IMPACT OF DIVIDEND POLICY ON STOCK PRICE OF COMMERCIAL BANKS IN NEPAL

A Thesis

By

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Certification of Authorship

I certify that the work in this thesis has not previously been submitted for a degree nor it has been submitted as part of requirements for a degree except as fully acknowledged within the text.

I also certify that the thesis has been written by me. Any help that I have received in my research work and the preparation of the thesis itself has been acknowledged. In addition, I certify that all information sources and literature used are indicated in the reference section of the thesis.

…….

Sirjana Bhatta

February, 2020

RECOMMENDATION LETTER

It is certified that thesis entitled **Impact of dividend policy on stock price of commercial banks in Nepal.** Sirjana Bhatta is an original piece of research work carried out by the candidate under my supervision. Literary presentation is satisfactory and the thesis is in a form suitable for publication. Work evinces the capacity of the candidate for critical examination and independent judgment. The thesis is forwarded for examination.

……..

Prof. Dr. Ramji Gautam

Supervisor,

February, 2020

APPROVAL SHEET

We, the undersigned, have examined the thesis entitled **Impact of Dividend Policy on Stock Price of Commercial Banks in Nepal** presented by Sirjana Bhatta, a candidate for the degree of **Master of Business Studies** (MBS) and conducted the viva voce examination of the candidate. We hereby certify that the thesis is worthy of acceptance.

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ABBREVIATIONS

DPR	=	Dividend Payout Ratio
DPS	=	Dividend Per Share
DYR	=	Dividend Yield Ratio
EPS	=	Earning Per Share
MBNL	=	Mega Bank Nepal Limited
MC	=	Market Capitalization
MPPS	=	Market Price Per Share
NBL	=	Nabil Bank Limited
NEPSE	=	Nepal Stock Exchange
NIBL	=	Nepal Investment Bank Limited
NRB	=	Nepal Rastra Bank
P/ER	=	Price Earning Ratio
SBI	=	State Bank of India
SD	=	Standard Deviation
SE	=	Standard Error
SEBON	=	Security Exchange Board of Nepal
SPSS	=	Software Program for Social Sciences
SRBL	=	Sunrise Bank Limited

ABSTRACT

This study aimed to examine the impact of dividend policy on stock price of commercial bank in Nepal. The research analyzed of dividend policy like earning per share, dividend per share, dividend payout ratio, price earning ratio and dividend yield ratio against the market price per share which was used as impact od dividend policy on stock price of Nepalese selected commercial banks. Secondary data were collected from Nepal Rastra Bank, annual report of commercial banks, different published articles. For years from 2010/11 to 2018/19 (fiscal year). Data were analyzed by using appropriate the descriptive research design was used. The correlation and multiple regression model was used to explain the relationship and test the significance between dividends and stock price.

The finding from this study indicate there is positive relationship between Market price per share on Earning per share, Dividend per share, Price earning ratio and negative relationship between Dividend payout ratio and Dividend yield ratio. There is significant correlation between Market price per share on Dividend per share, Dividend payout ratio and Price earning ratio. There was insignificant correlation between Market price per share and Earning per share as well as Market price per share and Dividend yield ratio. The recommendation that each and every firm should provide the information regarding dividend policy and its activities and performance investors can analyze the situation and invest their money in the firm. So, investors should consider for their investment decision while predicting future dividend.

Key words: *Market Price per Share, Earning per share, Dividend per Share, Dividend Payout Ratio, Price Earning Ratio, Dividend Yield Ratio.*