THE IMPACT OF DIVIDEND POLICY ON STOCK PRICE VOLATILITY: 
EMPIRICAL EVIDENCE FROM INDIAN STOCK MARKET

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ABSTRACT

The purpose of this study was to examine the relationship between dividend policy and stock price volatility with a focus on companies representing eleven sectors listed in NSE. For this purpose, samples of Nifty 50 companies were selected and the relationships between stock price volatility with dividend policy were examined by applying multiple regressions for a period of 10 years from 2008 to 2017. The regression model has been employed by including control variables including Earnings Volatility, Firm Size, Leverage and Asset Growth. The empirical results of this study showed significant negative relationship between stock price volatility with dividend payout ratio and firm size, and significant positive relationship between stock price volatility and Earnings Volatility and Leverage. There is a insignificant relationship between stock price volatility and Asset Growth.

KEYWORDS: Stock Price volatility, dividend Payout ratio, Firm Size, Asset Growth, Leverage.

References


