THE RELATIONSHIP OF DIVIDEND POLICY AND MARKET PRICE OF SHARE OF SELECTED FMCG COMPANIES IN INDIA

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ABSTRACT

The study aims to examine the relationship of dividend policy and market price of share of selected Fast Moving Consumer Goods (FMCG) companies listed in National Stock Exchange (NSE), India. The study is conducted for the period of ten years from the year 2009-10 to 2018-19. Four FMCG companies are selected. The sample selection is based on purposive sampling technique from non-probability sampling method. The companies, which are included in Nifty FMCG index and which has no stock split history during the study period are selected. Five independent variables i.e. DPO, DY, RR, DPS and EBDIT per share are taken to measure dividend policy and market price per share is taken as dependent variable. Pearson's correlation and one way ANOVA methods are applied to measure the relationship. The result shows negative relationship between MPPS-DPO and MPPS-DY while shows positive relationship between MPPS-DPS, MPPS-RR and MPPS-EBDIT per share. The ANOVA test reveals that only dividend yield has no significant difference of selected companies while DPO, DPS, RR, EBDIT per share and MPPS have significant difference of selected companies.

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Keywords: *Dividend Policy, Dividend Payout, Market Price of Share, MPPS-EBDIT.*

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Introduction

Investment decision, finance decision and dividend policy decision are important decisions in Financial Management. Out of which dividend policy decision gets special attention in context of company's performance and profitability. The shareholders of company expect to rise in dividend as well as capital appreciation which is made possible through dividend policy. The company has to select proper policy and that how much profit should be distributed as dividend and how much should be ploughed back in the company. Though retained earning has inverse relationship with dividend, both are important as former is required for investment and later is required for wealth maximization. The company's main objective is shareholders' wealth maximization. So it is required to distribute dividend. There are conflicting opinions regarding the impact of dividends on the valuation of a company. According to one school of thought, dividends are irrelevant so that the amount of dividends paid has no effect on the valuation of a company. On the other hand, certain theories consider the dividend decision as relevant to the value of the company measured in terms of the market price of the shares (Khan & Jain 2010).

Dividend Policy Decision & Types of Dividend Policy

Dividend policy is an important decision for a company. This directly affects the company's investment decision i.e. retained earnings. Profit after tax is bifurcated as dividend, reserves and retained in business. The company should frame such a dividend policy which maximizes shareholders' wealth as well as satisfies investment needs. Various determinants should be considered while framing dividend policy i.e. company's current earning, present amount of reserves ,future earning estimation, need of capital, past dividend, type and age of business, fluctuation in business, liquidity position, government policy, taxation, legal restrictions, management policy. The company follows the policy of payment of dividend to it's shareholders and as per the policy the company has paid dividend. There are certain

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types of dividend policy namely Policy of no immediate dividend, Stable dividend policy, Regular dividend plus Extra dividend policy, Irregular dividend policy, Regular stock dividend policy, Regular dividend plus Stock dividend policy, Liberal dividend policy.

Review of Literature

The issue of dividend decision has great importance in corporate world whether the earning should distribute as dividend or invested for the growth. Finance manager has to make focus on increasing shareholders' wealth by introducing proper dividend payout policy.

Khan A., Qureshi N. Z. (2018) presented in their study that the shareholders were interested in cash dividend at the same time the expectations of shareholders' were also in corporation growth. The study considered EPS and dividend per share, dividend payout ratio, retention ratio as measurement of shareholders' wealth and dividend policy respectively. The result of selected seventeen listed Insurance companies in Pakistan showed positive significant impact on shareholders' wealth of dividend policy.

Gejalakshmi S. & Azhagaidh (2017) taken ten consumer cyclical firms who had paid consistent dividend since past ten years during the year 2003-04 to 2012-13 and concluded that dividend policy has significant impact on shareholders' wealth of consumer cyclical firms in India.

Abdul J.M. (2017) studied the impact of dividend policy on shareholders' wealth of the agriculture industry in Nigeria for the period of seven years from 2009 to 2015. An ex post- facto research design was used to collect panel data. The result of multiple regression analysis found direct relationship between profitability and dividend payout. The study also concluded that the firms with higher reported EPS paid more dividends than less profitable ones.

