our study that can lower SP (Stock Prices), PBV (Price to Book Value) and ROA (Return on Assets) are other factors that do not significantly lower SP (Stock Prices) even though their direction of influence is negative.
1	Ali. W. (2022)	To ascertain the macro-meso and micro-level determinants contributing to stock price crashes	Micro, meso and Macro level factors are independent variables and stock price is used as dependent variables.	The results show that macroeconomic variables that affect firm-level business conduct and raise the likelihood of a stock market crash include corporate governance, political and legal issues, socioeconomic indices, and religious attitudes.
2	Endri (2021)	To examine the response of stock prices on the Indonesia Stock Exchange (IDX)	Abnormal returns after covid-19 and stock price.	The empirical results also support the theories of financial behavior related to uncertainty and the efficient market hypothesis theory related to the study of occurrences.
3	Karlss, Häggqvi and Hedberg (2020)	To analyze to examine the impact of market concentration and bank mergers on efficiency.	Deposit Capital and general expenses are used a independent and total loan and bond share are used as dependent variables.	During this time, the average efficiency of the Swedish commercial banking sector was significantly impacted negatively by this market concentration. Large financial intermediaries might have been required to direct funding towards extensive industrial and infrastructure projects.
4	Narwani (2017)	To analyze about the trend of market and risk of the prices before they	Net worth and sales growth are independent where Economic value added (EVA) is dependent	This aids in their education about the financial system and keeps kids out of danger.

		invest.	variables.	
5	Arshad, Arshaad , Yousaf and Jamil (2015)	To find out the impact of both internal and external factors on share price.	EPS, BMR, interest rate, GDP, PER, DPS and leverage are independent variables and Share price is dependent variables.	The book-to-market value ratio and interest rate have a significant but negative relationship with share prices, while other variables (gross domestic product, price-earnings ratio, dividend per share, and leverage) have no relationship at all with share prices. Earnings per share has a greater influence on share prices.
6	Harshapriya (2015)	To examines the impact of dividend policy on share price volatility through an analysis of licensed commercial banks	Price volatility is dependent variables and dividend yield and dividend payout ratio is independent variables.	The Colombo Stock Exchange's dividend policy affects the volatility of share prices for stocks in the banking industry.
7	Lucky and Akani (2015)	To examine the prudential determinant of stock prices of commercial banks in the Nigeria:	Macro and micro prudential factors are independent variables and share price is dependent variable.	Commercial bank management needs to improve its ability to combat macro and microprudential issues that could have a detrimental impact on Nigerian stock quotes.
8	Hassan (2015)	To investigate the determinants of share price movement given its fluctuation and oscillation over time	The study used share price as dependent variables while independent variables are interest rate, money supply, and inflation rate.	The Nigerian capital market's ongoing transformation should be maintained, particularly in the areas of infrastructure development, accounting disclosure regulations, and the safety and trust of investors.
9	Islam (2015)	To examine the relationship between stock price, dividend and retained earnings of 29 listed banks of Chittagong Stock Exchange, in the	Dependent variable is stock price where return earnings and dividend is independent variables.	According to the study's findings, retained earnings and dividends both significantly influence stock price.

		post-crash period.		
10	Masum A. AI. (2014)	To examine, what kind of relationship exists between dividend policy and stock market returns of private commercial banks in Bangladesh	Cash, dividends and retained earnings are independent variables and stock price is dependent variables.	Stock prices are significantly positively impacted by dividend policies. The effects of each are nearly hard to separate, so variances persist. For each of the thirty banks listed on the Dhaka Stock Exchange, this study uses empirical methods to estimate excess stock market returns.
11	Mainali (2014)	To analyze the behavior of stock price of listed companies, to examine the stock price trend.	Market price is dependent variables while DPS, DY, EPS, PE and size are independent variables.	According to the report, even in this day of advanced technology, the share market's trading structure is still antiquated. Despite an increase in trading volume, there are still the same number of brokers.
12	Hunjara and Muham mad (2014)	To examine the Dividend yield that is negatively related with stock price and dividend payout ratio that is positively related with stock price.	Dependent Variables Stock Price and Independent variables-Dividend Payout ratio (DPR) and Dividend Yield (DY).	The findings showed that the parameters of dividend policy—dividend yield and dividend payout ratio—have a major effect on stock price.
13	Komo and Ngugi (2013)	To examine the behavior of national stock market indices across countries at different levels of economic development and to estimate the impact of share prices of leading banks	This study uses stock market as a dependent variable and share price as a independent variables.	All stock market indices behaved similarly, irrespective of the state of economic progress. Prior to the credit crisis, the mean stock market indexes were statistically significantly higher. This illustrates the points of involvement in controlling stock market performance and stabilizing the financial system, with consequences for policy.
14	Ahmed (2013)	To perform their study about	Output is dependent variable and physical capital and	According to this study, there is a strong correlation between the stock

		relationship of stock market and economic growth.	labor force.	market and economic growth in developing nations as well. Furthermore, Nepal's financial liberalization is required for NEPSE to operate effectively.
15	Nasif F. (2010)	To identify whether there is a significant relationship between market return of listed commercial banks with some microeconomic factors.	This study shows market price per share as dependent variable and net asset value per share, market price. Percentage, gross domestic product as a independent variables.	The development of the stock market is significantly influenced by economic growth. As nations liberalize their financial systems, it is crucial to start implementing policies that will promote growth and development.

