

**DIVIDEND POLICIES AND PRACTICES
OF
JOINT VENTURE BANKS IN NEPAL**

Submitted By :

Sangita Bashyal

Tribhuvan Multiple Campus, Palpa

T.U. Registration No. 7-1-49-1040-99

Campus Roll No. 21 (062/64)

A Thesis Submitted to:

Office of the Dean

Faculty of Management

Tribhuvan University

In Partial Fulfillment of the Requirements for the

Degree of

Master of Business Studies (M.B.S.)

Tansen, Palpa

August, 2011

RECOMMENDATION

This is to certify that Sangita Bashyal has prepared the dissertation entitled "DIVIDEND POLICIES AND PRACTICES OF JOINT VENTURE BANKS IN NEPAL" under my supervision and guidance. It embodies his original and independent work. I am satisfied with the work in terms of its research methodology, presentation and describes of data.

This dissertation has been prepared in the form as required by the institute of Management for the partial fulfillment of the degree of Master of Business Studies (M.B.S.).

It is forwarded for examination. I recommend this dissertation for approval and acceptance.

.....
Santosh Lal Shrestha
Supervisor



त्रिभुवन विश्वविद्यालय
Tribhuvan University
त्रिभुवन बहुमुखी क्याम्पस
Tribhuvan Multiple Campus

तानसेन, पाल्पा, नेपाल
Tansen, Palpa, Nepal
☎ 075-520030, 520114, 520116
Fax : 075-520114
क्याम्पस प्रमुखको कार्यालय
Office of the Campus Chief

प.सं./Ref No. :-

घ.नं. :-

मिति/Date:-

Approval Sheet

This is to certify that the thesis

Submitted by:

Sangita Bashyal

Entitled:

“DIVIDEND POLICIES AND PRACTICES OF JOINT VENTURE BANKS IN
NEPAL”

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

.....

Santosh Lal Shrestha

(Thesis Supervisor)

.....

Keshav Raj Sharma

(Chairperson of Research Committee)

.....

Yubaraj Paudyal

(Campus Chief)



त्रिभुवन विश्वविद्यालय
Tribhuvan University
त्रिभुवन बहुमुखी क्याम्पस
Tribhuvan Multiple Campus

तानसेन, पाल्पा, नेपाल
Tansen, Palpa, Nepal
☎ 075-520030, 520114, 520116
Fax : 075-520114
क्याम्पस प्रमुखको कार्यालय
Office of the Campus Chief

प.सं./Ref No. :-

च.नं. :-

मिति/Date:-

VIVA-VOCE SHEET

We have conducted the viva voice examination of the thesis presented

By

Sangita Bashyal

Entitled:

“DIVIDEND POLICIES AND PRACTICES OF JOINT VENTURE BANKS IN
NEPAL”

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 degree of master of Business Studies (M.B.S).

Viva Voce Committee

Chairperson, (Research Committee)

Member (Thesis Supervisor):

Member (External Expert):

Date

DECLARATION

I hereby declare that the work report in this thesis entitled

**“DIVIDEND POLICIES AND PRACTICES OF JOINT VENTURE BANKS IN
NEPAL”**

Submitted to office of the Dean, Faculty of Management, Tribhuvan University is my original work for the partial fulfillment of the requirement for the Master of Business Study under the supervision of Mr. Santosh Lal Shrestha, Associate Prof. Tribhuvan Multiple Campus, Tansen, Palpa.

.....

Sangita Bashyal

Tribhuvan Multiple Campus

TU Reg.: 7-1-49-1040-99

Date:-/...../2011

ACKNOWLEDGEMENTS

I will not be able to justify my work without acknowledging those who have significantly contributed to complete this work and my academic career. I am extremely grateful to all of them who have helped, guided and supervised to carry out my research work on “DIVIDEND POLICIES AND PRACTICES OF JOINT VENTURE BANKS IN NEPAL”.

I would like to pay my sincere thanks to my thesis supervisor/advisor Mr. Santosh Lal Shrestha, Mr. Yubaraj Paudyal, the Campus Chief and Keshav Raj Sharma, Chairperson of Research Committee, Tribhuvan Multiple Campus Tansen, Palpa for their guidance, inspiration and constant encouragement throughout the course of study. I would like to express my sincere gratitude to all the persons for their help, co-operation and valuable suggestions.

Lastly, I would like to thanks to Mr. Govinda Gautam and all my family members who always inspired me to do the research on this topic. And also thanks for Mr. Bal Krishna Bhandari who helps me typing and setting this thesis.

