Empirical Economics Letters, 24 (Special Issue 1): pp. 95-105, (December 2025) ISSN 1681 8997
https://doi.org/10.5281/zenodo.17744227

Effect of Macroeconomic Factors and Events on the Indian Stock Market

Mandakini Garg, Udit Narayan[*] and Ujjwal Mishra[**]
Pranveer Singh Institute of Technology, Kanpur

Abstract: In today's era of financial inclusion, stock market investments have gained significant appeal among a diverse group of investors due to their potential to generate substantial returns over time. While the stock market offers immense opportunities for wealth creation and broader economic participation, its full potential remains underutilized, primarily because of the persistent presence of systematic risks that discourage certain investor groups. Investment decisions in the stock market are influenced by an interplay of macroeconomic and microeconomic factors. Microeconomic factors, such as personal financial planning and portfolio diversification, are largely within the control of individual investors. However, the behavior of macroeconomic variables is far less predictable and poses a considerable challenge. The Indian stock market, especially the lending index such as Sensex and Nifty, is influenced by GDP growth, inflation, interest rates, and unemployment. Their market trends, investment moods, and overall investment actions too, rely greatly on these indicators. This study analyzes how major national and international events impacted stock market trends between 2000 and 2024. It provides an invaluable look into how investors interact with the Indian economy ecosystem and how macro levels and global occurrences affect their investment actions.

Keywords: Investment, SENSEX, Portfolio Diversification

JEL Classification Number: G11, G14

---

[*] and [**]MBA student.