



**AN EMPIRICAL STUDY ON THE DIVIDEND PAYOUT DECISION OF THE
SELECTED FMCG COMPANIES IN INDIA**

GOHIL VARSHABA S*

DR. VINIT J VARMA**

***RESEARCH SCHOLAR-**

****ASSISTANT PROFESSOR**

Department of Commerce and Management, BKNMU, Junagadh (Gujarat)

ABSTRACT

Dividend payout decision is one of the major decisions for the financial managers. It affects the interest of the various stakeholders and most importantly it affects the credit standing, liquidity and future growth of the concern and hence whenever the company wants to take decision regarding the DPR it requires due attention. The Prime aim of the present research is to investigate the dividend payout decision of the FMCG companies in India. Samples are selected on the basis of consistency of dividend payment. The research is based on previously collected data and covers period of 12 years that is from 2013-14 to 2023-24. Arithmetic mean, coefficient of variation and ANOVA result under linear regression has been put to test the data. The research finds and concludes that the companies under FMCG industry have different dividend policy.

Keywords: *Dividend Payout decision, stakeholders, credit standing, liquidity, future growth, FMCG companies*

INTRODUCTION

Earning capacity plays a key role in determining the efficiency of the management and hence, it is mandatory for the management team of the concern to earn a handsome amount of profit for the business. Along with this, the management has to distribute the earnings of the business in such a manner that it creates funds for the future along with the satisfaction of the real owners- the equity shareholders. for this purpose, before distributing the divisible earnings, the management has to think about the proportion of retain earnings and rate of dividend to be distributed among the equity shareholders. Both the decisions are relevant to each other as if the management decides the part of the dividend payout ratio then the remaining part will indicate the rate of accumulated earnings and vice versa. If the organization decides high DPR then it decrease the rate of accumulated earnings which may results into high reliance on outsider's capital for future need while if the management decides high retention ratio then it may affect the interest of the equity shareholders and hence



the financial manager has to wisely think the dividend decision of the concern because once the policy set by the management it becomes tradition to receive dividend according to that policy. Thus, to form a dividend payout policy is a very crucial one. The present study focused on the dividend payout policy of the selected FMCG industries in India.

REVIEW OF LITERATURE

Das & Jain (2009) realized that dividend payout decision of the firm rely on the factors like indebtedness, growth, investment opportunities, profitability. They realized that the company pay low dividend when there is a high borrowing. In this situation the company prefers to maintain internal cash flow to pay the obligation instead to pay dividend. Sectorial analysis determined that the service sector can pay higher dividend than other sectors. Manufacturing sectors have dividend payout ratio with increasing trend with slow upgradation. **Nusrathunnisa & Dr. R. Duraipandian (2017)** tried to find out the dividend payment policies of the selected banking companies in India and they realized that the banking companies in the same industries have different dividend payment policies. **Sujit Toms & Dr. N. Ravichandran (2020)** conducted a study to examine the factors affecting dividend policy of Indian Auto Industry and found that Operating cash flow per share, Corporate Tax, D/E Ratio, Firm size and tangibility has favorable outcome on DPR while Profitability, CR and growth has unfavorable effect on DPR. **Mahirun et.al. (2023)** found in their study that the Dividend payout ratio has no impact on the funding policy and market value of the firm. They found that signaling theory of Dividend decision is not relevant to their research outcomes. The study gave confirmation to the M-M theory.

OBJECTIVES OF THE STUDY

The primary purpose of the study is to survey the dividend payout policy of the selected FMCG companies in India.

HYPOTHESIS OF THE STUDY

The present research paper tried to analyze the dividend payout policies of the selected FMCG companies in India. The hypothesis for the research is as under;

H₀: There is no significant difference between actual and trend values of dividend payout among the selected FMCG industries in India.

RESEARCH METHODOLOGY

Sources List: The present study is based on the previously collected data. Data were retrieved from the published annual reports of the selected FMCG companies in India. The conceptual information regarding dividend payout decision and other information are obtained from the reference books, journals, magazines, articles and magazines.

Sample Period: The study covers the period of twelve years that is from 2013-14 to 2023-24.



Sample Size: The researchers select 7 FMCG companies listed on NSE in India. The selection of the sample taken on the basis of consistency of the dividend payout.

Tools for Analysis: The researcher utilized statistical and accounting data for the studies Purpose. Trend analysis, coefficient of variation, ANOVA result from linear regression, Mathematical mean were to test the data.