2.3 Review of Literature in Nepalese Context

Tiwari (2022) observed on entrepreneurial internationalization of Nepalese artisanal firms: a dynamic capabilities perspective. This study investigates the impact that dynamic talents of entrepreneurs play in the internationalization of small handicraft companies. The research addresses the empirical setting of the Nepalese artisanal sector using an inductive, exploratory multiple case study technique. Secondary data, such as company websites and social media accounts, were used to triangulate primary data that were gathered through interviews and observations. The results imply that the ability of entrepreneurs to use, develop, and promote their networks is essential to supporting the entrepreneurial internationalization of small handicraft businesses. As businesses grow, the ability of entrepreneurs to maintain their networks, study with a focus on the market, and be creative becomes increasingly crucial. The study posits that, in light of a firm's internationalization phase, artisan entrepreneurs in developing economies ought to develop and employ distinct dynamic capabilities.

Niroula (2021) analyzed on Stock Price Behavior of Commercial Banks of Nepal. This study aims to investigate the stock price behavior of commercial banks in Nepal. MPS is the dependent variable in this study, while the experiment factors include size, ROE, BV per share, DY ratio, EPS, PE ratio, and ROA. The secondary data was gathered during a five-year period, from 2015–16 to 2019–20, from commercial banks' annual reports.

Using SPSS version 23, a descriptive and analytical research design is utilized to examine and evaluate the data. Convenience sampling is used to select 18 commercial banks as a sample from a population of 27. The influence of independent variables on MPS has been demonstrated using a multiple linear regression model. The outcome shows that the size of banks, the PE ratio, and EPS all have a positive and statistically significant impact on MPS. Other factors barely make a difference.

Panta (2020) examined the macroeconomic determinants of stock market prices in Nepal. An autoregressive distributed lag (ARDL) model is used in this study to analyze the relationship between stock market prices (NEPSE index) and five macroeconomic variables: real GDP, broad money supply, interest rate, inflation, and exchange rate. The goal of the model is to explain the behavior of the NEPSSE index. In order to integrate short-term changes with long-term equilibrium without sacrificing long-term information, the study used the error correction model (ECM), which is obtained from the ARDL model by a straightforward linear transformation. Twenty-five years' worth of annual data, from 1994 to 2019, were used in the analysis. The outcome shows that the broad money supply, interest rate, inflation, and exchange rate have a significant long-term relationship with the variation of the NEPSE Index. In the short term, the GDP, money supply, and exchange rate can all be positively defined; however, in the long term, only the money supply can be positively defined.

Silwal & Napit (2019) analyzed the fundamentals of stock price in Nepalese commercial banks. The purpose of this study is to identify the factors that influence the stock market price in Nepalese commercial banks between 2065–2066 and 2074–2075. It is based on aggregated cross-sectional data from ten banks with stocks listed on the Nepal Stock Exchange during a ten-year period. The study used a causal and correlational comparative research approach, and the findings show that the price-earnings ratio, return on equity, and book value per share all positively correlate with stock price. Size and stock price have a negative correlation that is statistically negligible, whereas dividend yield has a positive but minimal impact on the latter. It also shows that one of the main factors influencing Nepali stock prices is book value per share.

Thapa (2019)) examined the influencing factors of stock price in Nepal. The researcher's goal is to identify the variables affecting the stock price in the Nepali market. Earnings per share (EPS), dividend per share (DPS), market whims and rumors, and company profiles showed a significant positive association with share price, while interest rate (IR) and price to earnings ratio (PER) showed a significant inverse association with share price. These findings were obtained through financial and statistical analysis using ratios and regression. This indicates that the financial structure of the nation, dividends, and short-term interest rates are some of the key factors influencing the Nepalese stock market. As a result, it is determined that the short-term interest rate and dividends may be the most significant indicators of stock prices in Nepal's secondary market.

Bam and Thagurathi (2018) observed the stock price behavior of Nepalese commercial banks. The findings demonstrated that, although the daily stock prices of the tested banks exhibit a normal distribution pattern in their stock price behavior, there is a consistent variance in certain banks and a slight fluctuation in some banks' stock prices. The Nepalese stock market prices shares in an inefficient manner. The findings of the runs test also demonstrate the significance of the percentage difference between the observed and real number of runs in the series of price changes.

Gaire (2017) examined the stock index, interest rate and gold price of Nepal co-integration and causality analysis. Financial and statistical analyses, such as regression analysis, correlation analysis, and ratio analysis, are used in descriptive and explanatory data analysis. The findings demonstrated that the NEPSE index and short-term interest rate have a unilateral causal link that moves from interest rate to NEPSE index. It is clear from the test results that the NEPSE index is better predicted by short-term interest rates.

