A STUDY OF DIVIDEND POLICY AND IT'S IMPACT ON STOCK PRICE

A Thesis Submitted to

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RECOMMENDATION

This is certify that the thesis

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A STUDY OF DIVIDEND POLICY AND ITS IMPACT ON STOCK PRICE

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

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VIVA-VOCE SHEET

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and found the thesis to be the original work of the student and written according to the prescribed format. We recommend the thesis to be accepted as partial fulfillment of the requirements for the Master's Degree in Business Studies (MBS).

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DECLARATION

I hereby declare that the present thesis entitled **" A STUDY OF DIVIDEND POLICY AND ITS IMPACT ON STOCK PRICE "** has been prepared to partial fulfill the requirement of Masters Degree in Business Studies (M.B.S.) under kind supervision of Mr. Tara Prasad Upadhyaya, Dr. Ishwar Gautam, Campus Chief of Lumbini Banijya Campus, Butwal. The under studied thesis has been prepared as per the format prescribed by the university and analysis carried in the study is original. Eventually, l firmly believe that the road to improvement never end so I am solely responsible for and varieties of shortcomings and drawbacks admitted in the study.

Parvathi kumari Sharma

Date: ----------

ACKNOWLEDGEMENT

This thesis is my first attempt to meet the requirement of the Master's Degree in Business Studies (M.B.S.). As there is a growing tendency of capital market in Nepal, many of the articles journals, thesis and books has been found in the country. More over many investor of share market have the knowledge about the dividend and its impact on share price. It is only my trial to give a little bit knowledge of dividend policy for potential investor of insurance sector.

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LIST OF ABBREVIATIONS

MBS	=	Master in Business Studies
LIC	=	Life Insurance Company Limited.
A.D.	=	Anno Domino
EPS	=	Earning per share
NEPSE	=	Nepal stock exchange
DPS	=	Dividend per share
MPS	=	Market price per share
D/P ratio	=	Dividend pay out ratio
DPR	=	Dividend pay out ratio
P/E ratio	=	Price earning ratio
DY	=	Dividend yield
P/L	=	Profit and Loss
A/c	=	Account
r	=	Firm's internal rate of return
k	=	Capitalization rate
p	=	Market price per share
u	=	Error term
~	=	Alfa
NYSE	=	New York Stock Exchange
AMEX	=	American Stock Exchange
C.V.	=	Coefficient of Variation
r	=	Coefficient of Correlation
r^2	=	Coefficient of Determination
NICL	=	Nepal Insurance Company Limited
EICL	=	Everest Insurance Company Limited
UICL	=	United Insurance Company Limited
HICL	=	Himalayan Insurance Company Limited
AICL	=	Alliance Insurance Company Limited
a_1	=	Regression constant
b_1 first	=	Slope of regression line or regression coefficient
b_2	=	Regression coefficient second
S.E.	=	Standard error of estimate
P.E.	=	Probable error