DATA ANALYSIS & INTERPRETATION

Table: 1 DPR, Trend value and Trend Indices of HUL

Financial Year	DPR	Trend Value	Trend Indices
2013	104	80.41	100
2014	71	81.71	68.27
2015	74	83.02	71.15
2016	83	84.32	79.81
2017	82	85.63	78.85
2018	83	86.93	79.81
2019	78	88.24	75.00
2020	80	89.54	76.92
2021	119	90.84	114.42
2022	90	92.15	86.54
2023	91	93.45	87.50
2024	96	94.76	92.31
Mean	87.58333		
SD	13.57443		
CV	15.49887		

(Data Table: Computed by researcher, **Data Source:** www.screener.com)

Interpretation: The table presents the actual DPR and the trend value and indices of the HUL. The DPR of the company shows increasing trend during 2013 to 2018. But, it was decreased and shows decreasing trend during the period of 2019 and starts to increase and reached at maximum level during 2021. We may consider it as an abnormal year after COVID-19. In 2022 the DPR of the company was 90% while it was 96% during the FY 2024. The trend indices of the company also show fluctuation during the period under study. The mean value of the DPR was 87.583 while the CV was 15.49 which shows variability of moderate level.

H₀: There is no significant difference between actual and trend values of dividend payout of HUL.



Table: 2 Regression Result of DPR and Trend value of HUL

ANOVA ^a					
Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	243.233	1	243.233	1.364	.270 ^b
Residual	1783.684	10	178.368		
Total	2026.917	11			

a. Dependent Variable: DPR

b. Predictors: (Constant), FY

Findings: The table presents the ANOVA result for DPR of HUL. P value of the table is 0.270 which is more than significance level 0.05 and hence we reject the alternate hypothesis and accept the null hypothesis that there is no significant relationship between the Actual and trend value of DPR in HUL.

Table: 3 DPR, Trend value and Trend Indices of ITC

Financial Year	DPR	Trend Value	Trend Indices
2013	55	48.03	100
2014	54	52.35	98.18
2015	52	56.68	94.55
2016	73	61.01	132.73
2017	56	65.34	101.82
2018	56	69.67	101.82
2019	56	74.00	101.82
2020	82	78.33	149.09
2021	101	82.66	183.64
2022	93	86.98	169.09
2023	100	91.31	181.82
2024	84	95.64	152.73
MEAN	71.83333		
SD	19.28652		
CV	26.84898		

(Data Table: Computed by researcher, Data Source: www.screener.com)

Interpretation: The table presents the DPR, Trend value and Trend indices of ITC. DPR of ITC also shown fluctuating trend during the period under study. The trend value of ITC was 48.03 during the year 2013 while it was 95.64 during the year 2024. The trend indices also show fluctuating trend during the period under study. The Mean value was 71.83 while the CV was 26.84 which shows variability of moderate level.



H₀: There is no significant difference between actual and trend values of dividend payout of ITC.

Table:4 Regression Result of DPR and Trend value of ITC

ANOVA ^a					
Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	2679.448	1	2679.448	18.973	.001 ^b
Residual	1412.219	10	141.222		
Total	4091.667	11			

a. Dependent Variable: DPR

b. Predictors: (Constant), FY

Findings: The table presents the ANOVA result for DPR of ITC. P value of the table is 0.001 which is less than significance level 0.05 and hence we accept the alternate hypothesis and reject null hypothesis that there is significant relationship between the Actual and trend value of DPR in ITC.

Table:5 DPR, Trend value and Trend Indices of Nestle India

Financial Year	DPR	Trend Value	Trend Indices
2013	42	63.44	100
2014	51	66.30	121.43
2015	83	69.16	197.62
2016	61	72.02	145.24
2017	68	74.88	161.90
2018	69	77.74	164.29
2019	168	80.60	400.00
2020	93	83.46	221.43
2021	91	86.32	216.67
2022	89	89.18	211.90
2023	56	92.04	133.33
2024	79	94.90	188.10
MEAN	79.16667		
SD	32.4789		
CV	41.02598		

(Data Table: Computed by researcher, Data Source: www.screener.com)

Interpretation: The table presents the DPR, Trend value and Trend indices of Nestle India. In 2013 the DPR of the company was 42% while it was 168% during the FY 2019. The trend value of Nestle India was 63.44 during the year 2013 while it was 94.90 during the year 2024. The trend indices show fluctuating trend during the period under study. The Mean value was 79.16 while the CV was 41.025 which shows variability of high level.



H₀: There is no significant difference between actual and trend values of dividend payout of Nestle India.

