

## Stock Market Development and Economic Growth Evidence from SAARC Countries

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### ABSTRACT

**Introduction** –This research study to determine the relationship between stock market development and economic growth in the SAARC countries. The study aims to investigate the impact of stock market development, market size and market liquidity on economic growth in the SAARC countries.

**Design/methodology/approach** –Two independent variables with three dimensions (market capitalization, turnover ratio, total value traded ratio), including control variables as (foreign direct investment, household consumption expenditure, inflation rate, real interest rate) have been used over one particular dependent variable (GDP annual growth). Also, pooled OLS regression method has initially used to analyse the collected.

**Findings-** It indicated that market size positively affects the GDP and market liquidity inconclusively impacts GDP. It has been proved that the stock market development directly impacts on the economic growth of the country.

**Conclusion** – Policy decisions of these countries should focus on Stock market development indicators in order to support their economic growth.

**Keywords:** *Economic growth, SAARC countries, Stock market development.*