

# 37 Lecture - MGT201

## Important Subjective

- 1. What is a dividend payout?**  
Answer: A dividend payout is the amount of money that a company pays to its shareholders as a distribution of profits.
- 2. Why do companies pay dividends?**  
Answer: Companies pay dividends to distribute profits to shareholders, signal financial health and stability, and attract investors.
- 3. What are the different types of dividend payouts?**  
Answer: The different types of dividend payouts include regular dividends, special dividends, and dividend reinvestment plans.
- 4. What factors can impact a company's dividend payout decision?**  
Answer: A company's financial performance, economic conditions, regulatory environment, and investor preferences can impact its dividend payout decision.
- 5. How do shareholders benefit from dividend payouts?**  
Answer: Shareholders benefit from dividend payouts by receiving a source of income and potentially realizing capital gains from a higher stock price.
- 6. What is a dividend yield?**  
Answer: A dividend yield is the percentage of dividend payout relative to the stock price.
- 7. What is a dividend reinvestment plan (DRIP)?**  
Answer: A dividend reinvestment plan (DRIP) is a plan where shareholders can reinvest their dividends to purchase additional shares of stock.
- 8. What is the difference between regular and special dividends?**  
Answer: Regular dividends are paid out at a fixed interval, while special dividends are paid out irregularly and usually indicate a company's exceptional financial performance.
- 9. Can companies choose to not pay dividends?**  
Answer: Yes, companies can choose to not pay dividends if they prioritize reinvesting profits in the business or paying down debt.
- 10. What are the potential disadvantages of high dividend payout for a company?**  
Answer: High dividend payout can reduce a company's access to capital and limit its flexibility for future growth and investment opportunities.