Table:6 Regression Result of DPR and Trend value of Nestle India

ANOVA ^a					
Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	1169.797	1	1169.797	1.121	.315 ^b
Residual	10433.869	10	1043.387		
Total	11603.667	11			

a. Dependent Variable: DPR

b. Predictors: (Constant), FY

Findings: The table presents the ANOVA result for DPR of Nestle India. P value of the table is 0.315 which is more than significance level 0.05 and hence we reject the alternate hypothesis and accept the null hypothesis that there is no significant relationship between the Actual and trend value of DPR in Nestle India.

Table: 7 DPR, Trend Value and Trend Indices of Britannia Indus.

Financial Year	DPR	Trend Value	Trend Indices
2013	39	18.32	100.00
2014	36	26.11	92.31
2015	28	33.90	71.79
2016	29	41.69	74.36
2017	30	49.48	76.92
2018	30	57.27	76.92
2019	31	65.06	79.49
2020	60	72.85	153.85
2021	204	80.64	523.08
2022	89	88.43	228.21
2023	75	96.22	192.31
2024	83	104.01	212.82
MEAN	61.16667		
SD	50.41434		
CV	82.42127		

(Data Table: Computed by researcher, Data Source: www.screener.com)

Interpretation: The table presents the DPR, Trend value and Trend indices of Britannia Indus. In 2015 the DPR of the company was 28% while it was 204% during the FY 2021. The trend value of Britannia Indus. was 18.32 during the year 2013 while it was 104.01 during the year 2024. The trend indices show fluctuating trend during the period under study. The Mean value was 61.166 while the CV was 82.42 which shows variability of high level.



H₀: There is no significant difference between actual and trend values of dividend payout of Britannia Indus.

Table: 8 Regression Result of DPR and Trend Value of Britannia Indus.

ANOVA ^a					
Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	8678.294	1	8678.294	4.501	.060 ^b
Residual	19279.373	10	1927.937		
Total	27957.667	11			

a. Dependent Variable: DPR

b. Predictors: (Constant), FY

Findings: The table presents the ANOVA result for DPR of Britannia Indus. P value of the table is 0.060 which is more than significance level 0.05 and hence we reject the alternate hypothesis and accept the null hypothesis that there is no significant relationship between the Actual and trend value of DPR in Britannia Indus.

Table: 9 DPR, Trend value and Trend Indices of Dabur India

Financial Year	DPR	Trend Value	Trend Indices
2013	34	32.23	100.00
2014	33	34.33	97.06
2015	33	36.42	97.06
2016	32	38.51	94.12
2017	31	40.61	91.18
2018	81	42.70	238.24
2019	34	44.80	100.00
2020	37	46.89	108.82
2021	50	48.99	147.06
2022	53	51.08	155.88
2023	54	53.17	158.82
2024	53	55.27	155.88
MEAN	43.75		
SD	14.9856		
CV	34.2528		

(Data Table: Computed by researcher, Data Source: www.screener.com)

Interpretation: The table presents the DPR, Trend value and Trend indices of Dabur India. In 2013 the DPR of the company was 34% while it was 53% during the FY 2024. The trend value of Dabur India was 32.23 during the year 2013 while it was 55.27 during the year 2024. The trend indices show fluctuating trend during



the period under study. The Mean value was 43.75 while the CV was 34.25 which shows variability of high level.

H_0 : There is no significant difference between actual and trend values of dividend payout of Dabur India.

Table: 10 Regression Result of DPR and Trend value of Dabur India

ANOVA ^a					
Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	627.274	1	627.274	3.404	.095 ^b
Residual	1842.976	10	184.298		
Total	2470.250	11			

a. Dependent Variable: DPR

b. Predictors: (Constant), FY

Findings: The table presents the ANOVA result for DPR of Dabur India. P value of the table is 0.095 which is more than significance level 0.05 and hence we reject the alternate hypothesis and accept the null hypothesis that there is no significant relationship between the Actual and trend value of DPR in Dabur India.

H_0 : There is no significant difference between actual and trend values of dividend payout of Dabur India.

Table: 11 DPR, Trend value and Trend Indices of Colgate Palmolive

Financial Year	DPR	Trend Value	Trend Indices
2013	77	58.56	100
2014	68	62.43	88.31
2015	58	66.30	75.32
2016	47	70.17	61.04
2017	47	74.03	61.04
2018	97	77.90	125.97
2019	81	81.77	105.19
2020	93	85.63	120.78
2021	100	89.50	129.87
2022	101	93.37	131.17
2023	101	97.24	131.17
2024	88	101.10	114.29
MEAN	79.83333		
SD	20.49316		
CV	25.66993		

(Data Table: Computed by researcher, Data Source: www.screener.com)

Interpretation: The table presents the DPR, Trend value and Trend indices of Colgate Palmolive. DPR of Colgate Palmolive also shown fluctuating trend during the period under study. The trend value of Colgate



Palmolive was 58.56 during the year 2013 while it was 101.10 during the year 2024. The trend indices also show fluctuating trend during the period under study. The Mean value was 79.833 while the CV was 25.669 which shows variability of moderate level.

