DIVIDEND PRACTICES IN PUBLIC SECTOR UNDERTAKINGS: A CASE STUDY OF INDIA

Dr. B.S.Bodla*
Jitender Singh**
Suman***

Abstract

Dividend decision has been a subject of sincere concern for researchers and financial experts for more than five decades. The questions of "how much dividend should be paid and what factors determine dividend payout decision" have puzzled the researchers and decision makers. The present paper is the outcome of a study of public sector undertakings belonging to mining industry in India. The study is aimed to bring out the dividend pattern of the public sector firms. It also examines the variance in dividends over the years and across the various industry groups by applying ANOVA test. The study involves a period of ten years (i.e 2005-2014). The findings indicate that around one fourth of the profits after tax is distributed as dividend by the sample companies. The study further showed that DPS and EPS vary significantly across the time period and across various industry groups.

Keywords: *Dividend, Lintner model, Dividend Determinants, DPR, EPS*

1.0 INTRODUCTION

Dividend policy is one of the important areas of a company's financial decision making. The dividend decision has always been a subject of interest to financial analysts, academicians and researchers, for a long time [for instance-Lintner John (1956); Britain (1967); Fama and Babiak(1968), etc.]. It is one of the most debated topics in the finance literature and still keeps its prominent place. In fact the questions of "Why do companies pay dividends" and "why do investors pay attention to dividends" have puzzled both academicians and managers for many years. Many researchers have devised theories and provided empirical evidences regarding the determinants of a firm's dividend policy e.g Alli (1993), Manoj Anand (2004), Amidu Mohammed (2007) etc. The dividend policy issue however is yet unresolved. Black (1976) hinted that, *"The harder we look at the dividend picture, the more it seems like a puzzle, with pieces that don't fit together"*. Similarly, Brealey and Myers (2005) list dividends as one of the top 10 important unresolved problems in finance.

Dividend decisions involve 'deciding how much dividend should be paid (payout ratio) and in what form should it be paid to the shareholders'. The underlying objective of all financial management decisions is to maximize shareholders wealth. It may be said that dividend policy of a firm should be made keeping in view the fact that it may influence value of firm. The dividend decision of a firm has always been studied in relation to a firm's financing and investment decisions. The inter-relation amongst these two decisions has raised various questions: How much

should firm pay as dividend? How does a dividend payout policy influence the valuation of firm? What factors have influence on the dividend decision of a firm? Does a firm's decision to distribute cash correspond to its financing and investing decision? What is the outcome of changes in the dividend policy assuming steady financing and investment decisions of firm?

Dividend policy of a firm has implication for investors, managers, lenders and other stakeholders. For investors, dividends – whether declared today or accumulated and provided at a later date are not only a means of regular income, but also an important input in valuation of a firm. Similarly, managers' discretion and flexibility to invest in projects is also dependent on the amount of dividend that they can offer to shareholders as more dividends may mean fewer funds available for investment. Lenders may also have interest in the amount of dividend a firm declares, as more the dividend paid less would be the amount available for servicing and redemption of their claims. The dividend payments present an example of the classic agency situation as its impact is borne by various stakeholders. Accordingly, dividend policy can be used as a mechanism to reduce agency costs. The payment of dividends reduces the discretionary funds available to managers for perquisite consumption and investment opportunities and requires managers to seek financing in capital markets. This monitoring by the external capital markets may encourage the managers to be more disciplined and act in owners' best interest.

2.0 REVIEW OF LITERATURE

*Professor, University School of Management, Kurukshetra University, Kurukshetra. Email: bsbkuk@gmail.com
** Assistant Professor, M.L.N College, Yamuna Nagar.
*** Research Scholar, USM, K. U. Kurukshetra.

Lintner John (1956) concludes that dividends are adjusted to changes in earnings only with a lag. He studied the association between earnings and dividend behavior by conducting interviews with the employees of numerous large and well established firms of USA.

Brittain (1967) model uses these factors along with cash flow instead of profit to explain changes in dividend. The study found that profits are not as good a measure of ability to pay dividends as are cash flows. A sizable part of the rise in payout ratios between 1947 and 1960 can be attributed to increased depreciation liberality. Depreciation and capital expenditure did not have and significant impact on dividends paid.

Fama and Babiak (1968) examines the causal factors of dividend payments by individual firm during 1946-64 and concluded that net profits provides a significant measure of dividend than either cash flows or net profit. Depreciation was also included as separate variable in the model.

