

Dividend Payout Policy: A Study on Indian Banking Industry

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Abstract: In corporate finance one of the most important policies is dividend policy not only to the company but also to the shareholders, the consumers, the workers, regulatory bodies and the government. Dividend decisions are important as other financial decisions depend on it. The present paper represents dividend payment pattern in Indian banking industry. The paper discusses the variables which determine the dividend policy of Indian banks and conclude that academic researchers cannot state a theoretical optimal dividend policy that simultaneously fits all banks due to various factors. The objective of the present study is to determine the trend of dividend payments of sample banking companies in India. This study is based on a sample of 21 banks in Indian banking sector for the period 2006 to 2015. The researchers used various statistical tools such as Mean, Standard Deviation, Coefficient of Variation, and ANOVA. The analysis concludes that banking companies belonging to the same industry adopted a different dividend policies among themselves.

Keywords: Dividend, dividend payout ratio, banking companies.

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I. Introduction:

Dividend decisions are recognized as centrally important because of increasingly significant role of the finances in the firm's overall growth strategy. The objective of the finance manager should be to find out an optimal dividend policy that will enhance value of the firm. It is often argued that the share prices of a firm tend to be reduced whenever there is a reduction in the dividend payments. With a view to measuring the ability and efficiency of a particular company in particular and industry in general over a period of time, dividend policy of a business is considered as the statistical yardstick, a measure or standard used for comparison. As the reasonable amount of profit is ploughed back in the business, retained earnings is also considered as the main source of creating shareholders' wealth and important factor for the growth of the business. Retention of profit in the business is also a vital source of finance on which no return is to be given.

II. Review Of Literature:

The firm value is independent of its dividend policy according to Modigliani and Miller (1961), because it is determined by selecting optimal investments. Thus a firm dividend policy does not influence the wealth of shareholder. The theory of the bird in the hand was presented by Gordon and Walter (1963), according to this theory because of minimum risk investors will always prefer dividends over capital gains. Thus researchers are puzzled by the question, "whether shareholder's value is affected by dividend policy" for many years.

Some studies have found that firm value is not influenced by the increase or decrease in dividend payout, whereas some studies found that dividend payout affect firm value.

A survey was conducted by Farrelly, Baker, and Edelman (1985) in which they found that according to the view of managers there is an optimal level of dividend payouts, and firms influenced by dividend payouts. The same results were found by Baker and Powell (1999) in a survey that firm value and wealth of shareholder is affected by dividend policy. The future profitability of firms is assessed by the information regarding the announcements of Cash dividends. George and Kumudha (2006) in their study on dividend policy with reference to Lintner's model bring out that current earnings play a significant role in deciding the dividend policy. The results clearly indicate that current year's dividend per share is positively related to current years earning per share and previous year dividend per share (lagged dividend) with correlation coefficient of 0.654 and 0.657 respectively. In Indian Context, a few studies have analyzed the dividend behavior of corporate firms. B S Bodla, Karam Pal and Jasvir S Sura (2007) re-examined the applicability of Lintner's (1956) dividend policy in banking sector in India. The results indicate that the major determinants of current dividend are lagged dividend and the current earnings in case of both Public Sector Banks and Private Banks. Azhagaiah and Sabaripriya (2008), analyzed the impact of dividend payout on shareholders' wealth in organic and in-organic chemical firms in India and proved that the wealth of the shareholders' was greatly influenced mainly by five

variables viz., growth in sales, improvement of profit margin, capital investment decision, capital structure decision and cost of capital. There was a significant impact of dividend payout on shareholders' wealth in organic chemical firms, while the shareholders wealth was not influenced by dividend payout as far as the organic chemical firms are concerned. **Olandipupo and Okafor (2011)**, focused on parties controlling shareholders' wealth maximization and the ways it affects the firm's performance. The data used for the study were collected from the Nigerian stock exchange and the annual reports of six sample firms from food / tobacco and subsector for 20 years. The firm size (FS) and retained earnings (RE) had positive relationship and their impact was proved statistically significant on the shareholders' fund, while dividend payment had negative relationship with the SW. However, turnover and retained earnings were of more significance in controlling the shareholders' wealth than the dividend payout. **Devaki and Kamalaveni (2012)**, examined the influence of shareholding pattern of the Indian corporate hotels. Fixed effect firm model estimation revealed that there was a positive association between lagged dividend, earnings, debt-equity ratio, sales, size, age of the firm and institutional shareholding. **Gulet al. (2012)**, examined the influence of DP on SW of 75 listed firms in Karachi stock exchange. The study found that the difference in average market value relative to book value of equity was highly significant for dividend paying firms and dividend non-paying firms. Lagged market value of equity had a significant impact on the market price per share; however, retained earnings had insignificant influence on the market price of equity as far as the dividend paying firms are concerned and there was a significant influence of DP on SW. **Onwumereet al. (2012)**, attempted to study the links between the firms' financial structure and the objective of the firms in maximizing shareholders' wealth using three value maximization indicators viz., net profit margin, dividend per share and current ratio. The study revealed that outsiders' fund was positive and did not have significant impact on the dividend per share and current ratio; outsiders' fund had negative and significant impact on the net profit margin. **Atiyet (2012)**, result showed that growth, profitability, financial debt and size of the firm had significant impact on shareholders' wealth. **Uwuigbeet al. (2012)** studied the relationship between financial performance and dividend payout among the listed firms in Nigeria for a period of five years i.e. 2005-2010 and found that there was a significant positive association between the performance of firms and the dividend payout; ownership structure and firm's size on dividend payout of the firms. **Bawa and Kaur (2013)** results showed that in the long run, shareholders' wealth of dividend paying IT firms had increased significantly when compared to the non-dividend paying IT firms. **Chidinmaet al. (2013)**, found that earnings per share and market price per share had significant impact on SW; a high dividend payout increases the market value of shares and thus, the shareholders' value. **Tahir and Raja (2014)**, results showed a correlation between predictor variables and response variable for all the firms. Oil and gas industry of Pakistan paid dividend on regular basis but there was uncertainty in stock market due to which holding period returns were not efficient because share price of firms were not stable and fluctuation took place in firms and the study proved that dividend payout ratio had insignificant relationship with holding period yield. **Salman (2013)** study showed that DPS, EPS, Lagged MPS, and Lagged PER had significant positive relationship with shareholders wealth. **Kumaresan (2014)**, focused on top ten firms under hotel and travel sectors in Sri Lanka during the period from 2008 to 2012 and found that there was a positive relationship between return on equity (ROE), dividend per share (DPS) and dividend payout ratio (DPO) and shareholders' wealth (SW) of the selected firms under hotel and travel sectors in Sri Lanka and the study also proved that there was a negative relationship between retention ratio and shareholders' wealth.

III. Research Methodology:

3.1 Objectives of the Study:

- I. To identify the dividend policies followed by banks in Indian banking sector.
- II. To analyse the dividend trend of constituent banks in Indian banking sector.

3.2 Sample and Period of study

The analysis has been done by taking sample of 21 public and private banks, which are the constituents of Indian banking industry respectively. Only those banks have been included in the analysis that have earned profits and corresponding to that declared dividends. All those observations where the companies either have not declared any dividend or incurred losses have been eliminated. The sample period undertaken for study is from the year 2006 to 2015. The period of 10 years usually covers a business cycle. Therefore the period chosen covers a complete business cycle i.e. both recessionary and booming phases of the sector. This would highlight whether the dividend payment patterns vary or remain consistent during boom and recession.

3.3 Sources of Data

The research is empirical in nature and makes use of secondary data. The study is focused on Indian Banking Sector. The data has been sourced from Bloomberg database. Further information has been collected from CMIE (Centre for Monitoring Indian Economy) reports, RBI (Reserve Bank of India) bulletin, Annual Reports of Banks.

3.4 Hypothesis:

H₀: There is no significant difference between actual and trend values of dividend payout among the selected banks during the study period.

H₁: There is significant difference between actual and trend values of dividend payout among the selected players during the study period.

3.5 Statistical tools used:

For the conduct of the study various models have been developed. This section discusses these models and various tools and techniques used to carry out the research.

Following statistical techniques have been applied for carrying out the study:

1. The Arithmetic Mean (X)
2. Coefficient of Variation (CV)
3. Trend Analysis
4. Analysis of Variance (ANOVA)

IV. Analysis And Interpretation:

Table 1: Actual and Trend values of Dividend Payout (In Percentage) of Allahabad Bank (2006 to 2015)

BANK	YEAR	DPR	TREND VALUES (Yc=a+bx)	TREND INDICES It= (Yt/Y0)x100
Allahabad Bank	2006	24.97	21.00	100.00
	2007	17.66	20.49	70.72
	2008	15.77	19.98	63.16
	2009	16.53	19.47	66.19
	2010	23.40	18.96	93.69
	2011	19.93	18.45	79.79
	2012	16.13	17.94	64.60
	2013	24.76	17.43	99.13
	2014	13.53	16.92	54.19
	2015	14.35	16.41	57.46
		Mean 18.70		
		S.D. 4.30		
		C.V. 22.97		
Yc= 21.51193 - 0.51058X (X- in Units of years and Yc – in Percentage of Dividend Payout)				

The figures of dividend payout in percentage of Allahabad bank with indices and trend values have been shown in the Table 1. Total dividend payout of the company have registered varying trend. Trend indices revealed increase from 100 in 2006 to 57.46 in 2015 i.e. fall in dividend payout to an extent of 4 times during the period of the study. Hence dividend payout has not increased as per the expectations. The mean value of the dividend payout was 18.70 and the coefficient of variation (CV) was 22.97, which showed the not much fluctuations in dividend payout of the bank.