H_0 : There is no significant difference between actual and trend values of dividend payout of Colgate Palmolive.

Table: 12 Regression Result of DPR and Trend value of Colgate Palmolive

ANOVA ^a					
Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	2138.524	1	2138.524	8.619	.015 ^b
Residual	2481.142	10	248.114		
Total	4619.667	11			

a. Dependent Variable: DPR

b. Predictors: (Constant), FY

Findings: The table presents the ANOVA result for DPR of Colgate Palmolive. P value of the table is 0.15 which is more than significance level 0.05 and hence we reject the alternate hypothesis and accept the null hypothesis that there is no significant relationship between the Actual and trend value of DPR in Colgate Palmolive.

Table: 13 DPR, Trend value and Trend Indices of Marico

Financial Year	DPR	Trend Value	Trend Indices
2013	16	36.33	100.00
2014	46	40.92	287.50
2015	28	45.52	175.00
2016	77	50.11	481.25
2017	57	54.70	356.25
2018	67	59.29	418.75
2019	55	63.88	343.75
2020	85	68.47	531.25
2021	83	73.06	518.75
2022	97	77.65	606.25
2023	45	82.24	281.25
2024	83	86.83	518.75
MEAN	61.58333		
SD	24.81736		



CV	40.29883		
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(Data Table: Computed by researcher, Data Source: www.screener.com)

Interpretation: The table presents the DPR, Trend value and Trend indices of Marico. In 2013 the DPR of the company was 16% while it was 97% during the FY 2022. The trend value of Marico was 36.33 during the year 2013 while it was 86.83 during the year 2024. The trend indices also show fluctuating trend during the period under study. The Mean value was 61.58 while the CV was 40.29 which shows variability of high level.

H₀: There is no significant difference between actual and trend values of dividend payout of Marico.

Table: 14 Regression Result of DPR and Trend value of Marico

ANOVA ^a					
Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	3013.932	1	3013.932	8.014	.018 ^b
Residual	3760.985	10	376.098		
Total	6774.917	11			

a. Dependent Variable: DPR

b. Predictors: (Constant), FY

Findings: The table presents the ANOVA result for DPR of Marico. P value of the table is **0.18** which is more than significance level 0.05 and hence we reject the alternate hypothesis and accept the null hypothesis that there is no significant relationship between the Actual and trend value of DPR in Marico.

SIGNIFICANCE OF THE STUDY

To decide dividend payout policy for the firm is a challenging situation for management as it relates with the major issues of the concern like earning capacity, profitability, credit standing, liquidity, stake holder's perspectives, future goals of the business and so on. Moreover, the dividend policy also creates impact on the mindset of future investors too and hence, the firm should decide after due care. The present study will help the various stake holders of the concern to know about the trend of DPR. The study will also helpful for the academicians and research scholars to get better idea to conclude the DPR policy of the FMCG industry.

LIMITATIONS OF THE STUDY

- ✓ The study is based on the secondary data taken from the www.screener.com. And secondary data itself is the limitation of the study.
- ✓ The period of study is limited upto the data of 12 years to get more insight to know the dividend payment strategy of the concern it should be for long period of time.
- ✓ Only DPR is taken to examine the dividend policy of the concern. More factors should be included.

FUTURE SCOPE OF THE STUDY

Dividend Decision is a very crucial decision of the financial policy of the concern as it affects the major issues of the concern. Therefore, it is good to know the dividend payout policy and pattern of the firm. The present



study tried to analyse the DPR and trend of dividend payout ratio of selected FMCG companies in India. There is still opportunity to get idea about other sectors. The dividend also create impact on the credit standing, liquidity and EPS of the firm and hence, there is a scope to analyze that factors too.

CONCLUSION

Dividend decision is one of the major decisions the financial manager has to take under the financial management decisions of the firm. The financial manager has to wisely decide both the retention ratio and dividend payout ratio as both impacts growth of the business. The present study tries to analyze actual DPR and trend of dividend policy. The research gave varied outcomes for the companies of same industry which conclude that there is a different dividend policy for the companies of same industry.

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