

**International Journal of Indian Economic Light (JIEL)**

SJIF Impact Factor (2016):5.142

Volume: 6 |July – June| 2017 -18

**A STUDY ON EFFECT OF MACRO-ECONOMIC  
VARIABLES ON INDIAN BSE (SENSEX) STOCK  
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Tamil Nadu, India**Siva Thivya.R<sup>2</sup>**<sup>2</sup>M.Phil Research Scholar, Department of Commerce, Bharathiar University, Coimbatore,  
Tamil Nadu, India**ABSTRACT**

The study investigate the association between the Indian stock market prices (BSE Sensex) and four macroeconomic variables over the period April 2007- March 2017 using monthly data. Essential data are collected from secondary sources. The main objective of this paper is to explore the effect of selected macroeconomic fundamentals such as Forex reserve, inflation rate, gold price and exchange rate on the performance of BSE Sensex. Multiple regression technique is engaged for this purpose. The regression model summary provides a very strong combined influence of independent variables on the Sensex. From the results, it is clear that variation in Sensex is explained by the four selected macroeconomic factors. Forex reserve, inflation rate and gold price have high degree of positive influence on Sensex. Further, of the four variables, the coefficients of all the variables except exchange rate are statistically significant. This lead to the termination that forex reserve, inflation and gold price significantly impact the Indian stock market performance.

**KEY WORDS:** Macroeconomic variables, Sensex, Stock market.