Wanjoyi M. M. (2017) found significant positive relationship between EPS with dividend policy of selected nine insurance firms in Kenya from the study period of 2008 to 2015. The study concluded that dividend policy has a significant positive effect on the shareholders' wealth in the case of regular dividend payout and irregular dividend payout. While, retained earning has a negative relationship.

Oladipupo A. (2017) examined the impact of dividend policy on shareholders' wealth in 10 selected firms listed on Nigeria stock exchange for 5 years period i.e. 2011 to 2015. The longitudinal analysis regression co-efficient had found strong positive relationship between two variables.

Omodero C. O. & Amah K.O. (2017) had adopted cross sectional research design to study the dividend policy and shareholders' wealth maximization in Brewery industries in Nigeria. Market value per share took as measuring shareholders' wealth and found no positive impact of dividend per share, EPS, net asset per share on market value of share.

Thirumagal P.G. & Vasantha S. (2018) studied the effect of pre and post dividend announcement on shareholders' wealth in large cap, mid cap and small cap companies in different industries namely Automobile, Infrastructure & Construction, Energy, IT and Pharmaceutical Industry. They found significant negative impact of dividend payout on shareholders' wealth in majority of industries.

Nkuah Evanas Fayol & Yusif Hadrat (2016) investigated the effect of dividend policy on shareholder's wealth of selected 25 listed companies on the Ghana Stock Exchange for the time period of 2005 to 2011. The regression analysis concluded that dividend payment, retained earnings, price earnings ratio had significant positive impact on market price per stock.

Thirumagal P. G. and Vasantha S. (2016) studied the impact of dividend policy on shareholder's wealth. The study was conducted on ten selected pharmaceutical companies listed in nifty pharma of NSE for the period of 15 years from 2001 to 2015. It was found by regression study that the shareholder's wealth was impacted by dividend, risk and liquidity of the companies while shareholder's wealth was insignificantly connected with size and earning of the companies.

Ansar I., Butt A.A. & et al.(2015) studied the impact of dividend policy on shareholders' wealth of selected 30 companies from Karachi Stock Exchange. The study was conducted on the companies from textile, cement and chemical sector from the year 2000 to 2011. Multiple regression models show strong relationship between dividend policy and shareholders' wealth. DPS, retained earnings, EPS, lagged price, return on equity has positive relationship with market price per share found by the study.

Johannes de Wet & Mvita Mpinda (2013) examined short and long term effect on shareholders' wealth of dividend payment by using panel data of 46 companies listed on the Johannesburg Securities Exchange (JSE) for the period of 1995 to 2010. The Vector Error Correction Model presented positive relationship with market price of share in long run and EPS had presented no effect on market price of share.

Zafar S.M., Chaubey D.S. & Khalid S.M. (2012) analyzed the impact of dividend policy on shareholders' wealth in 11 selected Indian banks listed and actively traded in NSE during the study period of 2006 to 2010 by using multiple regression technique, t- value and F- test. Dividend payout had strategic and significantly influenced on shareholders' wealth in banking companies

Objectives of Study

To measure the relationship between Dividend Policy and Market Price of Share of selected Companies in India.

Hypothesis Formulation

H_01:   There is no significant difference between Dividend Payout Ratio of selected FMCG companies in India.

H_02:   There is no significant difference between Dividend Yield Ratio of selected FMCG companies in India.

H_03:   There is no significant difference between Dividend Per Share of selected FMCG companies in India.

H_04:   There is no significant difference between Retention Ratio of selected FMCG companies in India.

H_05:   There is no significant difference between EBDIT Per Share of selected FMCG companies in India.

H_06:   There is no significant difference between Market Price Per Share of selected FMCG companies in India.

H_07:   There is no relationship between dividend policy and market price of share of selected FMCG companies in India.

