

ABSTRACT

This paper is in context with Indian Financial market and its growth after post-liberalisation era. And thus tried to show that how stock market and credit market (as a two component of financial market) has a significant impact on growth of financial market. Further, this study attempts to show the non-agricultural sector (in terms of industry and service sector) growth on financial market and thus their significant impact on the economic growth. The period has been taken from 1994-2010 and all data's are collected from RBI's Handbook of statistic.

Vector Autoregression Regression (VAR) framework has been used to show the linkage between stock market, credit market and non-agricultural sector (i.e. industry and service sector). The results of VAR Model indicated that there is a trilateral causal relationship between economic growth, credit market and stock market development. It has been inferred that stock market development has larger effect on economic growth than credit market development in India.