

## **RELATIVE GDP GROWTH RATE AND STOCK MARKET RETURNS: A CASE STUDY OF INDIA**

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### **ABSTRACT**

The relationship between GDP growth rate and stock/equity market returns is complex as they both are under effect of various other factors, which varies across countries. While accurate economic forecasts are helpful for stock investing, the investors should not hope to get a single indicator which can guide them with certainty. This paper tries to fulfil the aforesaid need. The concept of relative GDP growth rate and its relationship with stock/equity market return has been examined in this paper. This study is based on secondary data for last thirteen years (i.e. 1999-2000 to 2012-2013) of GDP growth rate and stock market return of India. Our conclusion states that relative GDP growth rate as a single economic indicator serves better than GDP growth rate in predicting the stock/equity market return.

**JEL CLASSIFICATION: G17**

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