Mahapatra and Sahu (1993) analyze the determinants of dividend policy using the models developed by Lintner (1956), for a sample of 90 companies for the period 1977-78 to 1988-89. According to the study, cash flow is a major determinant of dividend followed by net earnings. Further, their analysis shows that past dividend and not past earnings is a significant factor in influencing the dividend decision of companies.

Pandey (2003) examines corporate dividend policy and behavior of the Kuala Lumpur Stock Exchange (KLSE) companies, the Malaysian evidence. The Lintner framework and panel data regression methodology by over viewing eight year period of study from 1993 to 2000 was used for the analysis. The study found that the model is in favor of regular, but less stable, dividend policies being pursued by the KLSE companies.

Robinson (2006) studies the Lintner model and dividend policy among public seector firms in Barbados. The findings indicated that the computed target payout ratio is 33 percent, which is somewhat lower than the sample dividend payouts over the sample period. The speed of adjustment is 0.48 indicating that is significant level of dividend smoothing. The results therefore suggest that publicly traded firms in Barbados engage in a dividend smoothing and follow stable dividend policies along the lines suggested by Lintner (1956).

Bodla et al (2007) examines the application of Lintner's Dividend Model. They carried out a cross-sectional analysis from the year 1996 to 2006 in banking sector in India. The results indicate that the major determinants of current dividend are lagged dividend and the current earnings. The results are found in-line to the Lintner model. The study is also found giving support to argument of 'information content of dividend' in the context of dividend proceeds.

Gupta Amitabh and Banga Charu (2010) bring out the determinants of corporate dividend policy using factor analysis and the multiple regressions. Results of factor analysis indicate that leverage, liquidity, profitability, growth and ownership structure are the major factors. Regression on these factors shows leverage and liquidity to be the determinants of the dividend policy for Indian companies.

Gill Amarjit, Biger Nahum (2010) perform a study on the determinants of dividend payout ratios of American service and manufacturing firms. The study finds that in the services industry the dividend payout ratio is the function of profit margin, sales growth and debt to equity ratio. For manufacturing firms it finds that dividend payout ratio is the function of profit margin, tax and market-to-book ratio.

SinghaniaMonica,GuptaAkshay (2012) aims to find the validity of the different views on determinants of dividend policy in India and empirically prove their significance using Tobit regression model. The study focuses on and seeks to answer the question: What are the significant determinants of dividend decision as far as Nifty 50 Index companies in India are concerned? The firm-level panel data of NSE companies from 1999-2000 to 2009-2010 is taken for this purpose. The findings suggest that firm's size(market capitalization) and firm's growth and investment opportunity are significant determinants of corporate dividend policy in India. The firm's debt structure, profitability and experience are found to be not significant determinants in the Indian scenario and in this way the results do negate some theories.

Mistry S. Dharmendera (2012) focuses on dividend payment decision of Indian two wheelers industry. The model has been developed using data of Indian two wheelers industry for a period of 8 years from 2001-02 to 2008-2009 based on multiple linear regression consisting of one dependent variable (the dividend payout ratio)and five independent variables(profitability, liquidity, operating activities, turnover and capital market activities). The study finds that profitability and liquidity have been found favorable to boost dividend payout ratio in Indian two wheeler industries; while operating activities, turnover and capital market activities affected dividend payment decision of Indian two wheeler industries adversely.

Parasuraman and Nusrathuunisa(2013) investigate whether Lintner model of dividend payout holds good? The study tested the hypotheses if the dividends paid depended on basic earnings, lagged dividend, cash earnings and capital expenditure. The result and finding of the study support the prevalence and relevance of Linter model of dividend policy.

Zameer Hashim, Rasool Shahid(2013) identify the determinants of dividend policy of Pakistani banking sector. The coverage is restricted to the period of 2003-

2009.The stepwise regression analysis is conducted. The study finds that Profitability, last year dividend and ownership structure show positive impact on the dividend payout and liquidity show negative impact on the banking industry. Size, leverage, agency cost, growth and risk show insignificant relationship and have no impact on the dividend payout.

Badu, Ebenezer Agyemang (2013) examines the factors influencing dividends payout policy of listed financial institutions in Ghana using fixed and random effects. Panel data (regression analysis) covering 2005-2009 from the selected companies is used for the study. The results shows statistically significant and positive relationship between Age and liquidity but saw statistically insignificant relationship between profitability, collateral and dividend payment. Therefore, the major determinants of dividend policy of financial institutions in Ghana are age of the firm, collateral and liquidity.

