



# RAMA UNIVERSITY

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**FACULTY OF COMMERCE AND MANAGEMENT**

**COURSE: B.COM V SEM.**

**SUBJECT: FUNDAMENTAL OF FINANCIAL MANAGEMENT**

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## LECTURE-29



## **TYPES OF DIVIDEND POLICY**

Dividend policy depends upon the nature of the firm, type of shareholder and profitable position. On the basis of the dividend declaration by the firm, the dividend policy may be classified under the following types:

- Regular dividend policy
- Stable dividend policy
- Irregular dividend policy
- No dividend policy.

**Regular Dividend Policy** Dividend payable at the usual rate is called as regular dividend policy. This type of policy is suitable to the small investors, retired persons and others. **Stable Dividend Policy**

**Stable dividend policy** means payment of certain minimum amount of dividend regularly. This dividend policy consists of the following three important forms: Constant dividend per share Constant payout ratio Stable rupee dividend plus extra dividend.

**Irregular Dividend Policy** When the companies are facing constraints of earnings and unsuccessful business operation, they may follow irregular dividend policy. It is one of the temporary arrangements to meet the financial problems. These types are having adequate profit. For others no dividend is distributed.

**No Dividend Policy** Sometimes the company may follow no dividend policy because of its unfavorable working capital position of the amount required for future growth of the concerns