Graph1: Actual and Trend percentage of Dividend Payout of Allahabad Bank (FY 2006 to FY 2015)

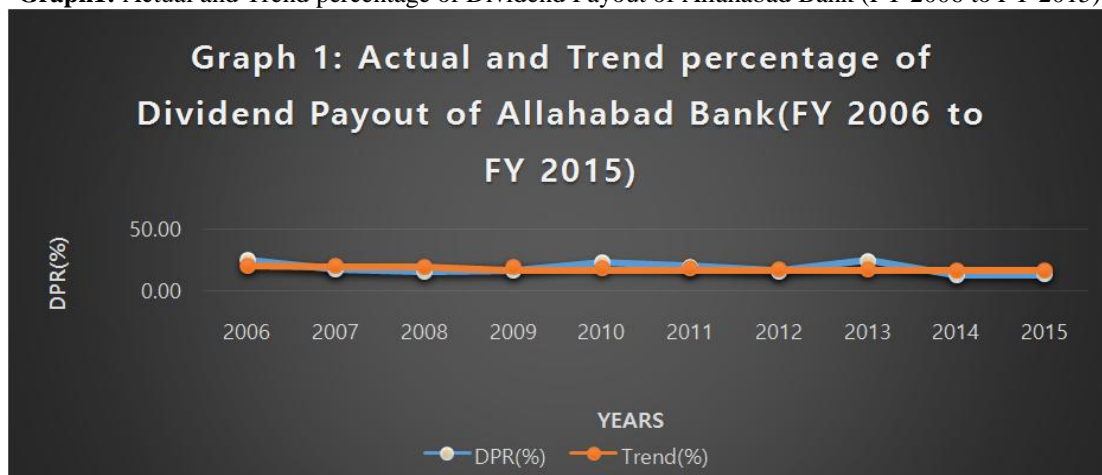


Table 2: ANOVA of Dividend Payout Trend of Allahabad Bank

	df	SS	MS	F	Significance F
Regression	1	21.50684	21.50684	1.189453	0.307196
Residual	8	144.6504	18.0813		
Total	9	166.1572			

From Table 2, it is clear that the calculated value of 'F' is 1.189453, which is less than the table value of 'F' (5.987378) at 5% level. Therefore, null hypothesis is accepted and alternate hypothesis is rejected. This proves that the difference between actual and trend values of dividend payout during the study period was not significant. Further, the fitted linear regression is significant and hence it can be used for the prediction of dividend payout.

Table 3 Actual and Trend values of Dividend Payout (In Percentage) of Andhra Bank (2006 to 2015)

BANK	YEAR	DPR	TREND VALUES ($Y_c=a+bx$)	TREND INDICES It= (Y_t/Y_0)x100
Andhra Bank	2006	83.99	61.07	100.00
	2007	34.15	55.77	40.66
	2008	33.29	50.47	39.63
	2009	33.27	45.17	39.61
	2010	84.93	39.87	101.12
	2011	24.53	34.57	29.20
	2012	23.15	29.27	27.56
	2013	21.78	23.97	25.93
	2014	14.74	18.67	17.55
	2015	18.39	13.37	21.89
Mean 37.22 S.D. 25.74 C.V. 69.15 $Y_c = 66.37231 - 5.30052X$ (X- in Units of years and Y_c - in Percentage of Dividend Payout)				

The figures of Dividend payout in percentage of Andhra Bank with indices and trend values have been shown in the Table 3. Total Dividend payout of the bank have registered a falling trend from 83.99 percentage to 18.39 percentage throughout the period of the study from 2006 to 2015. Trend indices revealed decrease from 100 in 2006 to 21 percent in 2015 during the period of the study. Actual dividend payout was in par with the trend values as revealed in Graph 2. The mean value of the dividend payout was 37.22 and the co-efficient of variation (CV) was 69.15 that showed high fluctuations dividend payout of the bank.

Graph 2: Actual and Trend percentage of Dividend Payout of Andhra Bank(FY 2006 to FY 2015)

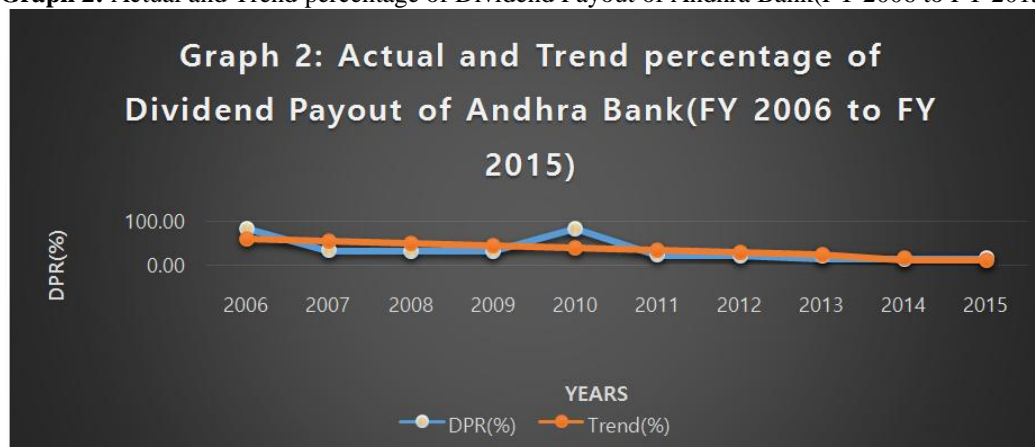


Table 4 ANOVA of Dividend Payout Trend of Andhra Bank

	df	SS	MS	F	Significance F
Regression	1	2317.884	2317.884	5.08981	0.054054
Residual	8	3643.175	455.3969		
Total	9	5961.059			

From Table 5.4, it is clear that the calculated value of 'F' is 5.08981, which is closely equal to the table value of 'F' (5.987378) at 5% level. Therefore, null hypothesis is rejected and alternate hypothesis is accepted. This proves that the difference between actual and trend values of dividend payout during the study period were significant. Further, the fitted linear regression is significant and hence it can be used for the prediction of dividend payout.

Table 5.5 Actual and Trend values of Dividend Payout (In Percentage) of Bank of Baroda (2006 to 2015)

BANK	YEAR	DPR	TREND VALUES ($Y_c=a+bx$)	TREND INDICES It= (Y_t/Y_0)x100
Bank of Baroda	2006	22.96	20.74	100.00
	2007	22.36	20.61	97.42
	2008	22.02	20.49	95.92
	2009	16.09	20.36	70.08
	2010	20.39	20.24	88.81
	2011	16.99	20.12	74.02
	2012	15.48	19.99	67.42
	2013	22.06	19.87	96.08
	2014	21.67	19.74	94.40
	2015	21.77	19.62	94.85
		Mean 20.18		
		S.D. 2.85		
		C.V. 14.13		
$Y_c= 20.86289 - 0.12452X$ (X- in Units of years and Y_c – in Percentage of Dividend Payout)				

The figures of dividend payout in percentage of Bank of Baroda with indices and trend values have been shown in the Table 5. Total dividend payout of the company have shown stable trend. Trend indices revealed stable payout from 100 in 2006 to 94.85 in 2015. The mean value of the dividend payout was 20.18 and the co-efficient of variation (CV) was 14.13, which showed the not much fluctuations in dividend payout.

Graph 3: Actual and Trend percentage of Dividend Payout of Bank of Baroda (FY 2006 to FY 2015)

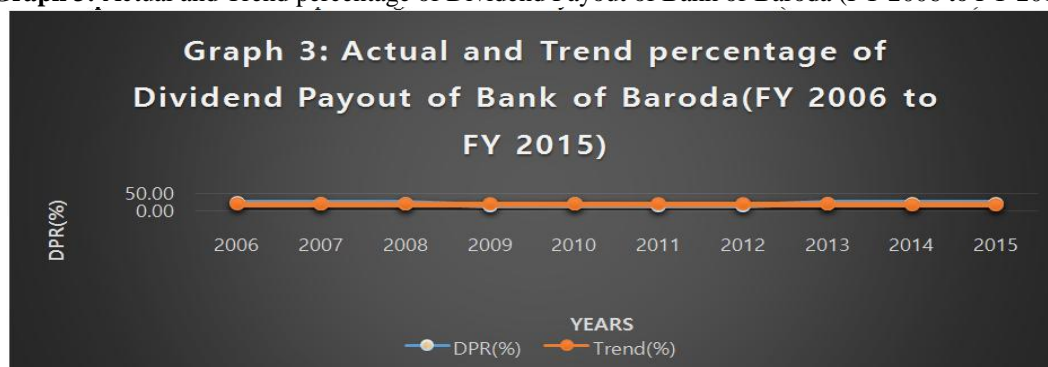


Table 6 ANOVA of Dividend Payout Trend of Bank of Baroda

	df	SS	MS	F	Significance F
Regression	1	1.279277	1.279277	0.142281	0.715833
Residual	8	71.92947	8.991184		
Total	9	73.20875			

From Table 6, it is clear that the calculated value of ‘F’ is 0.142281, which is less than the table value of ‘F’ (5.987378) at 5% level. Therefore, null hypothesis is accepted and alternate hypothesis is rejected. This proves that the difference between actual and trend values of dividend payout during the study period were not significant. Further, the fitted linear regression is significant and hence it can be used for the prediction of dividend payout.

Table 7 Actual and Trend values of Dividend Payout (In Percentage) of Bank of India (2006 to 2015)

BANK	YEAR	DPR	TREND VALUES ($Y_c=a+bx$)	TREND INDICES It= (Y_t/Y_0)x100
Bank of India	2006	20.43	17.59	100.00
	2007	15.40	17.60	75.35
	2008	12.54	17.62	61.37
	2009	15.92	17.64	77.91
	2010	23.98	17.66	117.38
	2011	17.48	17.67	85.52
	2012	17.10	17.69	83.69
	2013	24.72	17.71	120.98
	2014	12.57	17.73	61.53
	2015	16.52	17.75	80.83
		Mean 17.67		
		S.D. 4.21		
		C.V. 23.83		
$Y_c= 17.56883 + 0.017682X$ (X- in Units of years and Y_c – in Percentage of Dividend Payout)				

The figures of dividend payout in percentage of Bank of India with indices and trend values have been shown in the Table 7. Total dividend payout of the company have registered stable trend. Trend indices revealed increase from 100 in 2006 to 80.83 in 2015 i.e. not much difference in dividend payout during the period of the study. The mean value of the dividend payout was 17.67 and the co-efficient of variation (CV) was 23.83, which showed the not much fluctuations in dividend payout of the company.

Graph 4: Actual and Trend percentage of Dividend Payout of Bank of India(FY 2006 to FY 2015)

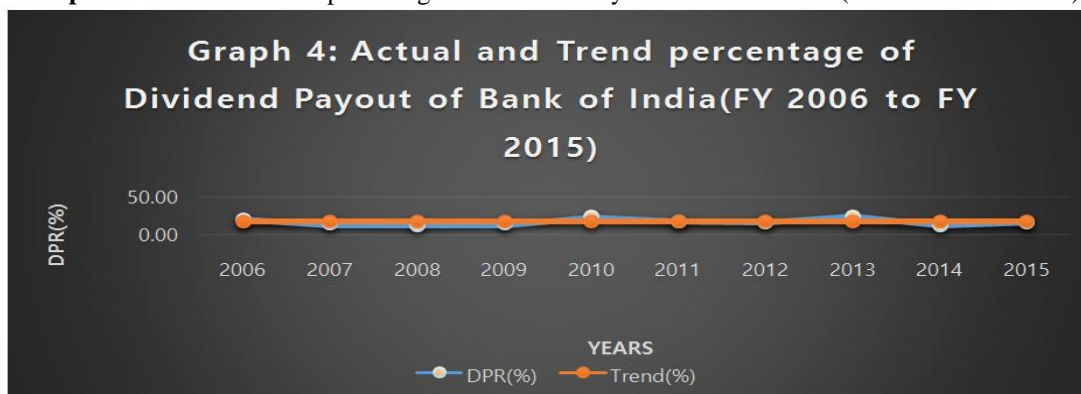


Table 8 ANOVA of Dividend Payout Trend of Bank of India

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	0.025795	0.025795	0.001294	0.972181
Residual	8	159.4136	19.92671		
Total	9	159.4394			

From Table 8, it is clear that the calculated value of ‘F’ is 0.001294, which is less than the table value of ‘F’ (5.987378) at 5% level. Therefore, null hypothesis is accepted and alternate hypothesis is rejected. This proves that the difference between actual and trend values of dividend payout during the study period was not significant. Further, the fitted linear regression is significant and hence it can be used for the prediction of dividend payout.