Joshi (2016) analyzed the effects of dividends on stock prices in Nepal. Following the observation of the effect of dividends on the stock price of the Nepalese stock market, data was analyzed and found using regression and Pearson correlation studies. In the Nepalese financial sector, he discovered, DPS is a driving force that is potent enough to raise the market price per share of both banking and non-banking companies. Comparatively, it is also discovered that DPS has a bigger impact on market price per share than REPS. In conclusion, the research indicates that fluctuations in share prices in the banking and nonbanking industries can be largely explained by retained earnings and dividends. However, the dividend's effect is far more noticeable than retained earnings'.

In every scenario, there is a positive correlation between retained earnings and dividends and share price.

Paudel (2016) examined the dividend policy and its impact on share price in Nepalese context. Examining current practices and their effects on dividend policy, analyzing dividend policy and its effects on share price, and determining the relationship between dividends and earnings, share market price, and net worth were the goals of the study. Regression analysis, correlation, mean, and coefficient of variation were used in the analysis. According to the study, following the issuance of stock dividends, the price of the stock falls; but, after a few months, it gradually rises. The majority of the time, the bonus share issue has a positive impact on market price since the actual market price of the stock is higher than the theoretical price. The dividend share issue has a favorable impact on the firm's valuation as well. After correcting for overall market movement in share price, 100% of dividend issuance cases record a different level gain over the base date price. In the majority of these circumstances, the bonus share issue boosted the operate firm's equity capital's aggregate market worth. The validity of secondary data is a prerequisite for the viability of the study's result. The analysis demonstrates that a number of factors ultimately lead to the MPS of the share. The purpose of the study is to determine how dividend policy affects share market price. Positive correlation exists between the dividend ratio and the percentage increase in the businesses' value; a greater dividend ratio corresponds to a higher firm value. The main factor influencing a stock's price on the market is its dividend.

Table 2

Summary of Review of literature in Nepalese Context

SN	Authors	Objectives	Methodology	Findings
1	Tiwari S.K. (2022)	To explores the role of entrepreneurs' dynamic capabilities in small artisanal firms'.	Knowledge, management and capabilities are independent variables, export performance and mediating are dependent variables.	The dividend ratio and the percentage growth in the business's worth are positively correlated; a higher dividend ratio is indicative of a higher

				company value. A stock's dividend is the primary element affecting its price on the market.
2	Niroula (2021)	To examine the behavior of stock price in Nepalese commercial banks	This research uses MPS as dependent variable and independent variables as EPS, PE, DY ratio, Size, ROE and BV per share and ROA.	The outcome shows that the size of banks, the PE ratio, and EPS all have a positive and statistically significant impact on MPS. Other factors barely make a difference.
3	Panta (2020)	To examines the linkage between stock market prices (NEPSE index) and five macro-economic variables	Money supply, interest rate, inflation rate and exchange rate used as independent variables and stock price used as dependent.	The outcome shows that the broad money supply, interest rate, inflation, and exchange rate have a significant long-term relationship with the variation of the NEPSE Index.
4	Silwal P. P. and Napit S. (2019)	To ascertain the determinants of the stock market price in Nepalese commercial banks for the period of 2065/66 to 2074/75	It used stock price as dependent variables and Book value per share, price earnings ratio, return on equity, dividend yield as independent variables.	The price-earnings ratio, return on equity, and book value per share are all positively correlated with stock price. Size and stock price have a negative correlation that is statistically negligible, whereas dividend yield has a positive but minimal impact on the latter.
5	Kumari (2019)	To investigate the impact of Bonus Issue announcement on Indian stock market	Bonus share is used as independent variables and stock price uses as dependent variables.	The outcome shows that the announcement of a bonus share issue has no effect on the Indian stock market. As a result, this study supports the

				idea that a company's announcement of the issuance of bonus shares has no discernible impact on stock price.
6	Thapa (2019)	To determine the factors influencing the stock price	Earning per share (EPS), dividend per share (DPS), market whims and rumors and company profiles are independent variables and Share price as a independent variables	The findings showed that the share price is significantly positively correlated with earnings per share (EPS), dividend per share (DPS), market whims and rumors, and business profiles.
7	Bam N. Thagurathi R. K. and Shrestha B. (2018)	To analyze the random behavior of stock price of Nepalese Commercial Banks	DPS, EPS and PE used as independent variables while stock price used as dependent variables.	In Nepalese stock markets, the Random Walk Hypothesis (RWH) is not supported. This conclusion is consistent with the findings of earlier research conducted in a Nepalese context.
8	Gaire (2017)	To examine the relationship between the NEPSE index and short term interest rate	Price is used as dependent and interest rate used as independent variables.	It is possible to draw the conclusion from the data that the NEPSE index is better predicted by short-term interest rates.
9	Poudel (2016)	To examine the prevailing practice and effect made in dividend policy, to analyze dividend policy and its impact on share price and to access the relationship between the dividend with earning, market	Dividend is used as independent variables and stock price is used as dependent variables.	According to the study, following the issuance of a stock dividend, the price of the stock falls, but after a few months, it steadily rises.