Nasrin Alinghian (2014) undertakes a study with the aim to determine the factors and indices which are used in evaluating the capability of the company in dividend payment. The author identified a number of factors which influence the probability of dividend payment by conducting a review of literature. These factors include earning, cash flow uncertainty, cash flow, agency costs, investment opportunities, and life cycle.

Christopher & Rim (2014) research aims at investigating the factors determining the dividend payout policy in the Lebanese banks listed on the Beirut Stock Exchange. This study considers the impact of seven variables, namely, profitability, liquidity, leverage, firm size, growth, firm risk and previous year's dividend payout on the dividend payout ratios by using an unbalanced panel dataset of listed banks. The authors used data between the years of 2005 and 2011.The results of the study show that the dividend payout policies are positively affected by the firm size, risk and previous year's dividends, but are negatively affected by the opportunity growth and profitability. The results also indicate that firms pay dividends with the intention of reducing the agency conflicts. It is further found that managers take into consideration the stability of dividends while determining the dividend policy. The findings suggest that the Lebanese listed firms prefer to invest their earnings to grow rather than to pay more dividends.

Mishra(2015) attempts to analyse the factors which influence the dividend policy of Indian banking firms. He used panel data of 121 Indian banks and applied two regression models, one showing dividend payout ratio and the other showing dividend rate as a dependent variable. The study considers both bank specific internal variables as well as macroeconomic variables as explanatory variables influencing the dividend policy of Indian banks. The results of the study about determinants of dividend payout ratio of Indian banks show that the growth rate of real GDP affects dividend payout ratio positively and significantly.

By reviewing the existing researches related to the topic under study some gaps are found. First, the majority of the previous studies related to dividend policies have covered only to private sector companies. Only a few researches in India have focused on dividend decisions of Public sector undertakings. Second, the majority of the research studies concentrate on determinants of dividend. The first issue i.e. how much dividend or what proportion of profit is distributed as dividend has negligible research work. Third, the sample size as well as time period by previous studies was small. Next, there is a lack of uniformity in the findings of various studies and still there is a debate about whether to pay dividend or to retain earnings.

The above mentioned gaps indicated a need to conduct intensive study of various industries by taking long period data. Keeping in view the above issues the present study titled "Dividend Practices in Public Sector Undertakings: A Case Study of India" was conducted. The study has an edge over the previous one's because it gives insight to the dividend practices in public sector undertakings in various industrial sectors. The study is based on relatively large size sample and covers 10 years period.

3.0 OBJECTIVES OF THE STUDY

This research work was aimed to achieve the following objectives:

1. To bring out the dividend practices of Public Sector Undertakings in India;
2. To examine the variance in the dividend practices over time and across industry groups in India.

The following hypotheses were tested in this study:

H_1: There is no significant difference in dividend practices of various industries of public sector.

H_2: There is no significant difference in the dividend payout ratios of various years under study.

4.0 SCOPE OF THE STUDY AND SOURCE OF DATA

The scope of the present study is limited to the firms belonging to public sector in India. This covers the companies pertaining to eight broad industries. These are: Banking & Financial Services, Wholesale & Retail Trading, Metal & Machinery, Chemical, Electricity, Construction & Real estate, Mining and Miscellaneous Services (Animation, Health, Consultancy and Communication). The reference period of the study is 10 years period from 2005 to 2014. This research is empirical in nature and makes use of secondary data.

The data has been sourced primarily from Prowess database of Centre for Monitoring Indian Economy (CMIE). The chosen period covers a complete business cycle i.e. both recessionary and booming phases of the industries. This would highlight whether the dividend payment patterns and determinants vary or remain consistent during recession and boom periods.

4.1 Sample Size and Tools of Data Analysis

The analysis has been done by taking sample of 100 undertakings, out of target population of 530. It needs mention that only those companies in each industry have been included in the analysis those have declared dividends in each year under study. All those observations where the companies have not declared dividend got eliminated. The number of companies selected from each of the sector is given below Exhibit-1).