Table 9 Actual and Trend values of Dividend Payout (In Percentage) of Bank of Maharashtra (2006 to 2015)

BANK	YEAR	DPR	TREND VALUES ($Y_c = a + bx$)	TREND INDICES $I_t = (Y_t/Y_0) \times 100$
Bank of Maharashtra	2006	32.91	44.77	100.00
	2007	31.55	42.99	95.88
	2008	26.10	41.20	79.32
	2009	17.14	39.42	52.09
	2010	133.23	37.63	404.85
	2011	37.61	35.85	114.30
	2012	29.69	34.06	90.23
	2013	19.78	32.28	60.11
	2014	21.05	30.49	63.97
	2015	18.31	28.71	55.63
		Mean	36.74	
		S.D.	34.60	
		C.V.	94.17	
$Y_c = 46.556 - 1.78493X$ (X- in Units of years and Y_c – in Percentage of Dividend Payout)				

The figures of Dividend payout in percentage of Bank of Maharashtra with indices and trend values have been shown in the Table 9. Total Dividend payout of the bank have shown varying trend from 32.91 percentage to increase by 133.23 percentage and falling to 18.31 percentage at different periods from 2006 to 2015. Trend indices revealed decrease from 100 in 2006 to 55 percent in 2015 during the period of the study. Actual dividend payout was comparatively different with the trend values as revealed in Graph 5. The mean value of the dividend payout was 36.74 and the co-efficient of variation (CV) was 94.17 that showed high fluctuations dividend payout of the company.

Graph 5: Actual and Trend percentage of Dividend Payout of Bank of Maharashtra(FY 2006 to FY 2015)

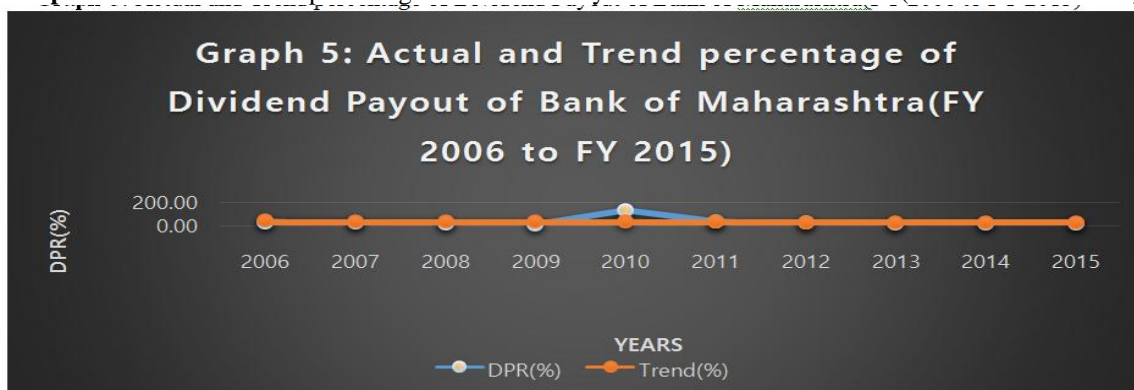


Table 10 ANOVA of Dividend Payout Trend of Bank of Maharashtra

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	262.8425	262.8425	0.200054	0.666539
Residual	8	10510.87	1313.859		
Total	9	10773.71			

From Table 10, it is clear that the calculated value of ‘F’ is 0.200054, which is less than the table value of ‘F’ (5.987378) at 5% level. Therefore, null hypothesis is accepted and alternate hypothesis is rejected. This proves that the difference between actual and trend values of dividend payout during the study period was not significant. Further, the fitted linear regression is significant and hence it can be used for the prediction of dividend payout.

Table 11 Actual and Trend values of Dividend Payout (In Percentage) of Canara Bank (2006 to 2015)

BANK	YEAR	DPR	TREND VALUES ($Y_c = a + bx$)	TREND INDICES $I_t = (Y_t/Y_0) \times 100$
Canara Bank	2006	78.31	658.44	100.00
	2007	2,077.35	565.12	2652.80
	2008	101.66	471.80	129.82
	2009	28.72	378.48	36.68
	2010	14.79	285.16	18.88
	2011	12.08	191.85	15.43
	2012	14.58	98.53	18.62
	2013	19.40	5.21	24.77
	2014	19.29	-88.11	24.63
	2015	18.88	-181.43	24.12
Mean 238.51 S.D. 646.83 C.V. 271.20 $Y_c = 751.7603 - 93.3191X$ (X- in Units of years and Y_c – in Percentage of Dividend Payout)				

The figures of Dividend payout in percentage of Canara Bank with indices and trend values have been shown in the Table 11. Total Dividend payout of the bank have registered a falling trend from 78.31 percentage to 18.88 percentage throughout the period of the study from 2006 to 2015. Trend indices revealed decrease from 100 in 2006 to 24.12 percent in 2015 during the period of the study. Actual dividend payout was in par with the trend values as revealed in Graph 6. The mean value of the dividend payout was 238.51 and the co-efficient of variation (CV) was 271.20 that showed high fluctuations dividend payout of the company

Graph 6: Actual and Trend percentage of Dividend Payout of Canara Bank(FY 2006 to FY 2015)

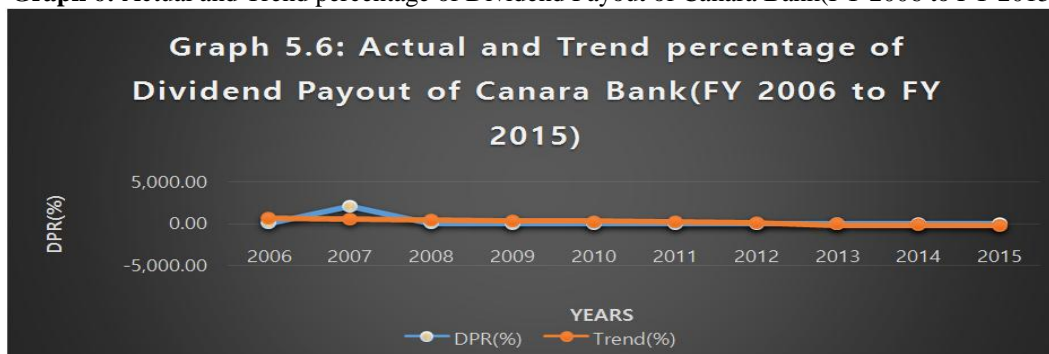


Table 12 ANOVA of Dividend Payout Trend of Canara Bank

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	718447	718447	1.886277	0.206878
Residual	8	3047048	380881		
Total	9	3765495			

From Table 12, it is clear that the calculated value of 'F' is 1.1886277, which is less than the table value of 'F' (5.987378) at 5% level. Therefore, null hypothesis is accepted and alternate hypothesis is rejected. This proves that the difference between actual and trend values of dividend payout during the study period was not significant. Further, the fitted linear regression is significant and hence it can be used for the prediction of dividend payout.

Table 13 Actual and Trend values of Dividend Payout (In Percentage) of Corporation Bank (2006 to 2015)

BANK	YEAR	DPR	TREND VALUES ($Y_c=a+bx$)	TREND INDICES It= (Y_t/Y_0)x100
Corporation Bank	2006	22.67	22.49	100.00
	2007	25.01	22.16	110.34
	2008	20.07	21.83	88.55
	2009	20.47	21.50	90.31
	2010	20.03	21.16	88.39
	2011	20.86	20.83	92.04
	2012	20.37	20.50	89.87
	2013	20.13	20.17	88.82
	2014	19.89	19.84	87.77
	2015	20.47	19.51	90.32
		Mean 21.00		
		S.D. 1.62		
		C.V. 7.71		
$Y_c = 22.82204 - 0.33167X$ (X- in Units of years and Y_c - in Percentage of Dividend Payout)				

The figures of dividend payout in percentage of Corporation bank with indices and trend values have been shown in the Table 13. Total dividend payout of the company have shown stability throughout the period of study. Trend indices revealed increase from 100 in 2006 to 90.32 in 2015 i.e. consistent payment of dividend payment during the period of the study. Hence dividend payout has not increased revealed in graph 7. The mean value of the dividend payout was 21.00 and the co-efficient of variation (CV) was 7.71, which showed the not much fluctuations in dividend payout of the bank.

Graph 7: Actual and Trend percentage of Dividend Payout of Corporation Bank(FY 2006 to FY 2015)

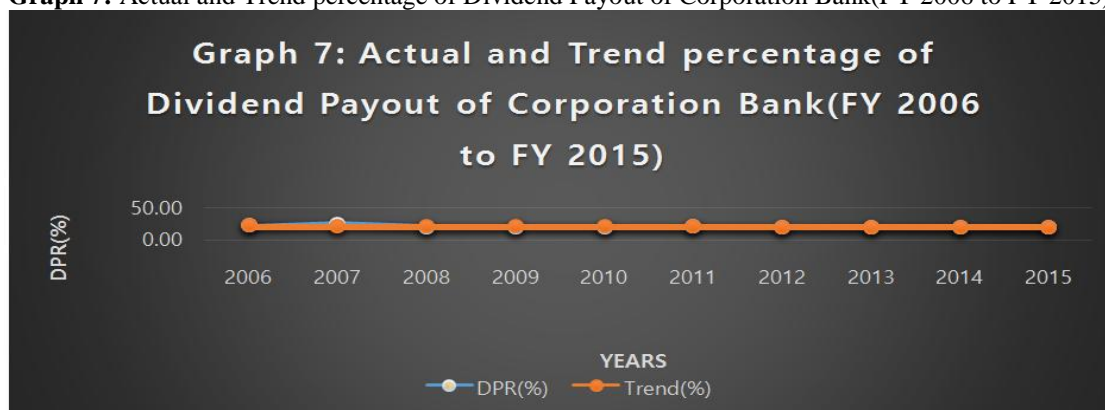


Table 14 ANOVA of Dividend Payout Trend of Corporation Bank

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	9.075397	9.075397	4.998525	0.055795
Residual	8	14.52492	1.815615		
Total	9	23.60032			

From Table 14, it is clear that the calculated value of 'F' is 4.998525, which is less than the table value of 'F' (5.987378) at 5% level. Therefore, null hypothesis is accepted and alternate hypothesis is rejected. This proves that the difference between actual and trend values of dividend payout during the study period was not significant. Further, the fitted linear regression is significant and hence it can be used for the prediction of dividend payout.

