**13TH WEEK ASSIGNMENT AND ACTIVITIES**

**ASSIGNMENT**

1. Explain the dividend arbitrage.
2. Explain a note on the school of thought on Dividend are bad.
3. Why firms may not pay out what is available?

**ACTIVITIES**

Draw the reason: Mahindra and Mahindra, a leading automobile company, pays out only 23% of its earnings as dividends. The average dividend payout ratio for automobile industry is 45%. The average growth rate in earnings for the entire sector is 10% (M & M is expected to grow 23%). Should they pay more in dividends just to get closer to the average payout ratio? Why or why not?