A Project Report
(16MBAPR407)

A STUDY ON IMPACT OF FOREIGN CURRENCY FLUCTUATIONS ON INDIAN STOCK MARKET WITH REFERENCE TO NIFTY
BY

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SUBMITTED TO

VISVESVARAYA TECHNOLOGICAL UNIVERSITY
BELAGAVI

In the fulfillment of the requirement for the award of the degree of
MASTER OF BUSNIESS ADMINISTRATION
Under the Guidance of

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May 2018

BMA Wealth Creators Ltd.

CERTIFICATE

This is to certify that Mr. SOMASHEKHAR C USN 1AY16MBA77 a student of MBA studying at ACHARYA INSTITUTE OF TECHNOLOGY, Bangalore has undergone the internship and has completed project titled as "**A study on Impact of Foreign Currency Fluctuation on Indian Stock Market With Reference To Nifty**" at BMA Wealth creators Ltd (Jayanagar Bangalore Branch) from the period of 15th January 2018 to 24th March 2018 in our company under the guidance of Ms. RASHMI RAJAN PADHI.

We wish to express our appreciation for his excellent work done and wish him all the success in his new endeavour.

Place: Bangalore

Date: 24-March-2018

External Guide

24/3/18

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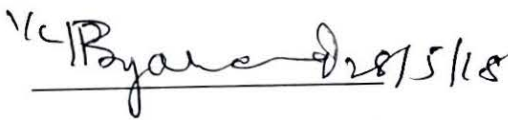14/1, Paul Mansion, 1st Floor, 6, Bishop Lefroy Rod, Kolkata 700020

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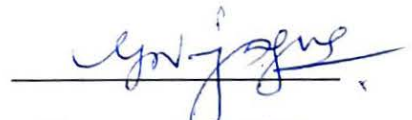
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CERTIFICATE

This is to certify that **Mr. Somashekhar C** bearing USN **1AY16MBA77** is a bonafide student of Master of Business Administration course of the Institute 2016-18 batch, affiliated to Visvesvaraya Technological University, Belgaum. Project report on **"A Study on Impact of Foreign Currency Fluctuations on Indian Stock Market with Reference to NIFTY at BMA Wealth Creators Ltd"** Bangalore is prepared by him under the guidance of **Dr. Prakash B Yaragol** in partial fulfillment of the requirements for the award of the degree of Master of Business Administration, Visvesvaraya Technological University, Belgaum, Karnataka.

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DECLARATION

I, **SOMASHEKAHR C** hereby declare that internship report entitled **"A STUDY ON IMPACT OF FOREIGN CURRENCY FLUCTUATIONS ON INDIAN STOCK MARKET WITH REFERENCE TO NIFTY"** at **BMA WEALTH CREATORS LTD, Bangalore** prepared by me under the guidance of DR. PRAKASH B YARAGOL, Professor of MBA Department, Acharya Institute of Technology and external assistance by Ms. RASHMI RANJAN PADHI unit head at BMA wealth creators ltd Bangalore.

I also declare this Internship work is towards the partial fulfillment of the university regulations for the award of the degree of Master of Business Administration by Visvesvaraya Technological University, Belgaum.

I have undergone a summer project for a period of TEN weeks. I further declare that this project is based on the original study undertaken by me and has not been submitted for the award of any degree/diploma from any other University Institution.

Place: Bangalore

Somashekhar C.
1AY16MBA77

ACKNOWLEDGEMENT

I would like to thank all of those who have helped and supported me in completing this project successfully.

Firstly I thank **Dr.S.C.Pilli** Principal,**Dr.Mahesh** Dean Academics and **Dr.Nijaguna G.** Head of the department of MBA of Acharya Institution of Technology for giving encouragement and support for completing the project.

I take this opportunity to thank our internal guide **Dr. Prakash B Yaragol**for his constant guidance in completing the project.

I wish to pay my heartfelt respect and regards to **Ms.RASHMI RANJAN PADHI** Bangalore, for the cooperation and support, which helped me successfully to accomplish my project work. Also, I am thankful to them for their valuable guidance given to me during the course of my project.

Finally, it gives me great pleasure to extend my thanks to my Parents, Family, Friends and all Teaching staff and Non-Teaching staff who have been instrumental either directly or indirectly for this constant encouragement in carrying out this project successfully.

Place: BANGALORE   **SOMASHEKHAR C**
                                                          1AY16MBA77

TABLE OF CONTENTS

LIST OF TABLES

LIST OF CHARTS

EXECUTIVE SUMMARY

This project gives the insight of the one of the oldest financial service providing firm BMA Wealth Creators located in Kolkata. The project gives the complete information about the organisation and the various kinds of services provided to the clients to satisfy to their needs, the firm's strengths, weakness, opportunities and threats are also analysed.