Table 15 Actual and Trend values of Dividend Payout (In Percentage) of City Union Bank (2006 to 2015)

BANK	YEAR	DPR	TREND VALUES ($Y_c=a+bx$)	TREND INDICES It= (Y_t/Y_0)x100
City Union Bank	2006	15.73	17.52	100.00
	2007	19.65	17.20	124.94
	2008	19.64	16.87	124.86
	2009	16.01	16.55	101.79
	2010	14.57	16.23	92.61
	2011	12.73	15.90	80.94
	2012	15.64	15.58	99.43
	2013	16.61	15.26	105.62
	2014	13.45	14.93	85.53
	2015	16.63	14.61	105.75
Mean 16.07 S.D. 2.28 C.V. 14.18 $Y_c = 17.84325 - 0.32322 X$ (X- in Units of years and Y_c – in Percentage of Dividend Payout)				

The figures of dividend payout in percentage of City Union bank with indices and trend values have been shown in the Table 15. Total dividend payout of the company have registered stable trend. Trend indices revealed increase from 100 in 2006 to 105.75 in 2015 i.e. increase in dividend payout during the period of the study. The mean value of the dividend payout was 16.07 and the co-efficient of variation (CV) was 14.18, which showed the not much fluctuations in dividend payout of the bank.

Graph 8: Actual and Trend percentage of Dividend Payout of City Union Bank (FY 2006 to FY 2015)

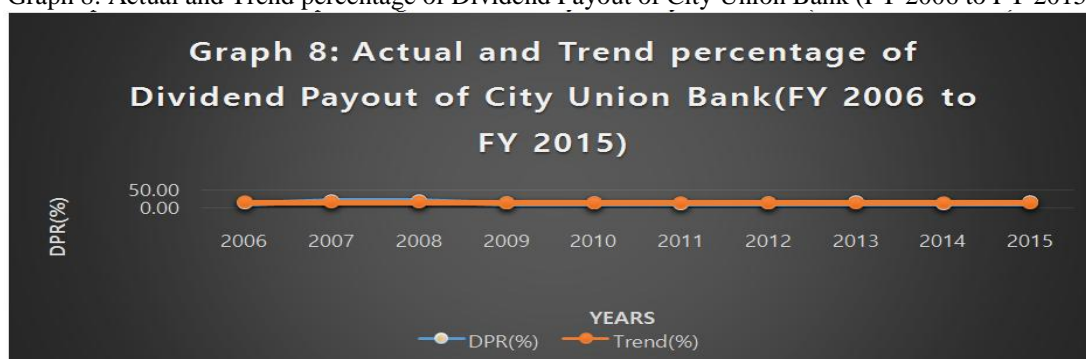


Table 16 ANOVA of Dividend Payout Trend of City Union Bank

	df	SS	MS	F	Significance F
Regression	1	8.619012	8.619012	1.808984	0.215512
Residual	8	38.11649	4.764561		
Total	9	46.7355			

From Table 16, it is clear that the calculated value of 'F' is 1.808984, which is less than the table value of 'F' (5.987378) at 5% level. Therefore, null hypothesis is accepted and alternate hypothesis is rejected. This proves that the difference between actual and trend values of dividend payout during the study period was not significant. Further, the fitted linear regression is significant and hence it can be used for the prediction of dividend payout.

Table 17 Actual and Trend values of Dividend Payout (In Percentage) of Federal Bank (2006 to 2015)

BANK	YEAR	DPR	TREND VALUES ($Y_c=a+bx$)	TREND INDICES It= (Y_t/Y_0)x100
Federal Bank	2006	13.31	15.45	100.00
	2007	11.70	16.11	87.91
	2008	19.00	16.77	142.80
	2009	18.12	17.43	136.18
	2010	19.45	18.08	146.19
	2011	26.13	18.74	196.37
	2012	20.42	19.40	153.51
	2013	18.06	20.06	135.70
	2014	20.13	20.71	151.30
	2015	17.82	21.37	133.92
Mean 18.41 S.D. 3.94 C.V. 21.40 $Y_c = 14.79468 + 0.657809X$ (X- in Units of years and Y_c – in Percentage of Dividend Payout)				

The figures of dividend payout in percentage of Federal bank with indices and trend values have been shown in the Table 17. Total dividend payout of the company have registered increase trend. Trend indices revealed increase from 100 in 2006 to 133.92 in 2015 i.e. increase in dividend payout to an extent of 0.3 times during the period of the study. The mean value of the dividend payout was 18.41 and the co-efficient of variation (CV) was 21.40, which showed the not much fluctuations in dividend payout of the company.

Graph 9: Actual and Trend percentage of Dividend Payout of Federal Bank(FY 2006 to FY 2015)

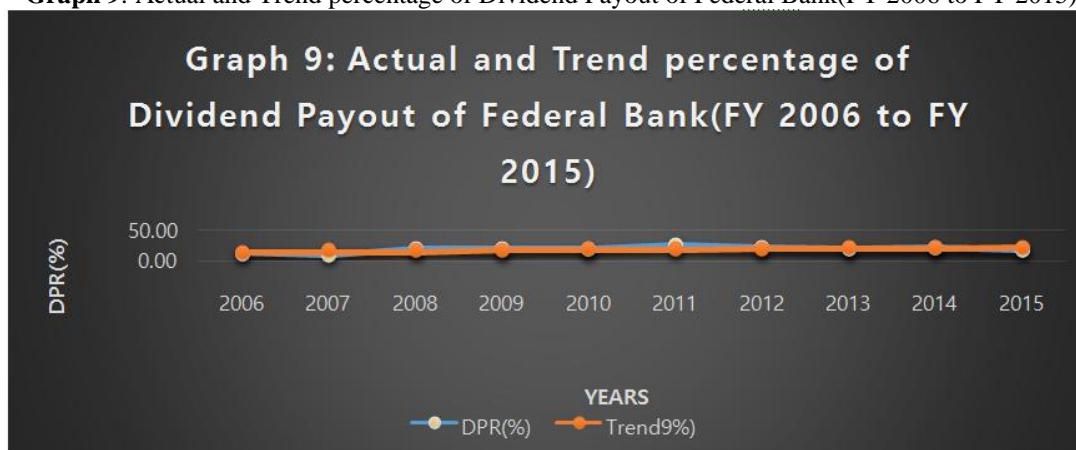


Table 18 ANOVA of Dividend Payout Trend of Federal Bank

	df	SS	MS	F	Significance F
Regression	1	35.69885	35.69885	2.745963	0.13609
Residual	8	104.0039	13.00049		
Total	9	139.7027			

From Table 18, it is clear that the calculated value of ‘F’ is 2.745963, which is less than the table value of ‘F’ (5.987378) at 5% level. Therefore, null hypothesis is accepted and alternate hypothesis is rejected. This proves that the difference between actual and trend values of dividend payout during the study period was not significant. Further, the fitted linear regression is significant and hence it can be used for the prediction of dividend payout.

Table 19 Actual and Trend values of Dividend Payout (In Percentage) ofHDFC Bank (2006 to 2015)

BANK	YEAR	DPR	TREND VALUES (Yc=a+bx)	TREND INDICES It= (Yt/Y0)x100
HDFC	2006	19.54	19.25	100.00
	2007	19.42	19.20	99.43
	2008	18.89	19.14	96.67
	2009	18.92	19.09	96.84
	2010	18.30	19.03	93.66
	2011	19.24	18.98	98.46
	2012	19.14	18.93	97.98
	2013	19.06	18.87	97.58
	2014	18.80	18.82	96.20
	2015	18.76	18.76	96.02
		Mean 19.01		
		S.D. 0.36		
		C.V. 1.89		
Yc= 19.30345 – 0.05402 X (X- in Units of years and Yc – in Percentage of Dividend Payout)				

The figures of dividend payout in percentage of HDFC bank with indices and trend values have been shown in the Table 19. Total dividend payout of the company have shown stability throughout the period of study. Trend indices revealed increase from 100 in 2006 to 96.02 in 2015 i.e. consistent payment of dividend payment during the period of the study. Hence dividend payout has not increased revealed in graph 10. The mean value of the dividend payout was 19.01 and the co-efficient of variation (CV) was 1.89, which showed the slight variation in dividend payout of the bank.

Graph 10: Actual and Trend percentage of Dividend Payout of HDFC Bank(FY 2006 to FY 2015)

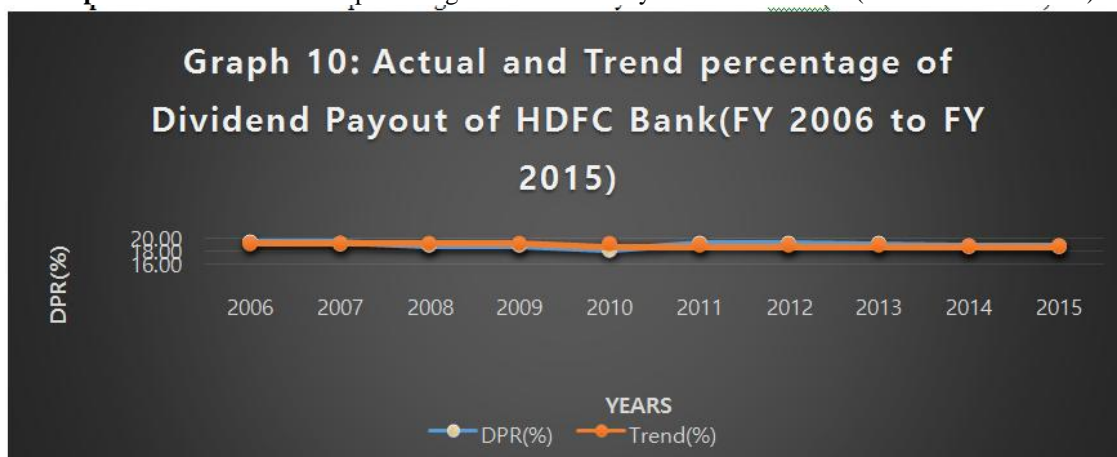


Table 20 ANOVA of Dividend Payout Trend of HDFC Bank

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	0.240765	0.240765	2.094904	0.185815
Residual	8	0.919432	0.114929		
Total	9	1.160198			

From Table20, it is clear that the calculated value of ‘F’ is 2.094904, which is less than the table value of ‘F’ (5.987378) at 5% level. Therefore, null hypothesis is accepted and alternate hypothesis is rejected. This proves that the difference between actual and trend values of dividend payout during the study period was not significant. Further, the fitted linear regression is significant and hence it can be used for the prediction of dividend payout.