Researcher

TABLE OF CONTENTS

Recommendation	I
Approval Sheet	II
Viva Voce Sheet	III
Declaration	IV
Acknowledgements	V
Table of Contents	VI
List of Tables	IX
List of Abbreviations	X
CHAPTER –I	1-9
INTRODUCTION	
1.1 Background of the Study	1
1.2 Introduction of the joint ventures under study	3
1.3 Statement of the Problem	5
1.4 Objectives of the Study	6
1.5 Significance of the Study	7
1.6 Limitations of the Study	8
1.7 Organization of the Study	8
CHAPTER-II	10-52
REVIEW OF LITERATURE	
2.1 Conceptual Framework	10
2.2 Forms of Dividend	12
2.3 Stability of Dividend	15
2.4 Theories of Dividend	17

2.5 Factor Affecting the Dividend Policy	18
2.6 Legal Provision Regarding Dividend Policy and Practices in Nepal	21
2.7 Review of Major International Studies	23
2.8 Review of Previous Related Studies in Nepalese Perspective	36
2.9 Review of Thesis	44
2.10 Research Gaps	52
 CHAPTER-III	 53-63
RESEARCH METHODOLOGY	
3.1 Research Design	53
3.2 Natures and Sources of Data	54
3.3 Population and Sample	54
3.4 Tools and Techniques of Data Analysis	55
3.4.1 Financial Tools	55
3.4.2 Statistical Tools	58
 CHAPTER – IV	 64-94
PRESENTATION AND ANALYSIS OF DATA	
4.1 Analysis of Financial Variable	64
4.1.1 Earning Per Share (EPS)	64
4.1.2 Dividend per Share (DPS)	66
4.1.3 Market Price Per Share (MPS)	68
4.1.4 Dividend Yield	70
4.1.5 Dividend Payout Ratio (DPR)	72
4.1.6 Earning Yield	74
4.1.7 Market Value Per Share (MVPS) to Book Value Per Share (BVPS)	76

4.1.8 Net Worth Per Share (NWPS)	78
4.2 Company Wise Analysis of Financial Variables	80
4.2.1 NABIL Bank Ltd. (NABIL)	80
4.2.2 Standard Chartered Bank Ltd. (SCBNL)	81
4.2.3 Himalayan Bank Ltd. (HBL)	82
4.2.4 State Bank of India Nepal Ltd.	83
4.2.5 Everest Bank Ltd.	84
4.3 Regression Analysis	84
4.3.1 Simple Regression Analysis	85
4.3.1.1 Dividend Per Share on Earning Per Share (DPS on EPS)	85
4.3.1.2 Market Price Per Share (MPS) on Dividend Per Share (DPS)	86
4.3.1.3 Market Price Per Share (MPS) on Earning Per Share (EPS)	88
4.3.1.4 Net worth Per Share (NWPS) on Dividend Per Share (DPS)	90
4.3.2 Multiple Regression Analysis	91
4.3.2.1 Market Price Per Share on Earning Per Share (EPS), Dividend Per Share	91
 CHAPTER-V	 95-100
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS	
5.1 Summary	95
5.2 Conclusion	99
5.3 Recommendations	99
 BIBLIOGRAPHY	
 APPENDIX	

LIST OF TABLES

Table No.	Title	Page No.
3.1	The List of Joint Venture Banks in Nepal	54
4.1	EPS of Respective Banks	65
4.2	DPS of Respective Banks	67
4.3	MPS of Concerned Banks	69
4.4	Dividend Yield of Respective Banks	71
4.5	Dividend Payout Ratio of Respective Banks	73
4.6	Earning Yield (Ey) of Respective Banks	75
4.7	MVPS to BVPS	77
4.8	Net Worth Per Share (NWPS) of Respective Banks	78
4.9	Financial Situation of NABIL	80
4.10	Financial Situation of SCBNL	81
4.11	Financial Situation of HBL	82
4.12	Financial Situations of SBI	83
4.13	Financial Situation of EBL	84
4.14	Regression Result of DPS on EPS	85
4.15	Regression Result of MPS on DPS	87
4.16	Regression Result of MPS on EPS	88
4.17	Regression Result of NWPS on DPS	90
4.18	Regression Result of MPS on EPS, DPS and NWPS	92

LIST OF ABBREVIATION

A.D.	:	Annon Domini
AM	:	Arithmetic Mean
BVPS	:	Book Value Per Share
CV	:	Coefficient of Variation
DPR	:	Dividend Payout Ratio
DPS	:	Dividend Per Share
DY	:	Dividend Yield
EBL	:	Everest Bank Limited
EPS	:	Earning Per Share
EY	:	Earning Yield
FY	:	Fiscal Year
HBL	:	Himalayan Bank Limited
Inc.	:	Incorporation
Ltd.	:	Limited
Max.	:	Maximum
MBS	:	Master of Business Studies
Min	:	Minimum
MPPS	:	Market Price Per Share
NABIL	:	NABIL Bank Ltd.
NEPSE	:	Nepal Stock Exchange
NWPS	:	Net Worth Per Share
R_2	:	Coefficient of Determination
Rs.	:	Rupees
S.D.	:	Standard Deviation
SBI	:	SBI Bank Limited
SCBNL	:	Standard Chartered Bank Nepal Limited
SEBO/N	:	Security Board of Nepal

SEE : Standard Error of Estimate
T.U. : Tribhuvan Univeristy
Viz. : For Instance
Vol. : Volume
www. : Worldwide Web