The economic development of the country mainly depends upon growth and efficiency of the stock markets. The efficiency and growth of stock markets largely depends on various macroeconomic factors. One of the main macroeconomic, external factors which have a major impact on activities of stock market is FOREIGN EXCHANGE RATE. So, to find whether the foreign currency fluctuation will affect the stock market of India or not and to provide suggestions to the investors on the basis of the conclusion derived.

Stock market and foreign currency fluctuation are having a significant relationship. So, in order to analyse these things we have taken closing prices of 5 NSE indices for 5years. Choosing 4 major foreign exchange rates which deals in Indian securities exchange (USD, GBP, EURO and JYEN) taking 5 years time span estimation of currencies against Indian rupee. Based on these information we figured yearly return for indices, we computed Regression analysis as a result we found that there is so significant relationship between foreign currency fluctuation and Indian stock market. So according to the examination we presume that effect of foreign currency fluctuation does not influence the Indian stock market. Financial investors while making ventures does not consider the foreign currency fluctuation as an indicator for analysing stock prices for making investment.

Chapter-1

INTRODUCTION

INTRODUCTION TO THE TOPIC

Day by day we go over news like Rupees' esteem slides to 69. We see levels of Indian Rupee going up or tumbling down against US Dollar. Have you at any point wondered what happens when estimation of a money acknowledge or deteriorate? All things considered, in this time of globalization where a scarcest change in one perspective can influence the countries identified with that viewpoint, we can't neglect the regular variances of foreign currency fluctuation which puts an enormous effect on an economy of a country. The problem area deals the same.

The effort has been made to find out the value of the currency, how foreign currency fluctuation influence stock prices of various organizations. This examination is to look at the time of effect of currency fluctuation on Indian securities exchange. In order to examine the impact and it has US dollar (USD) EURO, JYEN, POUNDS, and currency fluctuation against Indian rupee as independent factors and national stock index (NIFTY) as a dependent variable. The examination has been led for the time of five years from 2012 to 2017. Furthermore, carrying out regression analysis for the NSE indices with the different foreign currencies to find the co-relation and the impact of currency on the nifty due to which the nifty movement takes place. This investigation reasons that there is no impact of foreign currency fluctuation on NIFTY. Today's globalized economy and alternate monetary forms and universal financial system the impact of macroeconomic elements were directing the basics and details prevailing in the internal markets. In the current past, Indian securities exchange have seen greatest crash of around some cross worth of investments have vanished in a solitary day. So, it is felt that there is a need of inspecting the relative and the effect of US dollar, Euro, Pounds and JYEN fluctuations on Indian securities exchange. So as to watch the present economic situations and to reveal the actualities to the financial specialists(investors). This investigation purposes to take in the dynamics and Effect of fluctuations in the currency. Currency fluctuations are fundamentally the proceeding with deviations between the relative ethics of the cash dispensed by one nation when compared to various currencies. This effect of the various currencies every day It is these fluctuations that

investor in coinage trade exchanges appearance too carefully keeping in mind the end goal of incurring incomes from their assets. Exchange rates among the most watched, explored and legislatively operated economic measures.

1.01 INDUSTRY PROFILE

Stock Broking Company is a money related establishment which gives services like purchasing and selling of financial securities to the purchaser and seller. Stock broking firm generally trade with the assistance of specialists who help to manage investors money. They for the most part do stock exchanging and bond exchanging with their clients. Stock breakage additionally gives benefits like purchasing IPO, bonus shares etc. It is the registered representative, in which the investor buys and sells stocks and other securities through a stock market for a fee or commission. The employees of the stock broking company are entrusted with the responsibility of carrying out research in the market to provide optimum information to the investors, and in doing so they act as the pension fund managers and portfolio managers alike. The firm provides loans for certain approved clients to purchase investments, with applied terms and conditions.

The firm also provides up to date live stock prices and quotes. When the stock broking firm does the trade for its own account, it is known as broker dealer.

BOMBAY STOCK EXCHANGE

In the nineteenth period of Indian history the business men called Premchan Roychan established Bombay Stock Exchange (BSE). The primary stock exchange in India and oldest most stock exchange in Asia. The BSE is the 11 the biggest stock exchanges. The market capitalization of BSE as on July 2017 is $2 trillion.

BSE was framed with the assistance of 5 stock merchants. In the year 1957 the BSE was perceived by Indian government under Securities Contracts Acts. Later on in the ear 1986 the BSE created S&P BSE SENSEX. In the year 2000 the BSE utilized BSE SENSEX as device to open derivative market trading with S&P BSE SENSEX future markets.