Research Methodology

This section deals with tools and techniques to attain the study. The present study is commensurate to find out the relationship between dividend policy and market price of share. The study is analytical in nature and secondary data is collected from the data base of money control & website of NSE. The one- way ANOVA and Karl Pearson's correlation has applied to test the hypothesis by using Microsoft excel and SPSS -15. The sample selection and variable description is as follow:

- **Sample of Study**

Purposive sampling technique is used from non- probability sampling method. The researcher has chosen Fast Moving Consumer Goods (FMCG) sector for the study because the sector is the 4th largest sector in Indian Economy who is representing healthy Foreign Direct Investment (FDI) inflows of US $ 15.55 billion during April 2000- September 2019. There are fifteen companies in Nifty FMCG Index as on March 20, 2020. Out of which four companies are randomly selected for the study. The time period of study is from 2009-10 to 2018-19 i.e.10 years. The samples are as follow:

Table 1: Sample Selection

Sr. No.	Name	Year of Establishment	Headquarter
1	ITC Ltd	1910	Kolkata, West Bengal
2	Hindustan Unilever Ltd.	1933	Mumbai, Maharastra
3	Colgate Palmolive (India) Ltd.	1937	Mumbai, Maharastra
4	Britannia Industries Ltd.	1918	Kolkata, West Bengal

Source: www.nseindia.com

- **Variable Description**

To accomplish the relationship between dividend policy and market price of share of selected FMCG companies in India, Market Price Per Share is taken as dependent variable while, Dividend Payout Ratio, Dividend Yield, Dividend Per Share, Retention Ratio and Earning Before Depreciation, Interest and Tax per share are taken as independent variables. They are as under:

Table 2: Variable Description

Sr. No.	Variable	Symbol	Measurement
1	Dividend Payout Ratio	DPO	%
2	Dividend Yield	DY	%
3	Dividend Per Share	DPS	Rs.
4	Retention Ratio	RR	%
5	EBDIT Per Share	EBDITPS	Rs.
6	Market Price Per Share	MPPS	Rs.

Analysis and Interpretations of Data

Table 3: Dividend Payout Ratio of Selected FMCG Companies

(In Percentage)

Year	ITC	HUL	Colgate Palmol. (I)	Britannia Inds	Average
2009-10	94.0	64.4	64.3	51.26	**68.5**
2010-11	69.0	61.2	74.3	53.43	**64.5**
2011-12	57.1	60.2	76.1	54.36	**62.0**
2012-13	55.9	105.4	76.7	43.46	**70.3**
2013-14	54.3	72.7	68.0	38.91	**58.5**
2014-15	52.1	75.2	58.4	30.82	**54.1**
2015-16	69.5	81.1	47.2	32.03	**57.4**
2016-17	67.1	79.5	47.1	28.44	**55.5**
2017-18	51.4	74.4	52.5	27.86	**51.5**
2018-19	50.4	75.3	91.2	26.74	**60.9**
Average	**62.1**	**74.9**	**65.6**	**38.731**	**60.3**

The table 3 shows Dividend Payout Ratio of selected companies from 2009-10 to 2018-19. All the selected companies show fluctuating trend of Dividend Payout Ratio throughout the study period. In the year 2013-14 and in 2016-17 all the selected companies have decreasing trend in DPO. The average DPO of Hindustan Unilever Ltd. was highest i.e. 74.9% and Britannia Ltd. had lowest i.e. 38.731% during the study period. Throughout the study period, the average DPO was highest in the   year 2012-13.DPO of ITC Ltd. was highest in the year 2009-10 i.e. 94% while of Hindustan Unilever Ltd. it was highest in the year 2012-13i.e. 105.4 % and in the case of Colgate Ltd. and Britannia Ltd. highest DPO was found in the year 2018-19 i.e. 91.2% and 2011-12 i.e. 54.36% respectively. To test the significance difference of Dividend Payout Ratio between selected companies during the study period ANOVA has been applied. The result of ANOVA is as under.

H_01:   There is no significant difference between Dividend Payout Ratio of selected FMCG companies in India.