Table 21 Actual and Trend values of Dividend Payout (In Percentage) ofICICI Bank (2006 to 2015)

BANK	YEAR	DPR	TREND VALUES ($Y_c=a+bx$)	TREND INDICES It= (Y_t/Y_0)x100
ICICI Bank	2006	31.38	34.70	100.00
	2007	32.91	33.35	104.89
	2008	36.13	32.00	115.14
	2009	34.24	30.66	109.11
	2010	28.65	29.31	91.30
	2011	26.46	27.97	84.35
	2012	24.89	26.62	79.32
	2013	24.02	25.28	76.57
	2014	24.06	23.93	76.67
	2015	23.67	22.58	75.44
		Mean 28.64		
		S.D. 4.70		
		C.V. 16.42		
$Y_c= 36.04233 - 1.3459X$ (X- in Units of years and Y_c – in Percentage of Dividend Payout)				

The figures of dividend payout in percentage of ICICI bank with indices and trend values have been shown in the Table 21. Total dividend payout of the company have registered falling trend. Trend indices revealed increase from 100 in 2006 to 75.44 in 2015 i.e. fall in dividend payout to an extent of 0.25 times during the period of the study. Hence dividend payout has not increased as per the expectations. The mean value of the dividend payout was 28.64 and the co-efficient of variation (CV) was 16.42, which showed the not much fluctuations in dividend payout.

Graph 11: Actual and Trend percentage of Dividend Payout of ICICI Bank(FY 2006 to FY 2015)

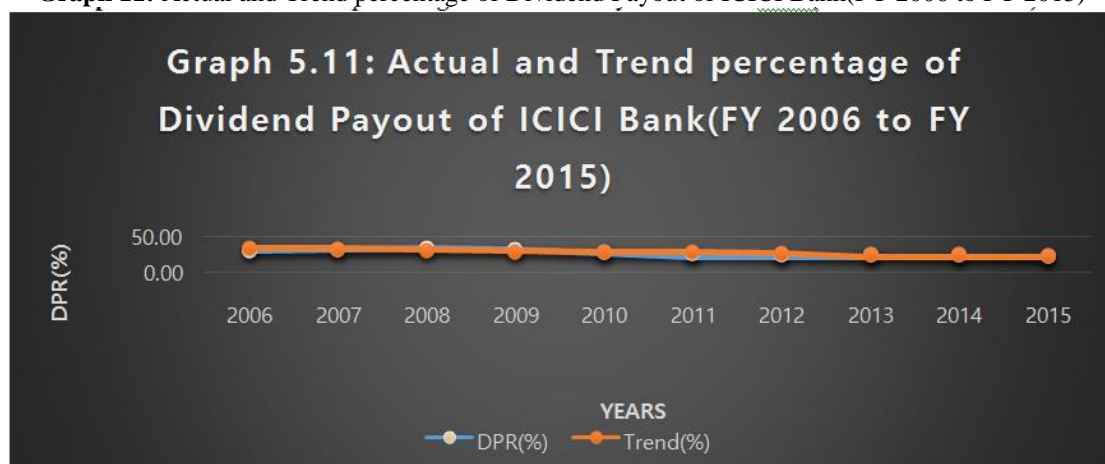


Table 22 ANOVA of Dividend Payout Trend of ICICI Bank

	df	SS	MS	F	Significance F
Regression	1	149.4435	149.4435	24.16266	0.001171
Residual	8	49.47915	6.184894		
Total	9	198.9226			

From Table 22, it is clear that the calculated value of 'F' is 24.16266, which is more than the table value of 'F' (5.987378) at 5% level of significance. Therefore, null hypothesis is rejected and alternate hypothesis is accepted. This proves that the difference between actual and trend values of dividend payout during the study period was significant. Further, the fitted linear regression is significant and hence it can be used for the prediction of dividend payout.

Table 23 Actual and Trend values of Dividend Payout (In Percentage) of Kotak Mahindra Bank (2006 to 2015)

BANK	YEAR	DPR	TREND VALUES ($Y_c = a + bx$)	TREND INDICES It= (Y_t/Y_0)x100
Kotak Mahindra Bank	2006	2.67	3.29	100.00
	2007	4.25	3.19	159.30
	2008	2.61	3.08	97.89
	2009	3.98	2.98	149.22
	2010	2.27	2.87	85.12
	2011	2.35	2.77	88.30
	2012	2.43	2.66	91.08
	2013	2.39	2.56	89.76
	2014	2.56	2.45	95.98
	2015	2.69	2.35	101.07
		Mean 2.82		
		S.D. 0.70		
		C.V. 24.76		
$Y_c = 3.393755 - 0.10431X$ (X- in Units of years and Y_c - in Percentage of Dividend Payout)				

The figures of dividend payout in percentage of Kotak Mahindra bank with indices and trend values have been shown in the Table 23. Total dividend payout of the company have shown stability throughout the period of study. Trend indices revealed increase from 100 in 2006 to 101.07 in 2015 i.e. consistent payment of dividend payment during the period of the study. Hence dividend payout has not increased revealed in graph 12. The mean value of the dividend payout was 2.82 and the co-efficient of variation (CV) was 24.76, which showed slight fluctuations in dividend payout of the bank.

Graph 12: Actual and Trend percentage of Dividend Payout of Kotak Mahindra Bank (FY 2006 to FY 2015)

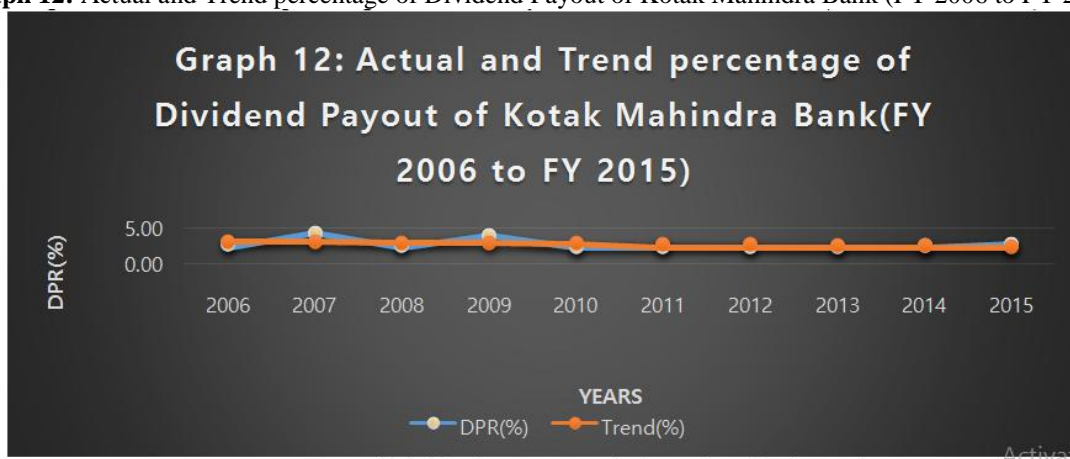


Table 24 ANOVA of Dividend Payout Trend of Kotak Mahindra Bank

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	0.897585	0.897585	2.058091	0.189312
Residual	8	3.488999	0.436125		
Total	9	4.386584			

From Table 24, it is clear that the calculated value of ‘F’ is 2.058091, which is less than the table value of ‘F’ (5.987378) at 5% level. Therefore, null hypothesis is accepted and alternate hypothesis is rejected. This proves that the difference between actual and trend values of dividend payout during the study period was not significant. Further, the fitted linear regression is significant and hence it can be used for the prediction of dividend payout.

Table 25 Actual and Trend values of Dividend Payout (In Percentage) of KarurVysya Bank (2006 to 2015)

BANK	YEAR	DPR	TREND VALUES ($Y_c = a + bx$)	TREND INDICES $I_t = (Y_t/Y_0) \times 100$
KarurVysya Bank	2006	51.29	51.61	100.00
	2007	86.62	48.38	168.87
	2008	31.08	45.15	60.59
	2009	27.45	41.92	53.52
	2010	19.44	38.69	37.90
	2011	30.95	35.46	60.34
	2012	29.91	32.23	58.31
	2013	27.27	29.00	53.16
	2014	32.59	25.77	63.53
	2015	34.12	22.54	66.52
Mean 37.07 S.D. 19.18 C.V. 51.73 $Y_c = 54.83553 - 3.2299X$ (X- in Units of years and Y_c – in Percentage of Dividend Payout)				

The figures of Dividend payout in percentage of KarurVysya Bank with indices and trend values have been shown in the Table 25. Total Dividend payout of the bank have registered a falling trend from 51.29 percentage to 34.12 percentage throughout the period of the study from 2006 to 2015. Trend indices revealed decrease from 100 in 2006 to 66.52 percent in 2015 during the period of the study. Actual dividend payout was in par with the trend values as revealed in Graph 13. The mean value of the dividend payout was 37.07 and the co-efficient of variation (CV) was 51.73 that showed high fluctuations dividend payout of the bank.

