In modern 'hi-tech' competitive market economy, dividend decision of the management of the companies in the private sector has perhaps become more important than before. Management is prone to declare lucrative amount of dividend, so that the company is able to enter the capital market easily to fulfill its capital requirements. In developing countries like India, where capital market was not sophisticated up to the last decade, optimum utilisation of the resources was not possible. Appropriate dividend decision is in a sense one of the ways to ensure the overall development of the economy.

The research works done by many researchers in India and abroad relating to relevance and importance of dividend policy in the valuation of the firm have been studied. No single idea has been established in the dividend policy which is applicable to all companies under all circumstances. Research already made in India relating to this is not sufficient comprehensive and extensive. In most of the cases their conclusion has been to go in for further study. In their opinion different factors are important in different firms in varying situations. In this study, certain factors have been considered to verify whether such factors have any bearings on the dividend policy taken by the management, through regression analysis.

I would like to express my gratitude to my supervisor
Prof. Amit Mallik, Dean, Faculty of Arts, Commerce, Law etc., Burdwan University, who in the midst of his other assignments and important engagements has given necessary advice and encouragements. Otherwise this study would not have been possible. I am also grateful to Prof. Subha Sankar Sarkar, Department of Geology, Presidency College for necessary computer programming and Prof. Tapan Kumar Gorai, Department of Statistics, Presidency College, Calcutta, for statistical advice.

I am also grateful to the Faculty members, Department of Commerce, Burdwan University for necessary guidance and thankful to my colleagues of Durgapur Government College and Goenka College of Commerce and Business Administration for encouragements. I am also thankful to my wife Mrs. Anita Maiti for help render by her in the draft typing and correction after final type.

Last but not the least, I must appreciate the excellent proficiency in typing work shown by Mr. Ananta Kumar Palit of the Department of Commerce, University of Burdwan.

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