Groups	Count	Sum	Average	Variance
ITC	10	620.86	62.086	179.846
HUL	10	749.32	74.932	167.397
Colgate	10	655.68	65.568	208.462
Britannia	10	387.31	38.731	123.895

ANOVA Result

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	7102.55	3	2367.51	13.934	0.0000	2.866
Within Groups	6116.40	36	169.90			
Total	**13218.95**	**39**				

The summary table indicates that the average DPO range from low 38.73% for Britannia Ltd. to a high of 74.932% for Hindustan Unilever Ltd. The sample means are different. In the ANOVA table, F value is 13.934, which is greater than F crit value and the p-value is 0.0000 which is less than significance level of 0.05, so we conclude that there is significant difference in Dividend Payout Ratio of selected companies. So the null hypothesis is not accepted.

Table 4: Dividend Yield Ratio of Selected Companies

(In Percentage)

Year	ITC	HUL	Colgate Palmol. (I)	Britannia Inds	Average
2009-10	11.4	2.7	5.9	15.6	8.9
2010-11	3.7	2.3	5.4	3.49	3.7
2011-12	3.0	1.8	4.5	2.87	3.0
2012-13	2.5	4.0	4.5	3.24	3.6
2013-14	2.6	2.1	3.9	2.85	2.9
2014-15	2.9	1.7	2.4	1.48	2.1
2015-16	3.9	1.8	1.2	1.49	2.1
2016-17	1.7	1.9	1.0	1.30	1.5
2017-18	2.0	1.5	2.3	1.01	1.7
2018-19	1.9	1.3	1.8	0.49	1.4
Average	3.6	2.1	3.3	3.4	3.1

The table 4 represents Dividend Yield Ratio of selected companies for the period of ten years from 2009-10 to 2018-19. The average DY of ITC LTD, Colgate Ltd and Britannia Ltd was nearer to each other i.e. 3.6, 3.3 and 3.4 respectively during the study period while in the year 2009-10 average DY was highest amount to 8.9 %. There was continuous reduction in DY of Colgate Ltd. till the year 2016-17 and than after it showed fluctuation from the year 2017-18 to 2018-19.During the study period DY of ITC Ltd., Hindustan Unilever Ltd. and Britannia Ltd. indicated fluctuating trend. In the year 2009-10 ITC Ltd., Colgate Ltd. and Britannia Ltd. had highest DY i.e. 11.4%, 5.9% and 15.6% respectively. The HUL Ltd. had highest DY in the year 2012-13.The Britannia Ltd. had lowest DY i.e. 0.49% as compared to other selected companies which had lowest Dividend Yield of 1.7% for ITC Ltd., 1.3% for HUL Ltd. and 1.0% for Colgate ltd. during the study period.

H_02: There is no significant difference between Dividend Yield Ratio of selected FMCG companies in India.

Groups	Count	Sum	Average	Variance
ITC	10	35.548	3.5548	8.114
HUL	10	21.125	2.1125	0.581
Colgate	10	32.933	3.2933	3.142
Britannia	10	33.842	3.3842	19.581

ANOVA

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	12.99	3	4.33	0.551	0.650	2.866
Within Groups	282.77	36	7.85			
Total	295.76	39				

The summary table shows that the mean value of Dividend Yield range from a low of 2.1125 for HUL Ltd. to a high value of 3.5548 for ITC Ltd. The ANOVA table disclosed that there is no significant difference in DY of selected companies during the study period, as the F value is less than F crit value i.e. 0.551 < 2.866 and the p- value is greater than significance level i.e. 0.650 > 0.05. So the null hypothesis is not rejected.

Table 5: Dividend Per Share of Selected Companies

(In Rs.)

Year	ITC	HUL	Colgate Palmol. (I)	Britannia Inds	Average
2009-10	10.0	6.5	20.0	25	15.4
2010-11	4.5	6.5	22.0	6.5	9.9
2011-12	4.5	7.5	25.0	8.5	11.4
2012-13	5.3	18.5	28.0	8.5	15.1
2013-14	6.0	13.0	27.0	12	14.5
2014-15	6.3	15.0	24.0	16	15.3
2015-16	8.5	16.0	10.0	20	13.6
2016-17	4.8	17.0	10.0	22	13.4
2017-18	5.2	20.0	24.0	25	18.5
2018-19	5.8	22.0	23.0	15	16.4
Average	6.1	14.2	21.3	15.85	14.4

