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.