		price of share and net worth.		
10	Joshi (2016)	To observed the impact of dividends on stock price of Nepalese stock market	Market price per share as dependent variables and DPS and REPS.	Additionally, it is discovered that DPS has a stronger impact on market price per share than REPS does. Ultimately, the research demonstrates that retained earnings and dividends account for a substantial portion of the variances in share price.
11	Gyawali (2015)	To explain the price movement before the right offering, to analyze the relationship between share price movement and market movement.	Study used right offering shares as independent variables and share price as dependent variables.	The study's conclusions were that, in the case of listed firms, the influence of right offers on share price movement varies not just between companies in various industries but also within companies.
12	Shrestha (2015)	To analyze the monetary policy which directly affects stock prices.	Descriptive analysis is used to analyze the data.	Because of the enormous demand for commercial bank shares in daily transactions, the stock market index reached unanticipated heights.
13	Mainali (2014)	To analyze the behavior of stock price of listed company, examine the stock price trend and volume of stock traded.	The regression models are applied to test the significance and importance of capital adequacy.	According to the report, even in this day of advanced technology, the share market's trading structure is still antiquated. Despite an increase in trading volume, there are still the same

				number of brokers.
14	Paudel (2013)	To find out Nepalese people's awareness of the securities investment and examine the major investment influencing factors	The EPS was the most affecting factor for the price change of the stock	According to the study, there was a correlation between the subsequent price fluctuations and earlier price series.
15	Aryal (2012)	To explore the behavior of the stock price	For this he had taken the listed two commercial banks Nepal Investment banks and Everest Bank Ltd.	According to the study, there was a fluctuating tendency in the volume of stocks exchanged, suggesting that price changes in the current and future stock markets might not be independent of price changes in the past and present, respectively.

2.4 Research Gap

Previous studies in stock price behavior practices of various banks and financial institutions had been found. However, this study has been done in the context of determinants of stock price of commercial banks in Nepal. The purpose of this study is to find out the dividend practice and its impact on stock price with reference to five company viz Nepal bank limited, Nabil bank limited, NMB bank limited, Kumari bank limited and Nepal Investment Mega bank limited. The previous study is uncovered the both secondary fluctuation of the respective company's stock price and the investor's voice what factors they preferred while buying and selling securities. Hence, this study fulfils the gap of the research. Secondary sources of data and information while analyzing the study. Further, this study examines relationship between earning per share, dividend per share, and dividend payout ratio on market price of stock of sample commercial banks.

CHAPTER III: RESEARCH METHODOLOGY

Research methodology, which is essential for each study, is the methodical approach to solving the research problem using a variety of instruments and procedures. The term "research methodology" describes how a thesis studies a problem with certain goals in mind. Stated differently, research methodology pertains to the techniques and procedures utilized across the entire study issue (Kothari, 1989).

According to the condensed Oxford Dictionary, research is a methodical examination of sources, materials, etc. with the goal of establishing facts and drawing novel conclusions.

3.1 Research Design

A research design is the setup of parameters for data collection and analysis with the goal of balancing procedural economy with relevance to the research question. (Kothari, 1989). A research design is a comprehensive strategy or structure for gathering and evaluating data. It will offer the study's framework as well as instructions for gathering and analyzing data. The goal of this research project is to examine how dividends affect Nepalese commercial banks' stock prices. The study will employ both causal and analytical research designs, depending on its goals. Thus, secondary data will be employed to achieve the study's goal.

3.2 Population and Sample

A sample is the portion of the population that we have chosen to examine the research problem. In situations where studying a whole population is not feasible, the convincing and purposive sampling techniques are combined with the non-probability sampling technique. The following banks have been selected as the study's sample: Nepal Bank Limited, Nabil Bank Limited, NMB Bank Limited, Kumari Bank Limited, and Nepal Investment Megha Bank Limited. The goal of the sampling is to provide an accurate and independent representation of the entire population.

3.3 Nature and Source of Data

Secondary data served as the study's foundation. The facts and data were gathered from many sources. All of the information needed for the study is gathered from secondary sources, primarily the trading report released by NEPSE and the financial statements of the listed firms. The additional supporting data and details were taken from the annual reports that the relevant Banks sent to their shareholders.

The sources of data and information used in this study are as follows:

a) Annual reports
b) Authorized websites
c) Previous research, thesis and case studies
d) Journals and Articles
e) Related Books

3.4 Data Collection Procedure

The government's liberal policies have led to the emergence of financial institutions throughout the nation. Thus, the study also aims to identify the ideal dividend policy so that suitable recommendations may be made to improve the bank's performance in the future. Several different types of data are needed for this. The researcher visited the sample banks multiple times in order to collect the data, in addition to using financial documents, periodicals, and online searches.