The above table 5 shows Dividend Per Share of selected companies from the year 2009-10 to 2018-19.The DPS of HUL Ltd. was increased till the year 2012-13, then it was decreased to Rs.13.0 from Rs.18.5 in the year 2013-14 and then after there was continuous rise in DPS, The ITC Ltd., Colgate Ltd. and Britannia Ltd. had fluctuating trend of DPS during the study period. The year 2017-18 shows highest average DPS of selected companies i.e. Rs.18.5. Colgate Ltd. had highest average DPS i.e. Rs.21.3 as compared to another selected companies during the study period while ITC Ltd. had lower average DPS i.e. Rs.6.1. Throughout the study period ITC Ltd. had highest DPS of Rs. 10 in 2009-10 and lower DPS of Rs.4.5 in the year 2010-11 and in 2011-12 while in the case of HUL Ltd highest DPS was found in 2018-19 i.e. Rs. 22 and lowest in the year 2009-10 and in 2010-11 i.e. Rs. 6.5. The DPS of Colgate Ltd. was highest in the year 2012-13 amount to Rs.28 and lower in the year 2015-16 and 2016-17amount to Rs. 10. The years 2009-10 and2017-18 showed highest DPS of Rs. 25 and the year 2010-11 indicated lower DPS of Rs. 6.5 of Britannia Ltd.

H₀3: There is no significant difference between Dividend Per Share of selected FMCG companies in India.

Groups	Count	Sum	Average	Variance
ITC	10	60.6	6.06	3.315444444
HUL	10	142	14.2	32.17777778
Colgate	10	213	21.3	40.67777778
Britannia	10	158.5	15.85	48.16944444

ANOVA

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	1192.990	3	397.663	12.792	0.000	2.866
Within Groups	1119.064	36	31.085			
Total	2312.054	39				

The summary table represents mean values of Dividend per Share. The low mean value of Rs. 6.06 for ITC Ltd. to high mean value of Rs.15.85 for Britannia Ltd. is found during the study period which shows the significant difference in DPS of selected companies. The ANOVA table indicates that the F value of 12.792 is greater than F crit value of 2.866 and the p-value of 0.000 is less than significance level of 0.05, so the null hypothesis is not accepted. There is significant difference in Dividend Per Share of selected companies during the study period.

Table 6: Retention Ratio of Selected Companies

(In Percentage)

Year	ITC	HUL	Colgate Palmol. (I)	Britannia Inds	Average
2009-10	6.0	35.6	35.7	48.73	31.5
2010-11	31.0	38.8	25.7	46.56	35.5
2011-12	42.9	39.8	23.9	45.63	38.0
2012-13	44.1	-5.4	23.3	56.53	29.6
2013-14	45.7	27.3	32.0	61.08	41.5
2014-15	47.9	24.8	41.6	69.17	45.9
2015-16	30.5	18.9	52.8	67.96	42.6
2016-17	32.9	20.5	52.9	71.55	44.5
2017-18	48.6	25.6	47.5	72.13	48.5
2018-19	49.6	24.7	8.8	73.25	39.1
Average	37.9	25.1	34.4	61.259	39.7

The above table no. 6 indicates average Retention Ratio of selected companies during the study period. In the year 2017-18 highest average RR was found i.e. 48.5% while in the year 2012-13 it was lowest of 29.6 %. Throughout the study period only HUL Ltd. had negative RR of -5.4 in the year 2012-13 as compared to other selected companies. There was found sudden fall in retention Ratio of HUL Ltd. from 39.8% to -5.4 %. After the year 2011-12 there was continuous rise in RR of Britannia Ltd. while other selected companies had fluctuated RR. During the study period Britannia Ltd. had highest average RR of 61.259 % and HUL Ltd. had lowest average RR of 25.1 % as compared to other selected companies.

H₀4: There is no significant difference between Retention Ratio of selected FMCG companies in India.