Exhibit :- 1 Industry-wise Sample Units

Sr. No.	Industry Name	Total PSUs	No. of Sample Units
1.	Banking & Financial Services	152	30
2.	Wholesale & Retail Trading	66	9
3	Metal & Machinery	27	10
4	Chemical	62	9
5	Electricity	75	8
6	Mining	34	14
7	Construction & Real estate	39	6
8	Miscellaneous Services	75	14
	Total	530	100

To achieve the first objective of the study (i.e. Patterns of dividend payments), descriptive statistics namely Mean, median, standard deviation, have been calculated to find out the pattern of average dividend payout ratio, amount of equity dividend and dividend per share. Descriptive were computed at the overall, year wise and industry wise. Anova (F-test) was applied to know the significance of differences of means.

To analyze the pattern of dividend payout ratio, EPS & DPS frequency distribution is also made. The **mean** is obtained by summing all elements in a set and dividing by the number of elements. The mean, or average value, is the most commonly used measure of central tendency. **Median** is measure of central tendency above which half of the values fall and below which half of the values fall. The median of a sample is the middle value when the data are arranged in ascending or descending order. The median is an appropriate measure of central tendency for ordinal data.

The mean squared deviation of all the values from the mean is called variance. And the square root of the variance is standard deviation. The variance can never be negative. When the data points are clustered around the mean, the variance is small. When the data points are scattered, the variance is large.

Skewness is a characteristic of a distribution that assesses its symmetry about the mean. Distributions can be either symmetric or skewed. In a symmetric distribution, the values on either side of the center of the distribution are the same and the mean, mode, and median are equal.

Kurtosis is a measure of the relative peak or flatness of the curve defined by the frequency distribution. The kurtosis of a normal distribution is zero. If the kurtosis is positive, then the distribution is more peaked than a normal distribution. A negative value means that the distribution is flatter than a normal distribution. Measure of shape are important, because if a distribution is highly skewed or markedly peaked or flat, then statistical procedures that, normality should be used with caution.

Frequency distributions a mathematical distribution whose objective is to obtain a count of the number of responses associated with different values of one variable and to express these counts in percentage terms.

Anova is a Statistical technique used for determining the significance of differences among means for two or more populations. Analysis of variance and analysis of covariance are used for examining the differences in the mean values of the dependent variable associated with the effect of the controlled independent variables, after taking into account the influence of the uncontrolled independent variables. The null hypothesis, typically, is that all means are equal. In case of dividend payout study the analysis of variance is carried out across industry and year to know the differences of means of each variable used for analyzing dividend patterns and also to understand the variations across the industry.

5.0 RESULTS OF DATA ANALYSIS

At the outset, the dividend payout ratio which is computed by dividing the amount of dividend per share by the earnings per share has been analyzed. Table 1 shows the average dividend payout ratio during 2005-2014. This table indicates that mean DPR has varied in a very narrow range i.e. 24 to 27 percent. The average DPR during the entire study period for the PSUs worked out 25.41 percent which implies that on an average one-fourth of the earnings is distributed as dividend by the companies belonging to public sector.

The median DPR for the study period is found 22.19 percent meaning thereby half of the PSUs distribute below 22.19 percent of PAT and the remaining half distribute above it. The standard deviation of the ratio was found the highest during 2005 (25.90%) and the lowest during the year 2008 (13.12%). The table also indicates that dividend series were skewed during the study period.

Table:-1 Descriptive statistics pertaining to Dividend Payout Ratio of PSUs in India(In percentage)

Year	Mean	Median	SD	Skewness	Kurtosis
2005	24.73	20.37	27.16	6.119	49.678
2006	25.48	21.97	23.23	5.226	39.947
2007	24.46	23.36	15.04	0.588	0.830
2008	25.90	24.08	13.12	0.435	0.595
2009	24.50	22.17	13.39	1.246	2.527
2010	25.09	23.00	14.02	0.998	2.098
2011	25.46	22.03	15.28	1.078	1.781
2012	25.12	23.00	15.11	0.879	1.604
2013	25.90	22.89	16.11	1.319	2.841
2014	25.45	21.34	17.94	1.138	1.737
2005-14	25.41	22.19	17.52	3.896	39.781

Table:-2 Frequency Distribution Related to Dividend Payout Ratio of PSUs in India(In percentage)

DPR (%)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
0-10	16.0	15.0	14.0	12.0	11.0	11.0	15.0	15.0	11.0	15.0
10-20	29.0	17.0	15.0	16.0	22.0	23.0	18.0	18.0	20.0	17.0
20-30	27.0	40.0	32.0	34.0	41.0	34.0	36.0	36.0	37.0	37.0
30-40	17.0	19.0	24.0	26.0	17.0	21.0	21.0	21.0	20.0	15.0
40-50	7.0	4.0	9.0	7.0	3.0	4.0	3.0	3.0	2.0	3.0
Above 50	4.0	5.0	6.0	5.0	6.0	7.0	7.0	7.0	10.0	13.0
Total	100	100	100	100	100	100	100	100	100	100