3.5 Data Analysis Tools

Selection of suitable tools and proper analysis makes data effective. The researcher has used two sorts of tools. They are as follows:

Financial Tools

Financial tools are those, which are used for the analysis and interpretation of financial data. These are follows:

1) Dividend Per Share (DPS)
2) Earning per share (EPS)
3) Dividend Yield (DY)
4) Earning yield (EY)
5) Dividend payout ratio (DPR)
6) Price earning ratio (P/E ratio)
7) Market Price per Share (MPS)

Statistical Tools

Important statistical tools have been used to achieve the objectives of this study. They are as follows:

1) Arithmetic mean (A.M.)
2) Standard Deviation (S.D.)
3) Coefficient of variations (C.V)
4) Probable Error (P.E.)
5) Coefficient of correlation (r)
6) Coefficient of Determination (R^2)
7) Standard Error of Estimate (S.E.E)
8) T – test

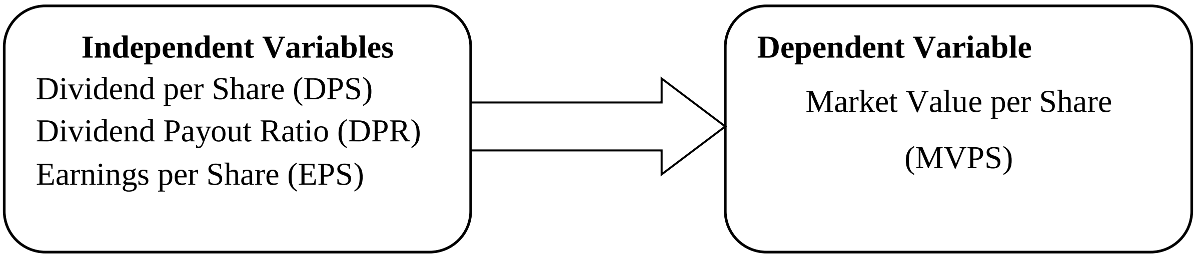
3.6 Research Framework and Definitions of Variables

Framework conceptual model that illustrates the connections between the various elements that have been determined to be significant to the issue. Following the literature review, it is created by outlining the issues and conducting an interview with the relevant party. It builds a scientific foundation pertaining to the hypotheses and theories and rationally connects to the findings of earlier study. The link between the independent and dependent variables is presented. A theoretical framework aids in the formulation of hypotheses.

A theoretical framework logically controls the variables to aid in testing theories. The relationship between the independent and dependent variables that are found in the study questions should be presented by the researcher. This relationship is produced based on the literature. A theoretical framework is necessary while conducting research since it identifies the variables, states their link, and explains why such a relationship is expected.

Figure 1

Research Framework



(Source: Arshad, et, al., 2015, Niraula, 2021)

3.6.1 Description of Variables

Independent Variables

Dividend per share (DPS)

The DPS indicates the part of earning distributed to the shareholders on per share basis. It is calculated by dividing the total dividend to equity shares by the number of ordinary shares.

Earnings per share (EPS)

Numerous other metrics can be used to assess the profitability of the investment made by common shareholders. Earnings per Share provides information about the income per common share. The earnings power per share (EPS) computations over time show whether or not the banks' earnings power has evolved. The net profit after taxes is divided by the total number of outstanding common shares to get the earnings per share (EPS).

Dividend payout ratio (DPR Ratio)

The percentage of profit allocated to dividends is known as the D/P ratio. This ratio shows what portion of profit is retained as excess and reversed for the company's growth, as well as what portion is dispersed as dividends. DPS divided by EPS is how it is computed.

Dependent Variables

Market values per share (MVPS)

To assess a share's value in the market, use its market value per share. The assessed market value of a business divided by the total number of shares held by stockholders is known as the MVPS of that business. The price at which a company's shares are traded on the stock market is its market value. Understanding a company's MVPS, as well as its overall market worth, is crucial in a variety of circumstances. This covers circumstances where shares are transferred as a result of divorce or inheritance.

CHAPTER IV: RESULTS AND DISCUSSION

Presenting and analyzing data is one of the most crucial aspects of the research project. In this section, the research attempts to determine the theoretical statement's mathematical proof. The outcomes are predicated on secondary data from particular joint venture banks.

4.1 Descriptive Statistics of the Variables

The following Table 3 displays the descriptive statistics for Market Value per Share (MVPS), Dividend Per Share (DPS), Earnings Per Share (EPS), and Dividend Payout Ratio (DPR), which include mean, median, maximum value, lowest value, and standard deviation.

Table 3

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
EPS	50	7.48	198.53	31.03	29.73
DPS	50	0.00	110.00	22.56	24.44
DPR	50	0.00	186.27	78.72	53.48
MVPS	50	0.00	2535.00	594.88	547.02
Valid N (listwise)	50				

(Source: Annual Reports 2012/13 to 2021/22)

Table 3 shows that the mean value of EPS is Rs. 31.0304 with standard deviation of 29.73%. Its maximum and minimum values are Rs. 198.53 and Rs. 7.48 respectively during the study period of sample banks. Similarly, the average DPS value is 22.56 percent with standard deviation 24.44. Its maximum value is 110.00 and minimum value is 0.00. Thus, the average value of DPR of sample banks is 78.72% with the standard deviation of 53.48%. The maximum value is 186.27% and the 0.00% is the minimum value during the study period. The dependent value i.e. MVPS has the average of Rs. 594.88 with the standard deviation of 547.02. The maximum value obtained from the analysis is Rs. 2535 and the minimum value is Rs. 0.00 during the study period from the study sample. The values of standard deviation indicate that most of the variables are highly volatile during the study periods of 10 years.