Groups	Count	Sum	Average	Variance
ITC	10	379.04	37.904	179.8461378
HUL	10	250.59	25.059	167.3297211
Colgate	10	344.22	34.422	208.4618622
Britannia	10	612.59	61.259	123.8946989

ANOVA

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	7102.261	3	2367.420	13.935	0.000	2.866
Within Groups	6115.791	36	169.883			
Total	13218.053	39				

The summary table indicates that the average retention ratio range from low 25.059% for HUL Ltd. to a high of 61.259% For Britannia Ltd. The sample means are different. In the ANOVA table the F value is greater than F crit value i.e. 13.935 > 2.866 and the p-value is less than significance level i.e. 0.000 < 0.05, indicating that there is significant difference in RR of selected companies. So the null hypothesis is not accepted.

Table 7: Earning before Depreciation, Interest and Tax (EBDIT) Per Share of Selected Companies

(In Rs.)

Year	ITC	HUL	Colgate Palmol. (I)	Britannia Inds	Average
2009-10	17.4	12.5	37.9	71.21	34.8
2010-11	10.3	13.7	40.9	23.47	22.1
2011-12	12.4	16.5	46.3	28.28	25.9
2012-13	14.6	21.3	52.0	35.72	30.9
2013-14	17.1	23.6	52.5	52.64	36.4
2014-15	18.7	26.9	62.9	71.62	45.0
2015-16	19.9	29.2	35.7	102.5	46.8
2016-17	13.6	30.4	36.2	112.41	48.2
2017-18	14.5	36.3	42.3	130.48	55.9
2018-19	16.1	43.1	46.8	77.1	45.8
Average	15.5	25.4	45.4	70.54	39.2

The above table 7 represents earning before depreciation, interest and tax per share of selected companies during the study period. The EBDIT per share of HUL Ltd. had continuous rise from the year 2009-10 to 2018-19. ITC Ltd., Colgate Ltd. and Britannia Ltd. had fluctuating EBDIT per share from the year 2009-10 to 2018-19. The average EBDIT per share was highest of Rs. 55.9 in the year 2017-18 and lowest of Rs. 22.1 in the year 2010-11. Britannia Ltd. had highest average EBDIT per share of Rs.70.543 as compared to selected companies during the study period.

H05: There is no significant difference between EBDIT Per Share of selected FMCG companies in India.

Groups	Count	Sum	Average	Variance
ITC	10	154.75	15.475	8.710294444
HUL	10	253.51	25.351	97.44356556
Colgate	10	453.54	45.354	74.15109333
Britannia	10	705.43	70.543	1327.369534

ANOVA

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	17749.243	3	5916.414	15.696	0.000	2.866
Within Groups	13569.070	36	376.918			
Total	**31318.313**	**39**				

The summary table shows average EBDIT per share of selected companies for the study period. The average EBDIT per share range from low Rs. 15.475 for ITC Ltd. to high Rs. 70.543 for Britannia Ltd. which interprets that sample means are different. The ANOVA table represents that F value is greater than F crit value i.e. 15.696 > 2.866 and p-value is less than significance level i.e. 0.000 < 0.05, so the null hypothesis is not accepted. It shows significant difference in EBDIT per share of selected companies.

Table 8: Market Price Per Share (MPPS) of Selected Companies

(In Rs.)

Year	ITC	HUL	Colgate Palmol. (I)	Britannia Inds	Average
2009-10	87.7	239.6	337.7	159.91	206.2
2010-11	121.4	287.1	407.1	186.25	250.4
2011-12	151.3	410.1	559.1	296.5	354.2
2012-13	206.3	467.0	620.8	262.48	389.1
2013-14	235.2	605.6	686.3	421.7	487.2
2014-15	217.2	873.6	1007.2	1079.28	794.3
2015-16	218.8	869.5	830.9	1343.25	815.6
2016-17	280.3	911.8	995.5	1687	968.6
2017-18	255.5	1333.4	1056.9	2485.3	1282.8
2018-19	297.3	1706.8	1258.2	3085.5	1586.9
Average	207.1	770.4	775.9	1100.717	713.5

