LITERATURE REVIEW:-

Researcher has taken the world’s emerging & developed economy’s researcher’s view this on the topic, especially from Year 2000 and onwards, they are related to the topic Of dividend & prices of stock.

A.J.Delphine, Vanhoorebeke, & F. Bernard in Year 2011, from Tunisia, tested successfully a hypothesis that stock performance is positively correlated to profits.

A. A. M. Al-Twaijry in Year 2006, From Qassim University, Saudi Arabia, studied UK companies of 1964-1995, suggested that changes in dividends are the strongly explain prices & earnings.

Charles Smithson, Rutter Associates, and Betty J. Simkins, Oklahoma State University in Year 2005, found that the stock returns of financial institutions were sensitive to interest rate changes.


E. Abbasi, & A. Abouec, in Year 2008, from Tehran, Iran, studied a corporation ‘Iran Khodro’s stock prices at Tehran Stock Exchange from the year 1997 to 2004 were used for research and found, utilizing an Adaptive Neuro - Fuzzy Inference system shock prices can be more accurately forecasted using Dividend Per Share (DPS) etc.

Faris Nasif AL- Shubiri in Year 2011 from Jordon Amman, found that probability of paying dividends increases with profitability, growth opportunities, and firm size.
Gordon N. Asamoah in Year 2010 from Ghana, found that dividend change had no significant impact on share prices in Ghana, it means its semi strong efficient market.

Husam-Aldin Nizar Al-Malkawi in Year 2007, from Jordan, in his research paper studied listed firms on the Amman Stock Exchange between 1989 and 2000 and proved that there was no evidence for the signaling hypothesis.

H. K Baker, T Mukherjee & G. E. Powell in Year 2005, from America, studied companies listed on the NASDAQ, AMEX, and NYSE that paid at least one specially designated and concluded, that Stock prices react positively to such a dividends.


K. Anil, & S. Kapoor, in Year 2008, in International Research Journal of Finance and Economics, studied dividend behavior of Indian IT industry said, dividends are influenced by liquidity of company and this not only factor.

K. Khan, M. Aamir, A. Qayyum, & A. Nasir in Year 2011, from Karachi, Pakistan, studied listed companies from KSE-100 Index on Karachi Stock Exchange and results were again that share prices were found to be correlated with Dividend Yield.

Md. Mahmudul Alam and Md. Gazi Salah Uddin in Year 2009 from Bangladesh found that
interest rate has significant negative relationship with share price in Developed and Developing Countries.

M. Ebrahimi & A. Chadegani, in Year 2011, from Tehran, Iran, studied companies listed on Tehran Stock Exchange during 2001 to 2010; they said there is significant Relationship between share prices & earnings.

M. Aamir & S. Z. Ali Shah in Year 2011, from Pakistan, found that dividend announcement had positive impact on share prices before & after announcement.

M. Asghar, S. Z. Shah, K. Hamid & M. T Suleman, in Year 2011, from Pakistan, they found earning volatility and dividend yield have strong positive correlation but price volatility is highly negatively correlated with growth in assets.


Meysam Shaverdi, Saeed Fallahi and Vahhab Bashiri in Year 2012, from Iran revealed that GMDH type-neural network based on Genetic algorithm id best suited to forecast stock prices.19

N. Bhattacharyya in Year 2007, from Canada said, firm’s value increases with dividends and returns too and dividend behavior is still not predictable.

Nidhi Walia, Ravi Kiran in Year 2010, concluded that Efficient Market Hypothesis (EMH) is applicable in short term and other times prices are at random and can not be forecasted.

Patricia A. Ryan, Scott Besley and Hei Wai Lee in Year 2000, conducted a research on NASDAQ companies & suggested that level of information conveyed is directly proportional to dividend yield, the stock prices.

P. S. Nirmala, P. S. Sanju and M. Ramachandran in Year 2011, from India in their paper noted dividend was one of the influencing factors on share prices.
Panos Priftakis and M. Ishaq Bhatti in Year 2008, from Australia concluded that prices of oil and the stock market prices in these oil-based economies in Middle East are not related.


R. Royaei & Mahdi Mohammadi, in Year 2011, from Islamic Azad University, Tehran, Iran studied, Tehran Stock Exchange (T.S.E.) during 2005 to 2009 they showed there is a relationship between dividend policy and return on stock.

Robert D. Gay in Year 2008, found no relationship between exchange rate and oil price on the stock market index prices of any BRIC country and also present stock market returns were not related past stock market returns.

Sanjeet Sharma in Year 2011, from India, found that dividend per share and earning per share are the strongest determinants of market share price.

S.V. Deshpande, in Year 2012, in his paper studied software companies and concluded Companies with high sales are four and half times more likely to have correlated Average share prices & dividend declared.

Stephen Ciccone in Year 2003, Stock prices increases for firms with better earning quality, level & permanence while sentiment and behavior of investors play less important role.

Shigeki Ono in Year 2011, confirmed that Contribution of Changes in oil prices lead to changes in stock returns China, Russia but not significant in Brazil & India.

S.R. Christopher, A. Ishola Rufus & O. J Ezekiel in Year 2009, from Nigeria concluded that earnings per share, gross domestic product have positive correlation to stock prices while interest rate foreign exchange rate are not positively correlated.

T. Afza1 & H. H. Mirza, in Year 2011, from Pakistan, studied companies listed on Karachi Stock Exchange and they found institutional investors like Insurance companies prefer cash dividends, and only more profitable companies pay dividend.

Thomas James & Mohideen Mhamed M., in Year 2011, from India, proved in their research paper that most of Indian IT firms retain major portion of earnings for future capital appreciation. It means they pay fewer dividends.

T. S. Rawal, in Year 2007, (sixth book review) in his book, “How to Invest in Shares the Ultimate Stock Market Winning guide he said if a company cuts dividends, company’s value will fall & investors feel that future dividends are risky.

Walid Saleh and Orouba Al Sabbagh in Year 2010 found that tend to overreact or under react more to news due to greater information uncertainty.

W. A. Adesola and A. E. Okwong in Year 2009, from Nigeria, in their paper they found that share price is due to market valuation of dividends.

Yasir Habib, Zernigah Irshad Kiani & Muhammad Arif Khan in Year 2012, from Pakistan the dividend yield and share prices are positively relate but payout ratio is negatively related it means signaling effect exist in Pakistan.

Zabir Haider Khan, Tasnim Sharmin Alin and Md. Akter Hussain in Year 2011, in their study found that to predict share prices Backpropagation algorithm and Multilayer Feedforward network can be used its part of Artificial Intelligence.