Graph 13: Actual and Trend percentage of Dividend Payout of KarurVysyaBank(FY 2006 to FY 2015)

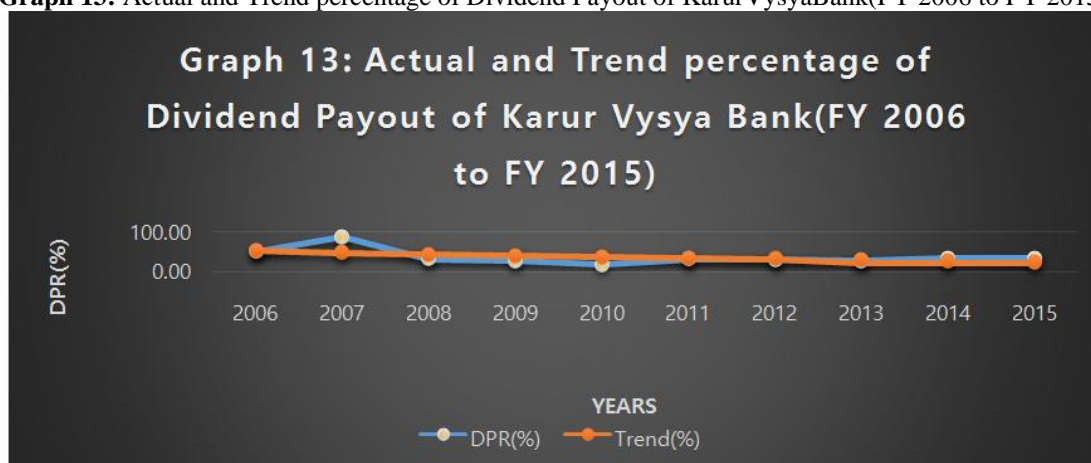


Table 26 ANOVA of Dividend Payout Trend of KarurVysya Bank

	df	SS	MS	F	Significance F
Regression	1	860.6598	860.6598	2.810754	0.132159
Residual	8	2449.619	306.2024		
Total	9	3310.279			

From Table 26, it is clear that the calculated value of 'F' is 2.810754, which is less than the table value of 'F' (5.987378) at 5% level. Therefore, null hypothesis is accepted and alternate hypothesis is rejected. This proves that the difference between actual and trend values of dividend payout during the study period was not significant. Further, the fitted linear regression is significant and hence it can be used for the prediction of dividend payout.

Table 27 Actual and Trend values of Dividend Payout (In Percentage) of Lakshmi Vilas Bank (2006 to 2015)

BANK	YEAR	DPR	TREND VALUES (Yc=a+bx)	TREND INDICES It= (Yt/Y0)x100
Lakshmi Vilas Bank	2006	21.73	21.03	100.00
	2007	19.42	20.55	89.37
	2008	28.95	20.07	133.21
	2009	21.02	19.59	96.73
	2010	19.08	19.11	87.78
	2011	24.11	18.63	110.92
	2012	31.90	18.14	146.77
	2013	31.95	17.66	147.03
	2014	16.35	17.18	75.25
	2015	27.09	16.70	124.67
Mean 24.16 S.D. 5.55 C.V. 22.97 Yc = 21.51381 – 0.48146X (X- in Units of years and Yc – in Percentage of Dividend Payout)				

The figures of dividend payout in percentage of Lakshmi Vilas bank with indices and trend values have been shown in the Table 27. Total dividend payout of the company have registered increase trend. Trend indices revealed increase from 100 in 2006 to 124.67 in 2015 i.e. increase in dividend payout during the period of the study. The mean value of the dividend payout was 24.16 and the co-efficient of variation (CV) was 22.97, which showed the not much fluctuations in dividend payout of the bank.

Graph 14: Actual and Trend percentage of Dividend Payout of Lakshmi Vilas Bank(FY 2006 to FY 2015)

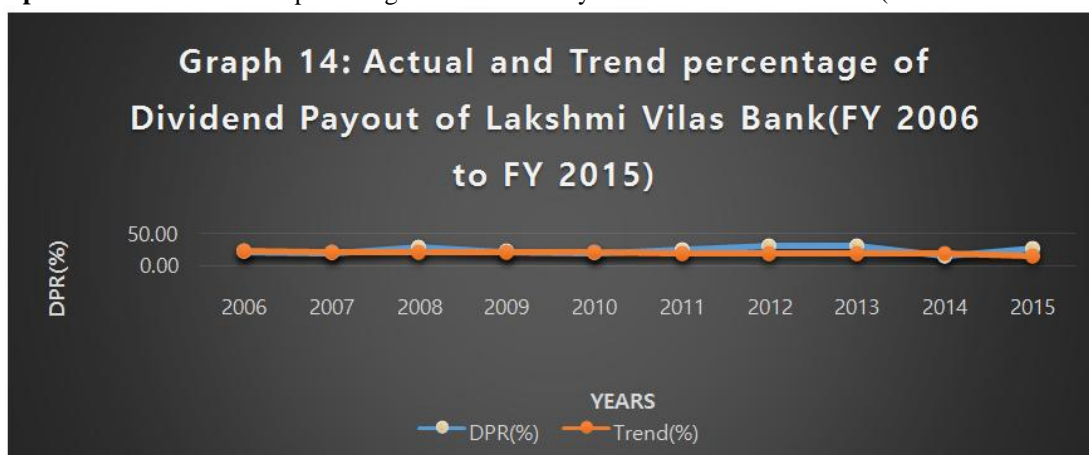


Table 28 ANOVA of Dividend Payout Trend of Lakshmi Vilas Bank

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	19.12378	19.12378	0.592899	0.463429
Residual	8	258.0378	32.25472		
Total	9	277.1615			

From Table 28, it is clear that the calculated value of ‘F’ is 0.592899, which is less than the table value of ‘F’ (5.987378) at 5% level. Therefore, null hypothesis is accepted and alternate hypothesis is rejected. This proves that the difference between actual and trend values of dividend payout during the study period was not significant. Further, the fitted linear regression is significant and hence it can be used for the prediction of dividend payout.

Table 29 Actual and Trend values of Dividend Payout (In Percentage) of Oriental Bank of Commerce (2006 to 2015)

BANK	YEAR	DPR	TREND VALUES ($Y_c=a+bx$)	TREND INDICES It= (Y_t/Y_0)x100
Oriental Bank of Commerce	2006	19.59	16.59	100.00
	2007	13.17	17.07	67.24
	2008	14.00	17.56	71.50
	2009	20.54	18.05	104.88
	2010	20.09	18.54	102.59
	2011	20.19	19.03	103.09
	2012	20.19	19.52	103.09
	2013	20.21	20.01	103.21
	2014	20.00	20.50	102.12
	2015	19.91	20.99	101.64
Mean 18.79 S.D. 2.76 C.V. 14.69 $Y_c= 16.09539 + 0.489764X$ (X- in Units of years and Y_c – in Percentage of Dividend Payout)				

The figures of dividend payout in percentage of Oriental Bank of Commerce with indices and trend values have been shown in the Table 29. Total dividend payout of the company have registered varying trend. Trend indices revealed increase from 100 in 2006 to 101.64 in 2015 i.e. consistency in dividend payout during the period of the study. The mean value of the dividend payout was 18.79 and the co-efficient of variation (CV) was 14.69, which showed the not much fluctuations in dividend payout of the bank.

Graph15: Actual and Trend percentage of Dividend Payout of Oriental Bank of Commerce Bank (FY 2006 to FY 2015)

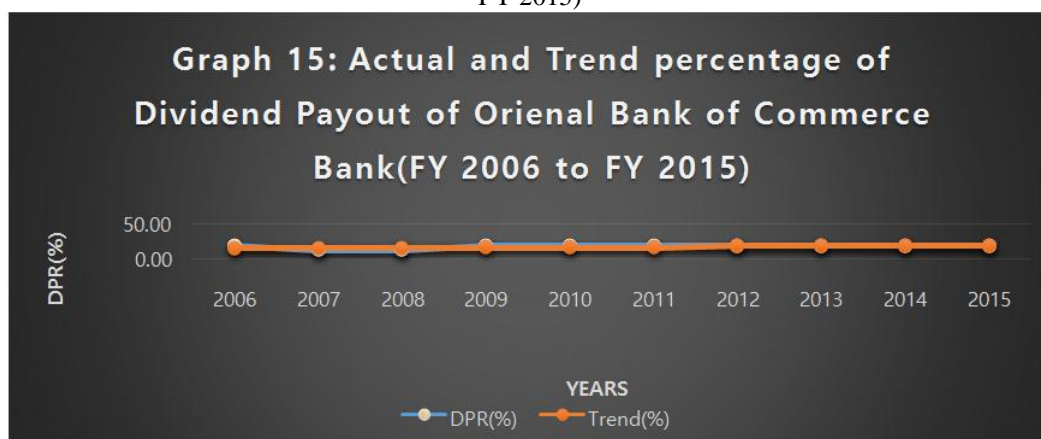


Table 30 ANOVA of Dividend Payout Trend of Oriental Bank of Commerce

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	19.7892	19.7892	3.245602	0.109293
Residual	8	48.77788	6.097235		
Total	9	68.56708			

From Table 30, it is clear that the calculated value of ‘F’ is 3.245602, which is less than the table value of ‘F’ (5.987378) at 5% level. Therefore, null hypothesis is accepted and alternate hypothesis is rejected. This proves that the difference between actual and trend values of dividend payout during the study period was not significant. Further, the fitted linear regression is significant and hence it can be used for the prediction of dividend payout.

Table 31 Actual and Trend values of Dividend Payout (In Percentage) of Punjab National Bank (2006 to 2015)

BANK	YEAR	DPR	TREND VALUES ($Y_c = a + bx$)	TREND INDICES $I_t = (Y_t/Y_0) \times 100$
Punjab National Bank	2006	12.62	19.10	100.00
	2007	19.34	18.86	153.28
	2008	21.97	18.63	174.09
	2009	23.25	18.39	184.27
	2010	20.48	18.16	162.31
	2011	17.80	17.92	141.02
	2012	14.85	17.69	117.66
	2013	19.26	17.45	152.65
	2014	12.79	17.22	101.38
	2015	18.01	16.98	142.72
Mean 18.04 S.D. 3.64 C.V. 20.15 $Y_c = 19.33005 - 0.23484X$ (X- in Units of years and Y_c – in Percentage of Dividend Payout)				

The figures of dividend payout in percentage of Punjab National Bank with indices and trend values have been shown in the Table 31. Total dividend payout of the company have shown stability throughout the period of study. Trend indices revealed increase from 100 in 2006 to 142.72 in 2015 i.e. consistent payment of dividend payment with slight variation during the period of the study. Hence dividend payout has not increased revealed in graph 16. The mean value of the dividend payout was 18.04 and the co-efficient of variation (CV) was 20.15, which showed the not much fluctuations in dividend payout of the bank.