The market price per share of selected companies during the study period is represented in the above table no.8. The highest average MPPS is seen in the year 2018-19 i.e. Rs. 1586.9 and lower seen in the year 2009-10 i.e. Rs. 206.2. Britannia Ltd. had highest average market price per share as compared to other selected companies during the study period. ITC Ltd. had lower average MPPS i.e. Rs. 207.1 as compared to other selected companies. There was fluctuating trend of market price of share in all selected companies. There was approx 1930 % rise in MPPS of Britannia Ltd. which is highest rise among selected companies i.e. from Rs. 159.91to Rs. 3085.5 from the year 2009-10 to 2018-19. The MPPS of ITC Ltd. HUL Ltd. and Colgate Ltd. were increased up to 339%, 712% and 373 % respectively.

H₀6: There is no significant difference between Market Price Per Share of selected FMCG companies in India.

Groups	Count	Sum	Average	Variance
ITC	10	2070.88	207.088	4620.507196
HUL	10	7704.15	770.415	222076.4861
Colgate	10	7759.46	775.946	91492.52352
Britannia	10	11007.17	1100.717	1087920.138

ANOVA

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	4135289.32	3	1378429.77	3.921	0.016	2.866
Within Groups	12654986.89	36	351527.41			
Total	**16790276.21**	**39**				

The summary table indicates sample means are different. The average of market price per share during the study period range from low Rs. 207.088 for ITC Ltd. to a high of Rs. 1100.717 for Britannia Ltd. In the ANOVA table F value is greater than F crit value i.e. 3.921 > 2.866 and p-value is less than significance level i.e. 0.016 < 0.05 which indicates that there is a significant difference in market price per share of selected companies. So the null hypothesis is not accepted.

Table 9: Overall ANOVA Result

Sr. No.	Variable	P- Value	Result	Hypothesis
1	Dividend Payout Ratio	0.000	Significant Difference	Alternative
2	Dividend Yield Ratio	0.650	No Significant Difference	Null
3	Dividend Per Share	0.000	Significant Difference	Alternative
4	Retention Ratio	0.000	Significant Difference	Alternative
5	EBDIT Per Share	0.000	Significant Difference	Alternative
6	MPPS	0.016	Significant Difference	Alternative

The above table no. 9 presented the overall ANOVA result of hypothesis testing. We conclude that only Dividend Yield has no significant difference of selected companies while Dividend Payout Ratio, Dividend Per Share, Retention Ratio, Earning Before Depreciation, Interest and Tax per share and Market Price Per Share have significant difference during the study period.

H₀7: There is no relationship between dividend policy and market price of share of selected FMCG companies in India.

Table 10: Correlation Matrix of Selected Companies

Variable		DPO	DY	DPS	RR	EBDIT Per Share	MPPS
DPO	Pearson Correlation	1	0.266	0.118	-1.000	-0.542	-0.360
	Sig. (2-tailed)		0.097	0.468	0.000	0.000	0.023
	N	40	40	40	40	40	40
DY	Pearson Correlation	0.266	1	0.175	-0.266	-0.050	-0.435
	Sig. (2-tailed)	0.097		0.279	0.097	0.760	0.005
	N	40	40	40	40	40	40
DPS	Pearson Correlation	0.118	0.175	1	-0.118	0.675	0.504
	Sig. (2-tailed)	0.468	0.279		0.468	0.000	0.001
	N	40	40	40	40	40	40
RR	Pearson Correlation	-1.000	-0.266	-0.118	1	0.542	0.360
	Sig. (2-tailed)	0.000	0.097	0.468		0.000	0.023
	N	40	40	40	40	40	40
EBDIT Per Share	Pearson Correlation	-0.542	-0.050	0.675	0.542	1	0.730
	Sig. (2-tailed)	0.000	0.760	0.000	0.000		0.000
	N	40	40	40	40	40	40
MPPS	Pearson Correlation	-0.360	-0.435	0.504	0.360	0.730	1
	Sig. (2-tailed)	0.023	0.005	0.001	0.023	0.000	
	N	40	40	40	40	40	40