4.2 Correlation Analysis

The relationship between the several independent and dependent variables related to the research is ascertained using correlation analysis. Any two variables' linear correlation is measured. When there is a positive correlation, the relationship is positive in direction, with one increasing in response to the other's increase. An increase in one when the other falls is revealed by a negative correlation, which is the opposite of the above. One statistical method for examining the link between six variables is correlation analysis. The correlation analysis is used to determine the relationship between EPS, DPS, DPR, and MVPS and shows whether the association is significant or not.

Table 4

Correlation Matrix

	EPS	DPS	DPR	MVPS
EPS	1			
DPS	.360*	1		
DPR	-.102	.611**	1	
MVPS	.387**	.835**	.326*	1

(N = 50)

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

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

In the above table 4 shows the data reflects correlations between DPS, EPS, DPR and MVPS. The correlation between EPS and MVPS is 0.387 which is positive correlation, similarly MVPS and DPS is 0.36, MVPS and DPR is -0.102 respectively. There is positive relationship between MVPS, DPS, EPS and it means independent variables i.e DPS and EPS has positive impact on MVPS. Thus, the relation between MVPS and DPR is negative which reflects that the dividend payout ratio has the negative impact on market value per share of Nepalese commercial banks.

4.3 Regression Analysis

The following tables show the findings of the model summary, analysis of variance (ANOVA), and beta coefficients indicating how independent factors such as DPS, EPS, size, and PE ratio affect market value per share: Market value per share (MVPS) of Nepalese commercial banks as a function of independent variables (EPS, DPS, and DPR) summarized in a model.

Table 5

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.866[a]	.751	.735	281.83

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

Model summary indicates the R- square also known as coefficient of determination which can help in explaining variance. The value of R-square value as evident from Table 5 is 0.751 which means 75.1 % variation on MVPS of joint ventures banks is explained by the independent variables. However, the remaining percentage is still unexplained in this research. In other words, there are other additional variables of dividend related to joint ventures banks that are important in explaining dividend that have not been considered in this research. Similarly, adjusted R-square is 0.735 which means 73.5% variation in MVPS is explained by the independents variables after adjusting degree of freedom (df). This shows high degree of relationship between all variables of dividend and Market price per share. Model summary also indicates the standard error of the estimate of 281.83 which shows the variability of the observed value of Market price per share from regression line is 281.83 units.

Table 6

ANOVA Table

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11008732.586	3	3669577.529	46.200	.000[b]
	Residual	3653686.694	46	79427.972		
	Total	14662419.280	49			

a. Dependent Variable: MVPS

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

The ANOVA yields a p-value of 0.000, which is smaller than the alpha value of 0.05. As a result, the connection between the dependent and independent variables can be accurately predicted by the model. Consequently, the variance in MVPS may be significantly explained by the independent variables (earnings per share, dividend per share, and dividend payout ratio). Stated differently, at least one of the three independent factors significantly influences MVPS.

Table 7

Regression Coefficients

		Unstandardized Coefficients		Standardized Coefficients		
	Model	B	Std. Error	Beta	t	Sig.
1	(Constant)	327.662	91.095		3.597	.001
	EPS	-.232	1.614	-.013	-.144	.886
	DPS	22.896	2.467	1.023	9.280	.000
	DPR	-3.075	1.057	-.301	-2.909	.006

a. Dependent Variable: MVPS

The results presented in Table 7 also summarizes the values of unstandardized beta coefficients (β1, β2… β5) and the constant α with which the estimated equation for Impact of independent variables on MVPS can be written. Using the values of unstandardized beta coefficients and constant, it can write the estimated equation as follows:

$$Y = 327.662 - 0.232EPS + 22.896DPS - 3.075DPR$$

In the regression analysis, the beta coefficients are used to explain the relative importance of the independent variables in contribution to the variance in dependent variable. The results presented in Table 5, shows that EPS (β1=-0.232, p=0.886), DPS (β2=22.896, p=0.000. The results showed that a one-Rs. increase in EPS would lead to Rs. 0.232 decrease in MVPS keeping other variables constant. Similarly one Rs. increase in DPS factor would lead to a 22.896 Rs. increase in MVPS, one percentage increase in DPR factor lead to a 3.075 percent. decrease in in MVPS. It is also indicates that the DPS and DPR have significant impact on market price per share at the 95% of confidence level.

4.4 Discussion

The correlations between dividend characteristics such as DPS, EPS, DPR, and MVPS joint venture banks in Nepal were illustrated by this study. Since the stock market is all about dynamism, investors and fund managers have frequently faced the challenge of correctly predicting stock prices in order to generate respectable returns. Liquidity is a benefit of investing in shares, and you can beat the market and make a lot of money. However, forecasting share prices is a very difficult undertaking. It has been demonstrated that both intrinsic and extrinsic factors can exert influence over stock price movement, and share price movement is independent of both factors. This study looks into the factors influencing the stock price using multiple regression analysis and descriptive statistics. The primary stock price variables selected for this study are DPS, EPS, and DPR, with a sample size of five Nepali commercial banks. According to the findings, the variables DPS and DPR have a direct impact on stock price and are significant drivers of stock price, much as Abdani (2020). Similarly, dividend yield and earnings per share have a major beneficial impact on stock price. Other researchers, such as Artha (2017), discovered a significant positive relationship between share pricing and earning per share (EPS), dividend per share (DPS), and price to earnings ratio (PER). In a similar vein, Safitri (2020) asserted that the variables PE ratio and DPS are important factors that directly influence stock price. Based on the discussion, it can be concluded that a variety of factors affect market share prices, with the three primary determinants being price to earnings ratio (PER), dividend per share (DPS), and earning per share (EPS). Thus, when making stock market investments, investors must take into account all of the aforementioned aspects.