Table:-3: Industry Wise Average Dividend Payout Ratio (%) of PSUs in India

Year	Banking	Wholesale & Retail trade	Metal & Machinery	Chemical	Electricity	Mining	Const. & Real estate	Misce. Services	Mean	Anova
2005	18.00	21.25	20.46	29.50	12.54	25.20	22.32	41.79	24.73	1.175
2006	21.23	17.96	24.35	31.49	16.56	24.83	57.06	20.74	25.48	2.069**
2007	22.10	22.41	22.71	30.92	23.16	37.70	20.24	22.59	24.46	1.888***
2008	22.12	19.88	23.15	30.07	21.90	31.32	19.77	27.98	25.90	0.978
2009	20.86	14.18	23.46	19.90	22.70	35.50	23.41	26.20	24.50	2.402*
2010	20.77	15.23	25.84	22.23	21.90	36.19	26.78	23.49	25.09	2.059**
2011	21.02	19.24	26.51	27.60	20.87	34.67	26.14	21.52	25.46	1.123
2012	20.95	12.36	29.01	23.02	20.71	35.27	28.30	23.48	25.12	1.971***
2013	22.05	13.89	30.16	34.62	21.82	38.13	22.91	15.94	25.90	3.521*
2014	22.03	7.53	29.06	28.75	21.28	41.25	24.87	17.93	25.45	3.671*
Mean	22.62	18.44	25.47	27.81	25.43	34.00	27.18	24.01		
Median	20.37	20.05	21.02	30.26	29.99	31.90	23.09	22.16		
S.D	13.36	14.02	10.99	16.06	10.32	18.40	28.50	23.44		
Anova	27.94*	6.985*	5.829*	5.209*	20.928*	14.904*	1.883*	1.890*		

Table:-4 Results of Analysis of Variance (ANOVA) for difference in Dividend payout Ratio across various industries

Source of Variation	SS	Df	MS	F	Sig.
Between Groups	17383.259	7	2483.323	8.528	.000
Within Groups	280127.896	962	291.193		
Total	297511.155	969			

Table:-5 Dividend per Share (DPS) and Earning per Share (EPS) of PSUs in India

	DPS (in Rs.)		EPS (in Rs.)	
Year	Mean	SD	Mean	SD
2005	3.81	10.84	18.97	25.13
2006	4.97	6.70	20.59	24.58
2007	5.17	7.61	20.57	28.75
2008	6.21	7.33	24.67	27.02
2009	6.52	8.86	27.55	30.40
2010	6.17	8.54	25.91	32.92
2011	7.66	10.69	30.5	38.71
2012	4.66	8.39	22.33	34.32
2013	4.71	6.98	18.82	37.71
2014	6.47	9.53	22.30	43.50
ANOVA(F)	9.081(significant at 1 per cent level)		7.362(significant at 1 per cent level)	

Table:-6 Industry Wise Average Dividend per Share (Rs) of PSUs in India

Year	Banking	Wholesale & Retail trading	Metal & Machinery	Chemical	Electricity	Mining	Const. & Real estate	Misce. Services	Mean	ANOVA
2005	3.11	1.14	3.34	8.80	0.44	5.95	8.58	1.01	3.81	0.813
2006	3.01	1.46	4.91	7.54	0.55	9.08	5.53	6.84	4.97	2.325*
2007	3.25	1.93	5.98	5.55	0.69	11.02	5.66	5.84	5.17	2.116**
2008	4.13	1.85	8.05	4.38	0.68	10.07	6.25	8.17	6.21	2.415*
2009	5.00	2.40	8.81	4.39	0.82	12.18	7.15	8.12	6.52	1.885**
2010	5.83	2.73	6.93	3.33	0.94	11.05	7.27	6.60	6.17	1.409
2011	8.11	2.49	8.19	6.54	0.90	13.99	8.44	5.80	7.66	1.543
2012	6.99	1.18	6.34	6.60	0.84	4.68	4.90	0.56	4.66	1.481
2013	7.15	1.26	4.79	5.34	0.96	3.72	4.82	3.15	4.71	1.455
2014	8.30	1.61	4.86	5.51	1.14	9.66	4.99	7.13	6.47	1.074
Mean	5.88	2.03	6.19	6.26	1.00	9.07	6.36	5.32		
Median	3.50	1.45	3.60	2.94	0.42	3.68	1.10	3.40		
S.D	7.34	2.40	6.40	6.41	1.13	12.50	9.19	11.58		
ANOVA	14.029*	7.436*	21.436*	14.400*	51.05*	18.138*	52.006*	9.083*		

