**TYPES OF DIVIDENDS**

**Cash Dividend:** It is one of the most common types of dividend paid in cash. The shareholders announce the amount to be disbursed among the shareholder on the “date of declaration.” Then on the “date of record”, the amount is assigned to the shareholders and finally, the payments are made on the “date of payment”. The companies should have an adequate retained earnings and enough cash balance to pay the shareholders in cash.

**Scrip Dividend:**Under this form, a company issues the transferable promissory note to the shareholders, wherein it confirms the payment of dividend on the future date.A scrip dividend has shorter maturity periods and may or may not bear any interest. These types of dividend are issued when a company does not have enough liquidity and require some time to convert its current assets into cash.

**Bond Dividend:** The Bond Dividends are similar to the scrip dividends, but the only difference is that they carry longer maturity period and bears interest.

**Stock Dividend/ Bonus Shares:** These types of dividend are issued when a company lacks operating cash, but still issues, the common stock to the shareholders to keep them happy.The shareholders get the additional shares in proportion to the shares already held by them and don’t have to pay extra for these bonus shares. Despite an increase in the number of outstanding shares of the firm, the issue of bonus shares has a favorable psychological effect on the investors.

**Property Dividend:**These dividends are paid in the form of a property rather than in cash. In case, a company lacks the operating cash; then non-monetary dividends are paid to the investors.The property dividends can be in any form: inventory, asset, vehicle, real estate, etc. The companies record the property given as a dividend at a fair market value, as it may vary from the book value and then record the difference as a gain or loss.

**Liquidating Dividend:** When the board of directors decides to pay back the original capital contributed by the equity shareholders as dividends, is called as a liquidating dividend. These are usually paid at the time of winding up of the operations of the firm or at the time of final closure.

Thus, it is found out that usually the dividends are paid in cash, but however in certain situations, there could be the other forms of dividend as explained above.