CHAPTER V: SUMMARY AND CONCLUSION

This final chapter provides an overview of the study's implications, conclusion, and research summary. Three sections provide a summary of the entire chapter. The study and a broad summary of the research findings are provided in the first one. The study's conclusion is derived in the second section.

5.1 Summary

The profitability and stock price are covered at the outset of the investigation. A system created to facilitate the exchange of financial assets with a longer maturity period is the stock market. This is a general term that includes all entities that facilitate the buying and selling of securities, including both vendors and purchasers. On the stock market, securities that are less tangible than gold but just as valuable are purchased and sold. Mobilizing internal and external financial resources is facilitated by trading financial instruments on the stock market. The stock market is widely recognized as an effective means of providing money to businesses and as a source of investment opportunities for individuals and institutions with surplus funds. The study's overall framework and subject matter, which comprised a problem statement and a list of particular objectives, were initially examined, along with the study's importance and limits. The second area contains reviews and articles that are pertinent to the worldwide theoretical and empirical research of the financial system and its guiding principles.

This study conducts both descriptive and analytical research. The study used a casual research design to explain how EPS, DPS, and DPR affected stock price. It employed deliberate sampling to select the data from the sample. This study's research was conducted using an informal research design. A casual research design is used to describe how EPS, DPS, and DP Ratio affect stock price from tables, graphs, and figures using straightforward calculations of the data that is now available. Numerous statistical techniques, such as regression analysis of sampling banks, standard deviation, and correlation coefficient, have been used to carry out similar investigations. The primary considerations of study design are the data collection techniques, the research instruments employed, and the intended sample strategy. Secondary sources provide the information and data that are collected. The data is taken from publications, trading reports, yearly reports, and the NEPSE, SEBON, and publications of sampling banks. Further details on the NRB, pertinent websites, and national and international magazines. This research demonstrated the relationships between the DPS, EPS, and DPR and MVPS dividend dimensions.

In the fourth chapter, the facts and information are presented, assessed, and comprehended through the application of statistical and financial procedures and instruments. Nepal's economy depends heavily on banking, revenue, and stock market value. The banking industry has been instrumental in the recent explosive expansion of the Nepalese economy. The state of the economy and the banking industry as a whole have a big influence on the earnings and share prices of companies listed on the Nepal Stock Exchange. One of the three main choices made by the financial management is the dividend policy. Many more analyses are carried out to determine the proper relationship between the dividend and other variables that affect the payout in order to make the research reliable. Utilizing statistical approaches, the regularity of dividend distribution across several corporations is also examined. Since the stock market is all about dynamism, it can be difficult for investors and fund managers to predict stock prices accurately enough to turn a profit. Investing in shares offers the benefit of liquidity together with the potential to beat the market and produce large returns. The size of the bank consistently increased from the start of the research period to the end, indicating that the company was growing its assets and, eventually, increasing its net worth. Following the COVID-19, the main variables related to the dividend and stick price are trending lower, according to the descriptive and trend analysis of the various variables.

The amount of the company's net earnings that is distributed to shareholders as a return on their investment is known as the dividend. The organization's operations and success are impacted by the dividend decision. Dividends are a useful instrument that may be utilized to both retain and attract new investors. Others contend that the uncertainty issue causes dividend policy to impact value. The dividend payment is influenced by a number of factors, including the needs and preferences of the investors and the financial institution's demand for funding for the possible investment. The dividend decision has an impact on the organizational structure of the corporation. On the other side, investors can use it as information. One of the decisions that affects share price is the dividend. At the 5% level of significance, the correlation between market price and the DPS, EPS, DPR, and MVPS is 38.7%, 83.5%, and 32.6%, respectively. It shows that there is a statistically significant association between the observed variables. The data reveals that the dividend decision and its total assets with the earning per share account for the majority of the 86.6% impact on market price. The market price of a share will rise above net worth, and investors anticipate to receive a large dividend as a percentage of earnings. Thus, paying dividends to shareholders is a good method to win over investors' trust and persuade them to buy stock. Businesses don't keep enough cash on hand to pay dividends. Thus, it addresses certain specific goals, such as determining the correlation between other financial indicators and the suitable dividend policies for various Nepali joint venture banks. By gathering and computing the earning per share, dividend payout ratio, dividend yield, earning yield, and price earnings ratio, the relationship between dividends and stock prices has been studied. Ultimately, a summary, conclusion, and implications pertaining to the entire study have been made in the fifth and last chapter.