*Significant at 1 percent, ** Significant at 5 percent

To make in-depth analysis of dividend pattern of Indian PSUs, frequency distribution has been given in table (2) by classifying the dividend payout ratio in various classes like less than 10, 10 to 20, 20 to 30, 30 to 40, 40 to 50, and above 50 percent of net profits. Table 2 offers clearly that the percentage of companies having dividend payout ratio up 20 percent remained 30 to 35 percent in various years except year 2005 when it stood at 45 percent. The highest percentage of companies, in each of the year, is seen having DPR between 20 to 30 percent between 10 to 15 percent of the firms are seen paying dividends above 40 percent of their earnings.

An inter-industry position, regarding dividend payout ratio at overall and year wise, can be seen from table 3. It is clear from this table that among PSUs overall mean dividend payout ratio is the highest in case of 'Mining' (34.0%) followed by 'Chemical' industry (27.81%). DPR is found the lowest (18.44%) in case of 'Wholesale and Retail trading' firms. The above mentioned pattern also holds well in case of majority of the years understudy. The table also indicates that the dividend payout ratio has been fluctuating considerably over the years. The above mentioned phenomenon is supported by the results of ANOVA, as the F values are found significant at 1 percent level in each industry. Hence, we conclude that the dividend payout ratios of various industries vary significantly during the study period. Moreover, F values are found significant during six years out of 10 of the study in so far as the year-wise the pattern of dividend payment is concerned. Thus, there is a significant variance in DPR across time period. Table 4 presents the results of application of ANOVA for examining the significance of variance in DPR across industry for the entire study period. F value (8.528) results significant at 1 percent level. So, there is significant variance in DPR across the industry group. *Earnings Per Share* and *Dividend Per Shares* are important variables considered by investors in equity

capital of a firm. Also these two variables are used to determine 'Dividend Payout' which is computed by dividing the dividend per share by earning per share. Keeping in view the importance of these variables, the pattern of these ratios has been studied. Table 5 presents year on year mean and standard deviation of DPS and EPS, whereas table 6 presents industry wise DPS.

Table 5 indicates that the average DPS and EPS have been found increasing from the year 2005 to 2011, but declined during 2012 and 2013 and increased in 2014. DPS was Rs3.81 in 2005 which stood at 6.47 in 2014. EPS was Rs. 18.97 in 2004 which rose to Rs 22.30 in 2014. F test which was applied to test the significance of variance in DPS and EPS across the various years of study indicated significant variance at 1 per cent. Table 6 indicates that the average DPS has increased in each industry except 'chemical' and 'construction & real estate' industry during the study period. On the whole, the highest average DPS is found in 'Mining' followed by construction and chemical industry during the study. ANOVA was applied to examine significance of variance in the amount of dividend per share and earnings per share by various industry groups in various years. The F value has turned significant irrespective of years. Hence, there is significant variance in EPS as well as DPS during the various years of study as well as across the industries in different years.

6.0 CONCLUSION
The investigation into the dividend practices of PSUs in India belonging to various industry groups has offered that, on an average, one fourth of the earnings are distributed as dividend by the firms under study. The PSUs belonging to various industrial groups could not ensure stability in their dividends as a significant variance was observed in so far as year-wise DPR is

concerned. The above finding is also found true across the industry as both EPS and DPS varied significantly across various industry groups. However, the amount of dividend per share and amount of earnings per share have increased tremendously over the years which give indications of ever improving profitability performance of corporate sector in India even in public sector.

The results of this study, however, can't be generalized for the entire industry because these are based on the analysis of single sector, i.e. Public. Hence, future researchers must conduct comprehensive works representing various industrial sectors including both public sector and private sector companies. But still the findings of this study emphasise on the need to consider past trend of dividend practices while declaring the dividends. The financial managers should also take initiatives to frame stable dividend policy which might help the investors to take buying and selling decisions related to equity shares particularly. Recently, SEBI, the regulatory body, has also desired for declaring dividend policy in advance by the listed companies.

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