

SMJ

ISSN 2320-0154

SHIMLA MANAGEMENT

JOURNAL

An annual Publication

ISSN 2320-154

Vol.X No. 1

Dec. 2017



H.P. UNIVERSITY BUSINESS SCHOOL (HPUBS)
Himachal Pradesh University
Shimla (India)

SHIMLA MANAGEMENT JOURNAL

An annual Publication

ISSN 2320-154

Vol.X No. 1

Dec. 2017



H.P. UNIVERSITY BUSINESS SCHOOL (HPUBS)
Himachal Pradesh University
Shimla (India)

Sr. No	Title	Author	Page
1	Stakeholders' Perception of Performance Indicators (PIs) of Public Private Partnership (PPP) Projects in Haryana	*Karam Pal Narwal **Ashok Ahlawat ***Manoj Kumar Yadav *Professor, Haryana School of Business, GJU of Science and Technology, Hisar, Haryana, Research Scholar	4
2	Influence of Stress among College Teachers with Special reference to Tiruchirappalli District	Dr. R.Ramachandran Assistant Professor, Department of Commerce, Annamalai University, Annamalai Nagar – 608 002, Tamil Nadu, India, Email ID : profram1968@gmail.com	12
3	A Study of Customer Managed Relationship (CMR) in Telecom Services Industry	*Dr Supriya Biswas *Professor NSHM Business School, 123 B L Shah Road, Kolkata 700063	30
4	Determinants of Dividend Policies in Indian Business Environment	*Dr. Mohinder Singh * Assistant Professor, Department of Accounting and Finance, School of Business & Management Studies Central University of Himachal Pradesh, Dharamshala, H.P.	46
5	Entrepreneurial Environment of Rural Women Entrepreneurs – An Opinion Survey	*K.Anitha **Dr. R. Chansrasekaran Asst.Professor, Department of Commerce Finance, Dr.N.G.P. Arts and Science College,Coimbatore- 641048.	63
6	Impact Of GST On Rural Economy - a Study of Unorganized Sector In Himachal Pradesh	*Rohit Kanda **Harish Handa ***G S Bhalla	76
7	Impact of Micro-Economic Factors on Stock Returns: An Empirical Study of S&P BSE IT Companies	*Anshika (Research Scholar, PEC University of Technology, Sector 12, Chandigarh)	84
8	Financial Inclusion through Financial Services: An Interstate Analysis	*Kajole Nanda *Doctoral Research Fellow, Department of Commerce, Guru Nanak Dev University, Amritsar.	97

Determinants of Dividend Policies in Indian Business Environment

* Dr. Mohinder Singh

Abstract

The dividend is one form of profit sharing by a firm. Companies declare the dividends to reward the sacrifices of shareholders and are used as a tool to reduce the agency cost associated with the capital funds. Various factors affect the dividend decisions of a company in India. The present study is an attempt to examine the determinants of dividend decisions of Indian Information Technology Companies by using Multiple Regression Model. The study found that both the factors of Corporate Governance (CG) and Firm Characteristics did affect the dividend decisions of Indian IT Companies. Firm Size and Profitability are other two factors which enabled the firms to declare and pay the dividends.

Keywords : Board Independence, Corporate Governance, Dividend per Share, Earnings per Share, Firm Characteristics, Information Technology, Market Capitalization.

I. INTRODUCTION

Business Enterprises address the ultimate objective of maximizing the wealth of stakeholders in the long run. The dividend is one form of rewarding the equity shareholders. A portion of the annual accounting profit of a business enterprise is normally declared and paid as dividend to the equity shareholders. The dividend is disbursed normally in the form of cash dividend, special dividend, bonus share, stock split, buyback of shares and dividend warrants. The dividend decision of a firm is influenced by various factors such as the size of firm, profitability which differ across time and industry. The dividend payout is considered as the means to reduce the agency cost and it can also be used to reduce the cash flow that the managers can use at their discretion.

Lintner (1956) argued that there exists relationship between present earnings and history of past dividends among the corporate enterprises of developed economies. Firms strive hard to achieve a stable dividend policy in spite of several difficulties and challenges. Miller and Modigliani (1961) also felt that the dividend policy is irrelevant in measuring the current valuation of equity shares in the presence of

* Assistant Professor, Department of Accounting and Finance, School of Business & Management Studies Central University of Himachal Pradesh, Dharamshala, H.P.