5.2 Conclusion

Examining the relationship between profitability and market share price of four chosen joint venture banks in Nepal, as well as the degree to which these parameters influence share price during the study period, was the primary goal of the research. The study's findings show that a number of factors are taken into account before paying dividends to shareholders. These include dividends paid to preferred shareholders, dividends paid in prior years, amounts paid by rival companies, net earnings for the period, reserve fund balance, and investment opportunities. The study's primary findings led to the conclusion that joint venture banks in Nepal have relatively large earnings and dividend payouts. However, the listed firms in Nepal have not been able to deliver equitable dividends due to the low dividend payout ratio. Regarding dividend payments, none of these corporations have acceptable or well-defined policies.

The lack of substantial correlation found between DPS and other variables suggests that none of these companies have a stronger dividend policy. The study comes to the conclusion that there are other factors besides cash dividends that influence share price. However, there are other variables that also affect share price volatility, such as earning potential, bonus shares, dividend decision information value, etc. The share price fluctuation in an imperfect market mechanism such as the Nepalese Share Market is also significantly influenced by the actions of security brokers, other market makers, and the rumors they spread in the market. When the company's earnings exceed the fixed costs that must be reimbursed to the lenders, the leverage effect is positive. The market price of shares is positively impacted by the dividend policy. Even while the economy, governmental regulations, the engineering industry's prospects, and market forces all contribute to share price changes, one crucial factor is dividend policy, which should be optimized to maximize shareholder wealth. Consequently, it is recommended that the corporation adjust its current dividend policy and procedures to optimize share market value while maintaining growth potential. It was discovered that many investors were choosing their stocks based more on gut feelings than on their in-depth understanding of the stock market.

5.3 Implications

Profitability has an impact on a stock's market price, and practitioners such as investors, financial analysts, and portfolio managers need to consider this.

- Profitability is a significant factor influencing investment decisions. Practitioners need to look at a company's dividend indicators, like net income, profits per share (EPS), and dividend per share (DPS), in order to assess its potential for growth and financial stability.
- As a policy maker, you must understand how profitability affects stock market prices in order to make policies that promote economic stability and growth. The following implications are put out as a foundation for further research in a variety of domains based on the study's research findings.
- Considering the primary findings and issues discovered throughout the investigation, the following practical implications are provided. There are a number of potential policy implications from this study.
- First, the macroeconomic recovery has been positively received by the Nepalese stock market, especially in the monetary sector.
- Second, a loose monetary policy may cause an asset price bubble since banks and other financial institutions own a significant share of the stock market.
- Third, it seems that stock market participants keep a close eye on political happenings. Therefore, stable and constructive political developments can further boost the share market, which is essential for capital market resource mobilization and financial intermediation.

- Fourth, the share market has been influenced by Nepal Bank's lending strategy when it comes to share collateral.
- This study serves to highlight the important role that profitability policy plays in the share market, impacting the market price of stocks and their movement, which is information that researchers interested in the stock market and market price determinants from profitability would find interesting.
- The study shows that rumors, news, and guesses have an impact on the share market as well. Therefore, there should be more transparency in this market by making information on listed businesses freely accessible. In order to dispel rumors and chatter in the market, the relevant authorities should actually improve transparency and communication. Earnings per share (EPS), a key indicator of profitability, is used to forecast the movement of share prices.
- The economic policy makers should develop and put into practice measures that would increase the overall income level and regulate the general price levels since shifting the general price level (inflation) tends to effect individual share price levels in the economy.
- To examine the creative tactics used by the banks' holders, a thorough survey on nationalized, private, foreign, and cooperative banks can be carried out independently. Redressed measures in finance companies may be the subject of a separate investigation. Research on the factors influencing Nepal's share price at the regional level could be pursued. Other financial ratios besides those employed in this study could be included in future research. This would broaden the perspective on factors influencing the share price of Nepal Stock Exchange Limited.
- Future scholars, decision-makers in government, and other researchers will find the study's conclusions helpful in determining dividends and profitability. This can be used to explain the various relationships between EPS, DPR, and DPS and the value of the firms' stock due to the limitations of regression and correlation models.
- It will also help determine whether businesses should retain retained earnings for use in current initiatives, the repayment of debt, or the determination of dividend payouts that are efficient, effective, and appropriate. Considering that there are qualitative characteristics such as legal and political aspects.

- Similar to this, in addition to the fundamentals, other quantitative factors like business size, age, goodwill, market to book value, CEO tenure, CEO duality, and others may also have an impact on the share price.

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ABBREVIATIONS

B.S	:	Bikram Sambat
Do	:	Dividend expected in nth year
DPS	:	Dividend Per share
EPS	:	Earning Per Share
FY	:	Fiscal Year
KBL	:	Kumari Bank Limited
Ke	:	Cost of equity capital
LTD	:	Long Term Debt
MVPS	:	Market value per share
NABIL	:	Nabil Bank Limited
NBL	:	Nepal Bank Limited
NIMB	:	Nepal Investment Mega Bank Limited
NMB	:	NMB Bank Limited
NRB	:	Nepal Rastra Bank
NW	:	Net worth
PE	:	Price earning
Po	:	Value of stock today
S.D	:	Standard Divination
SEBON	:	Security Board of Nepal
TA	:	Total Assets
TU	:	Tribhuvan University

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