Graph 16: Actual and Trend percentage of Dividend Payout of Punjab National Bank(FY 2006 to FY 2015)

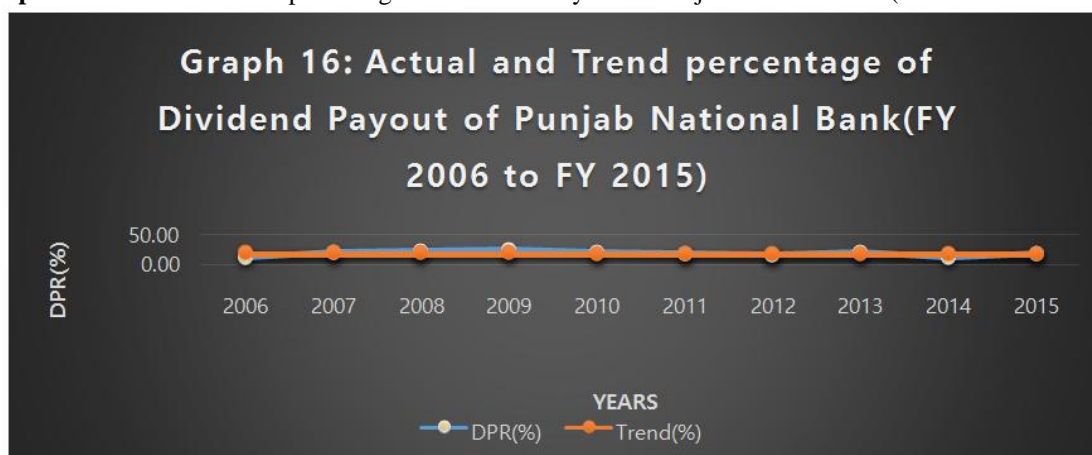


Table 32 ANOVA of Dividend Payout Trend of Punjab National Bank

	df	SS	MS	F	Significance F
Regression	1	4.549884	4.549884	0.318215	0.588144
Residual	8	114.3852	14.29815		
Total	9	118.9351			

From Table 32, it is clear that the calculated value of ‘F’ is 0.318215, which is less than the table value of ‘F’ (5.987378) at 5% level. Therefore, null hypothesis is accepted and alternate hypothesis is rejected. This proves that the difference between actual and trend values of dividend payout during the study period was not significant. Further, the fitted linear regression is significant and hence it can be used for the prediction of dividend payout.

Table 33 Actual and Trend values of Dividend Payout (In Percentage) of State Bank of Bikaner & Jaipur (2006 to 2015)

BANK	YEAR	DPR	TREND VALUES ($Y_c = a + bx$)	TREND INDICES It= (Y_t/Y_0)x100
State Bank of Bikaner & Jaipur	2006	22.41	18.90	100.00
	2007	16.35	18.28	72.97
	2008	15.87	17.66	70.83
	2009	14.87	17.04	66.37
	2010	15.82	16.42	70.59
	2011	18.23	15.80	81.33
	2012	15.57	15.18	69.47
	2013	15.43	14.56	68.87
	2014	13.68	13.95	61.05
	2015	12.89	13.33	57.50
		Mean	16.11	
		S.D.	2.64	
		C.V.	16.41	
$Y_c = 19.51465 - 0.61881X$ (X- in Units of years and Y_c – in Percentage of Dividend Payout)				

The figures of dividend payout in percentage of State Bank of Bikaner and Jaipur with indices and trend values have been shown in the Table 33. Total dividend payout of the company have registered falling trend. Trend indices revealed increase from 100 in 2006 to 57.50 in 2015 i.e. fall in dividend payout to an extent of 0.5 times during the period of the study. Hence dividend payout has not increased as per the expectations. The mean value of the dividend payout was 16.11 and the co-efficient of variation (CV) was 16.41, which showed the not much fluctuations in dividend payout of the company.

Graph 17: Actual and Trend percentage of Dividend Payout of State Bank of BJ(FY 2006 to FY 2015)

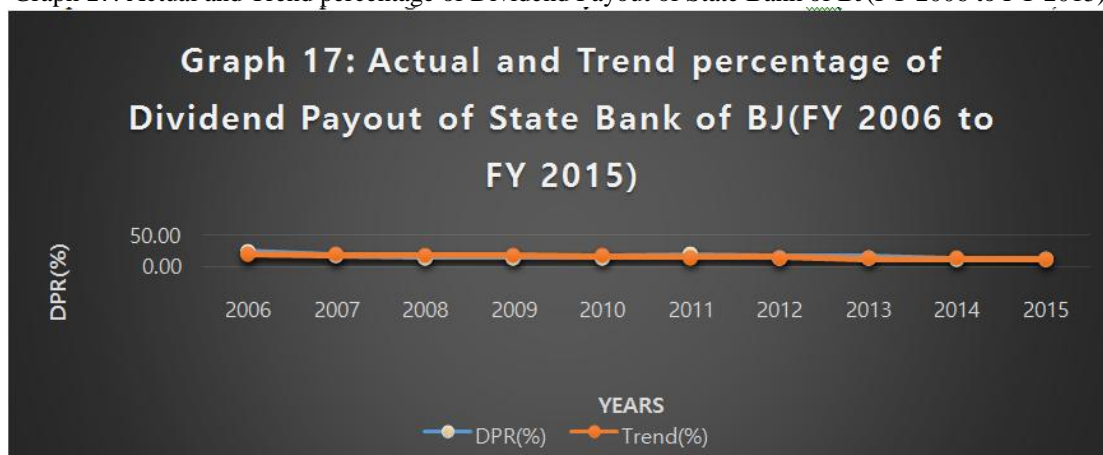


Table 34 ANOVA of Dividend Payout Trend of State Bank of Bikaner & Jaipur

	df	SS	MS	F	Significance F
Regression	1	31.59103	31.59103	8.06382	0.021822
Residual	8	31.34101	3.917626		
Total	9	62.93204			

From Table 34, it is clear that the calculated value of ‘F’ is 8.06382, which is more than the table value of ‘F’ (5.987378) at 5% level of significance. Therefore, null hypothesis is rejected and alternate hypothesis is accepted. This proves that the difference between actual and trend values of dividend payout during the study period was significant. Further, the fitted linear regression is significant and hence it can be used for the prediction of dividend payout.

Table 35 Actual and Trend values of Dividend Payout (In Percentage) of State Bank of India (2006 to 2015)

BANK	YEAR	DPR	TREND VALUES (Yc=a+bx)	TREND INDICES It= (Yt/Y0)x100
State Bank of India	2006	13.32	13.58	100.00
	2007	10.24	13.94	76.87
	2008	15.15	14.31	113.71
	2009	16.81	14.67	126.13
	2010	16.23	15.03	121.82
	2011	17.83	15.39	133.81
	2012	15.31	15.76	114.89
	2013	15.84	16.12	118.92
	2014	15.80	16.48	118.60
	2015	15.58	16.84	116.95
		Mean	15.21	
		S.D.	2.10	
		C.V.	13.79	
Yc= 13.21849 + 0.362485X (X- in Units of years and Yc – in Percentage of Dividend Payout)				

The figures of dividend payout in percentage of State Bank of India with indices and trend values have been shown in the Table35. Total dividend payout of the company have shown stability throughout the period of study. Trend indices revealed increase from 100 in 2006 to 116.95 in 2015 i.e. consistent payment of dividend payment during the period of the study. Hence dividend payout has not increased revealed in graph 18. The mean value of the dividend payout was 15.21 and the co-efficient of variation (CV) was 13.79, which showed the not much fluctuations in dividend payout of the bank.

Graph 18: Actual and Trend percentage of Dividend Payout of State Bank of India (FY 2006 to FY 2015)

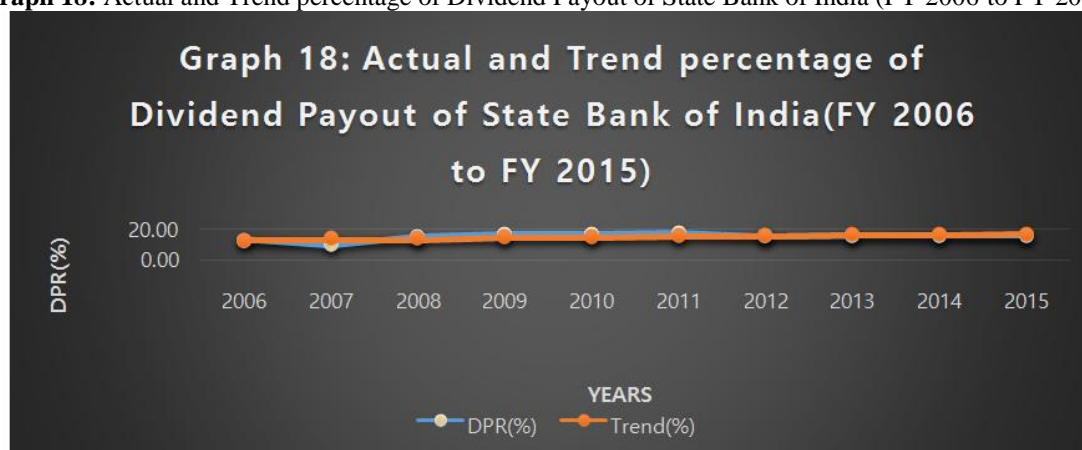


Table 36 ANOVA of Dividend Payout Trend of State Bank of India

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	10.8401	10.8401	3.016491	0.120629
Residual	8	28.7489	3.593612		
Total	9	39.58899			

From Table36, it is clear that the calculated value of ‘F’ is 3.016491, which is less than the table value of ‘F’ (5.987378) at 5% level. Therefore, null hypothesis is accepted and alternate hypothesis is rejected. This proves that the difference between actual and trend values of dividend payout during the study period was not significant. Further, the fitted linear regression is significant and hence it can be used for the prediction of dividend payout.

Table 37 Actual and Trend values of Dividend Payout (In Percentage) of State Bank of Mysore (2006 to 2015)

BANK	YEAR	DPR	TREND VALUES ($Y_c = a + bx$)	TREND INDICES $I_t =$ (Y_t/Y_0)x100
State Bank of Mysore	2006	14.95	13.94	100.00
	2007	14.44	13.22	96.62
	2008	11.29	12.49	75.52
	2009	10.69	11.76	71.47
	2010	8.08	11.03	54.02
	2011	9.35	10.31	62.53
	2012	12.68	9.58	84.80
	2013	12.93	8.85	86.52
	2014	5.25	8.13	35.13
	2015	7.05	7.40	47.14
Mean 10.67 S.D. 3.22 C.V. 30.14 $Y_c = 14.67085 - 0.72731X$ (X- in Units of years and Y_c – in Percentage of Dividend Payout)				

The figures of dividend payout in percentage of State Bank of Mysore with indices and trend values have been shown in the Table 37. Total dividend payout of the company have registered falling trend. Trend indices revealed increase from 100 in 2006 to 47.14 in 2015 i.e. fall in dividend payout to an extent of 0.5 times during the period of the study. Hence dividend payout has not increased as per the expectations. The mean value of the dividend payout was 10.67 and the co-efficient of variation (CV) was 30.14, which showed the not much fluctuations in dividend payout of the company.