** Correlation is significant at the 0.01 level (2-tailed)
* Correlation is significant at the 0.05 level (2-tailed)

The above table no. 10 depicts correlation of dependent and independent variables with one another. There are positive correlation between DPO-DY, DPO-DPS, DY-DPS, DPS-EBDIT Per Share and RR-EBDIT Per Share with the value of 0.266, 0.118, 0.175, 0.675 and 0.542 respectively. There are negative correlation between DPO-RR, DPO-EBDIT Per Share, DY-RR, DY-EBDIT Per Share and DPS-RR with the value of -1.000, -0.542, -0.266, -0.050 and -0.118 respectively. There is significant negative correlation between Dividend Payout Ratio and Retention Ratio. The DPO and DY have negative correlation with market price per share while, DPS, RR and EBDIT per share have positive correlation with the value of 0.504, 0.360 and 0.730 respectively. There is significant positive correlation between EBDIT per share and Market Price per Share. There is a direct relationship of DPS, RR and EBDIT per share with market price per share of selected companies which shows that any change in DPS, RR and EBDIT per share leads to change in same direction in market price per share. While any change in DPO and DY leads to change in opposite direction in market price per share of selected companies.

Findings

The study is conducted to find out the relationship of dividend policy and market price of share of selected FMCG companies in India from the year 2009-10 to 2018-19. The major findings are as under:

- The dividend payout ratio of HUL was highest i.e. 74.90% and Britannia had lowest i.e. 38.73% as compared to other companies. The P- value is 0.00 which is lower than the significant value. So, we can say that there is significant difference between the dividend payout ratio of selected FMCG companies in India.
- The average ratio of Dividend yield of ITC ltd. was highest i.e. 3.60% and HUL had lowest i.e. 2.10% as compared to other companies. The anova result shows that there is no significant difference in the means of selected FMCG companies in India, it means we do not reject null hypothesis.
- The result of Colgate Palmol India Ltd. presented highest DPS i.e. Rs. 21.3. While, the ITC Ltd showed lowest result of Rs. 6.10 compare to other selected companies. The statistical result of Anova test was less than the significant result. It means, there is significant difference in DPS of selected FMCG companies in India.
- The average retention ratio of Britannia Ltd. was highest with the value of 61.259 % and lowest average retention ratio was 25.1% of HUL Ltd during the study period. Only HUL Ltd. had negative retention ratio compared to other selected companies. The anova test reveals that the p-value is less than significance level i.e. 0.000 < 0.05, indicating that there is significant difference in RR of selected companies. So the null hypothesis is not accepted.
- The average EBDIT per share of Britannia Ltd. and ITC Ltd. was Rs. 70. 54 and Rs. 15.5 respectively, which represents highest and lower value. The Anova result presented the significant difference in EBDIT per share of selected FMCG companies in India.
- The average market price per share of Brittania Ltd. presented higher value of Rs. 1100.717 and ITC Ltd has lower value of Rs. 207.10 than the other selected companies. There is a significant difference in market price per share of selected companies. So, we accept the alternative hypothesis.
- When we look on the result of karl pearson's correlation, it can say that the DPO ratio (-0.360) and DY ratio (-0.435) showed negative relation and DPS (0.504), RR (0.360) and EBDIT per share (0.730) have positive relationship with market price per share. EBDIT per share has significant positive relation with market price per share as compared to other selected companies.

Conclusion

The study has considered dividend payout ratio, dividend yield, retention ratio, earning before depreciation, interest and tax per share and dividend per share as the measurement of dividend policy. The dividend per share, retention ratio and earnings before depreciation, interest and tax have positive relationship with market price of share though only earnings before depreciation, interest and tax has significant relation which indicate that higher these value cause higher market price of share. In contrary dividend payout and dividend yield show a negative relationship with market price of share indicating that companies with higher dividend payout ratio and dividend yield have lower market price of share. The ANOVA results conclude that there is no significant difference of dividend yield of selected companies during the study period as the p-value of it is greater than significance level. The null hypothesis

regarding dividend yield is accepted. While the p-value of dividend payout ratio, dividend per share, retention ratio, earning before depreciation, interest and tax and market price of share are less than significance level, so the null hypothesis is not accepted and we conclude that there are significant difference of these value of selected companies.

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