

## An Association of Macroeconomic Variables and Stock Index, India: An Empirical Evidence

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### ABSTRACT

*The global economic scenario has been witnessing highly volatile situation for the last one decade. The stock market has been subjected to several significant changes. Thus, this paper intends to inspect the relationship between selected macroeconomic variables on Indian stock market (NIFTY Index) using quarterly data over the period April 2005 to March 2015. Four macroeconomic variables, namely exchange rate, foreign institutional investment, call money rate and consumer price index have been taken into consideration to find out the effect of the macroeconomic indicators on the Indian Stock Exchange. By applying Pearson's correlation and Multiple Regression Equation model, the study found that a correlation exists between macroeconomic variables and stock market indices. The results of the multiple regression also revealed that the call money rate does not affect stock market indices significantly.*

**KEYWORDS:** Macroeconomic variables, Stock market return, Indian stock market, NIFTY.

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