Graph19: Actual and Trend percentage of Dividend Payout of State Bank of Mysore FY 2006 to FY 2015)

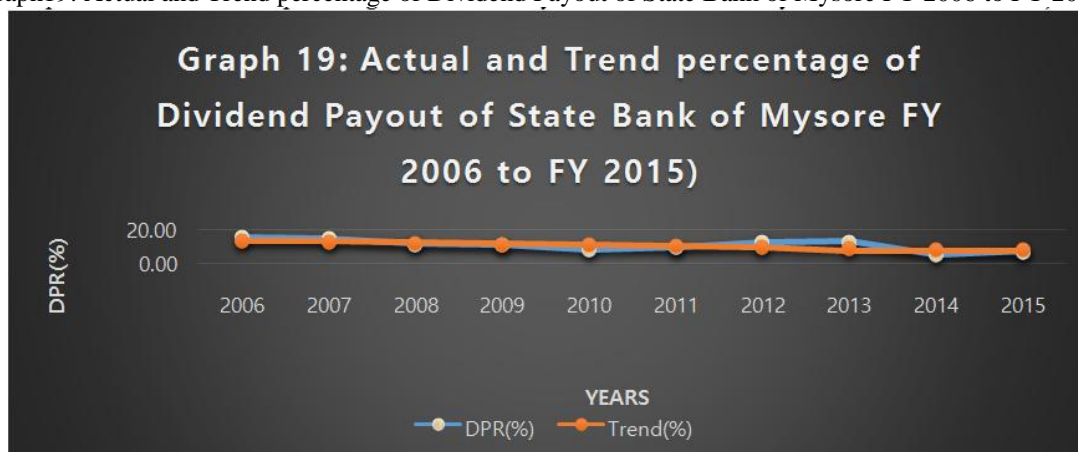


Table 38 ANOVA of Dividend Payout Trend of State Bank of Mysore

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	43.6404	43.6404	7.06347	0.028908
Residual	8	49.42658	6.178323		
Total	9	93.06698			

From Table 38, it is clear that the calculated value of ‘F’ is 7.06347, which is more than the table value of ‘F’ (5.987378) at 5% level of significance. Therefore, null hypothesis is rejected and alternate hypothesis is accepted. This proves that the difference between actual and trend values of dividend payout during the study period was significant. Further, the fitted linear regression is significant and hence it can be used for the prediction of dividend payout.

Table 39 Actual and Trend values of Dividend Payout (In Percentage) of State Bank of Travancore

BANK	YEAR	DPR	TREND VALUES ($Y_c = a + bx$)	TREND INDICES It= ($Y_t/Y_0 \times 100$)
State Bank of Travancore	2006	19.33	16.34	100.00
	2007	15.32	15.62	79.28
	2008	12.95	14.90	67.00
	2009	10.69	14.18	55.32
	2010	11.69	13.46	60.49
	2011	12.37	12.73	63.98
	2012	17.63	12.01	91.22
	2013	16.26	11.29	84.12
	2014	4.11	10.57	21.25
	2015	10.60	9.85	54.82
Mean 13.09 S.D. 4.34 C.V. 33.16 $Y_c = 17.06417 - 0.7217X$ (X- in Units of years and Y_c – in Percentage of Dividend Payout)				

The figures of dividend payout in percentage of State Bank of Travancore with indices and trend values have been shown in the Table 39. Total dividend payout of the company have registered falling trend. Trend indices revealed increase from 100 in 2006 to 54.82 in 2015 i.e. fall in dividend payout to an extent of 0.4 times during the period of the study. Hence dividend payout has not increased as per the expectations. The mean value of the dividend payout was 13.09 and the co-efficient of variation (CV) was 33.16, which showed the not much fluctuations in dividend payout of the company.

Graph 20: Actual and Trend percentage of Dividend Payout of State Bank of Travancore(FY 2006 to FY 2015)

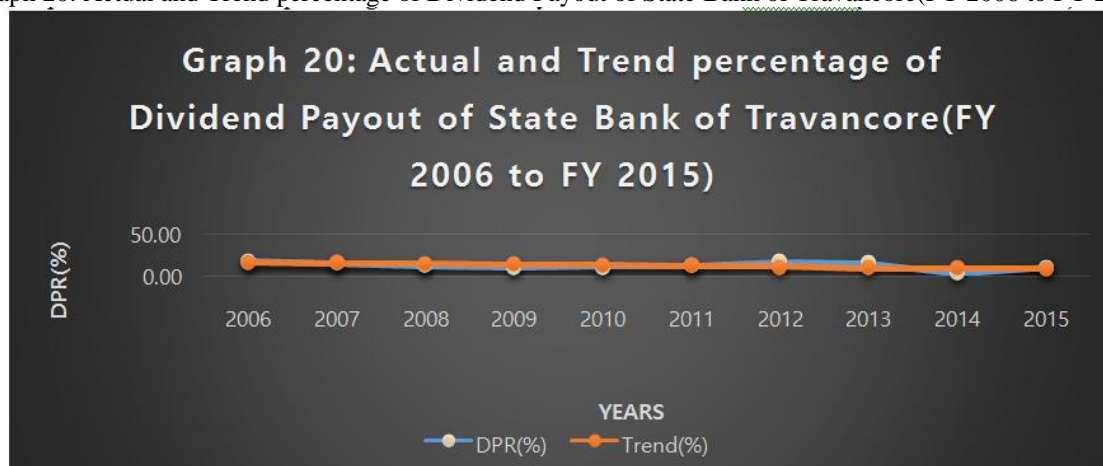


Table 40 ANOVA of Dividend Payout Trend of State Bank of Travancore

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	42.96963	42.96963	2.71177	0.138226
Residual	8	126.7648	15.84561		
Total	9	169.7345			

From Table 5.40, it is clear that the calculated value of ‘F’ is 2.71177, which is less than the table value of ‘F’ (5.987378) at 5% level. Therefore, null hypothesis is accepted and alternate hypothesis is rejected. This proves that the difference between actual and trend values of dividend payout during the study period was not significant. Further, the fitted linear regression is significant and hence it can be used for the prediction of dividend payout.

Table 41 Actual and Trend values of Dividend Payout (In Percentage) of South Indian Bank (2006 to 2015)

BANK	YEAR	DPR	TREND VALUES ($Y_c = a + bx$)	TREND INDICES It= ($Y_t/Y_0 \times 100$)
South Indian Bank	2006	24.90	18.64	100.00
	2007	16.91	18.92	67.90
	2008	17.89	19.20	71.85
	2009	17.41	19.48	69.92
	2010	19.34	19.75	77.67
	2011	19.31	20.03	77.57
	2012	16.95	20.31	68.10
	2013	18.68	20.59	75.03
	2014	21.19	20.87	85.09
	2015	26.37	21.14	105.92
Mean 19.89 S.D. 3.31 C.V. 16.63 $Y_c = 18.36723 + 0.277544X$ (X- in Units of years and Y_c – in Percentage of Dividend Payout)				

The figures of dividend payout in percentage of South Indian Bank with indices and trend values have been shown in the Table.41. Total dividend payout of the company have shown stability throughout the period of study. Trend indices revealed increase from 100 in 2006 to 105.92 in 2015 i.e. consistent payment of dividend payment during the period of the study. Hence dividend payout has not increased revealed in graph 21. The mean value of the dividend payout was 19.89 and the co-efficient of variation (CV) was 16.63, which showed the not much fluctuations in dividend payout of the bank.

Graph 21: Actual and Trend percentage of Dividend Payout of South Indian Bank (FY 2006 to FY 2015)

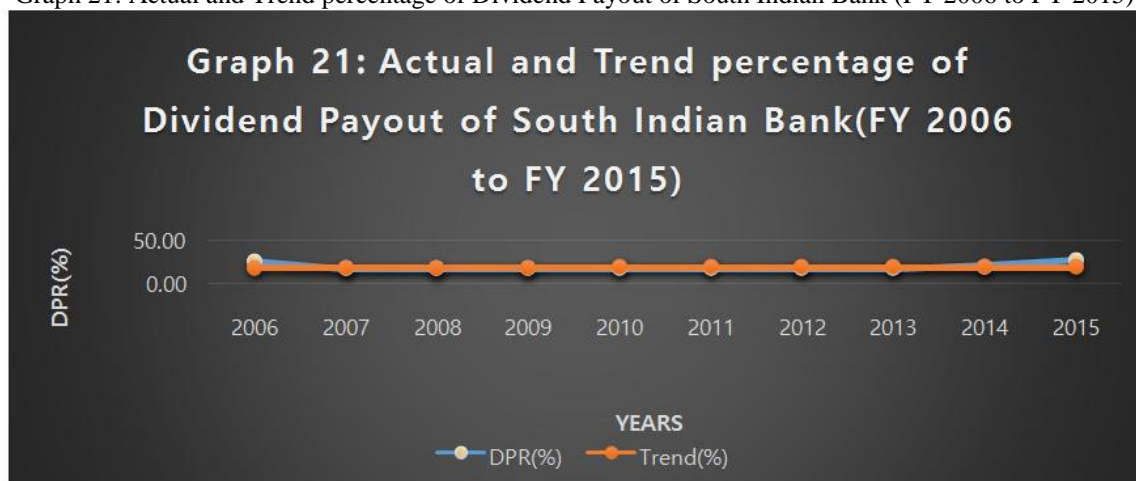


Table 42 ANOVA of Dividend Payout Trend of South Indian Bank

	df	SS	MS	F	Significance F
Regression	1	6.355015	6.355015	0.551462	0.478956
Residual	8	92.19147	11.52393		
Total	9	98.54648			

From Table 42, it is clear that the calculated value of ‘F’ is 0.551462, which is less than the table value of ‘F’ (5.987378) at 5% level. Therefore, null hypothesis is accepted and alternate hypothesis is rejected. This proves that the difference between actual and trend values of dividend payout during the study period was not significant. Further, the fitted linear regression is significant and hence it can be used for the prediction of dividend payout.

V. Conclusion:

Corporate Financial Managers view dividend decision as important and relevant decision. However any advice offered to managers on how to set their dividend policies must be made at the firm-specific level. These Corporate Financial managers must examine how the various market frictions affect their firms, as well as their current claimholders, to arrive at optimal dividend policies for their firms.

Banking system plays a very important role in the economics life of the nation. The health of the economy is closely related to the soundness of its banking system. Private commercial bank in Bangladesh is now an essential part of our economics system. Shareholders are the owners of the joint stock company. Generally the company distributes a portion of its earnings to the shareholders. The part of the earnings which is distributed among the shareholders is called dividend. Dividend policy determines how much of a company’s earnings will be paid to the shareholders and how much will be retained. The return on a shareholder’s investment comprise the dividends receive and the capital gain or loss during the period of share are held. Therefore, a dividend is an important element of shareholder’s return.

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