BSE in the year 2012 moved toward becoming accomplice trade of United Nations Sustainable Stock Exchange activity.

NATIONAL STOCK EXCHANGE

"In the year 1992 the countries initially desalinated stock exchange was set up called National Stock Exchange (NSE). NSE is just stock exchange which give completely mechanized, screen based electronic exchanging framework. Vikram Limaye is present CEO and MD of NSE. The aggregate market capitalization of NSE is $1.41 trillion.

NSE's NIFTY 50 came into drive on 1996 and reveals to us top 50 financial companies in India and world. Nifty is managed by Indian Index and service Products (IISL).

NSE offers services like trading of securities, clearing and settlement process, trading of derivatives etc. NSE is the twelfth biggest stock exchange in the world. The fundamental companies of NSE are LIC, SBI, IFCI and IDBI Etc"[1]

SECURITIES AND EXCHANGE BOARD (SEBI)

"SEBI established in the year 1992, on April 12 according to the terms and conditions of securities and exchange board of India Act 1992. It is the watchdog for all the transactions carries out the security market in the market. The principle function of the SEBI is to supervise activities in connection to all the monetary activities by giving guidelines. The present CEO and chairman of SEBI is Ajay tyagi. It consists of 4 whole time directors and 4 part time directors. The major achievement of SEBI is making markets electronic and paperless and introducing T+2 settlement system in April 2003. The SEBI is responsive to 3categories of people that is investors, issuer of securities (issuing companies), brokers or any market intermediaries"[2]

INDIAN STOCK MARKET

Stock market is a very popular market where the company's shares and securities are traded. World's first stock market was establishes in Belgium, later on many countries started their own stock market.

MAJOR STOCK EXCHANGES IN INDIA
1. Bombay Stock Exchange.
2. Calcutta Stock Exchange.
3. National Stock Exchange.
4. Cochin Stock Exchange.
5. Over the Counter Stock Exchange (OTC).C

Capital market is a market for long term securities where the securities are bought and sold for more than a year. It channels the wealth of investors to long term productive use, such as companies or government making investments. There are importantly two types of capital market

- Primary Market
- Secondary Market

Primary market is a market where the company's issues shares for the first (initial) time. It also called as new issue market. It issues shares in order to raise the capital from the public.

Secondary Market is market where securities which are already issued are traded. The shares which are issued by primary market are traded in secondary market.

1.02 COMPANY PROFILE

BMA Wealth Creators is a firm which provides financial services to its clients. It was established in the year 2000. Its net worth is over Rs2000crores. It has a 40 plus branches and 7000 plus business partners all over India. It provides the services like equity, Commodity, mutual funds and Insurance. Its headquarters is located in Kolkata with over 1800 employees who are working for the success of the company. It has a highly qualified research team that

is lead by industry stalwarts and experts who contribute massively to the day to day trends of the market both in technical and fundamental parts.

It takes care of the dreams, needs, aspirations and concerns of its clients and builds a good relationship with them.

1.03 NATURE OF BUSINESS CARRIED

BMA WC Ltd is one of the India's leading stock brokerage companies. BMA WC Ltd also provided online trading, stock marketing and investments to country. The important features

- Providing Depository services
- Providing advisory services
- Opening trading account
- Opening Demat accounts
- Helps in online trading.
-

1.04 MANAGEMENT TEAM

CHAIRMAN AND MANAGING DIRECTOR:- Anubhav Bhatter

DIRECTOR:- Avinash Agarwalla

CEO:- Mrugesh Devashrayi

RESEARCH HEAD:- Dharmesh Rajdev

CHIEF HR OFFICER:- Sambit Kumar Ghosh

HEAD BROKING:- Sarat Murarka

KEY PERSON:- Asit kumar Ghosh and Shiv Kumar Damani

1.05 COMPANY VISSION AND MISSION

VISION

Aspire to be the global financial industry benchmark for providing integrated financial services building investor wealth and confidence.

MISSION

Strive to be global premier financial supermarket providing integrated investment services to our clients thereby partnering their aspirations and the growth of the society at large.

QUALITY POLICY

Our people: By promoting team work in the company, appreciating the talent, enhancing leadership quality and acting in time and carrying out the work in pride and passion.

Our service: By becoming the financial consultant to its clients, delivering good products and services to them and creating value.

Our technology: By trying unfaltering to deliver better technological platforms that enable our stakeholders into deriving better business with us.

Our innovation: By continuously striving to innovate ways to better our service and enhance the client connect experience.

 Our conduct: By providing a good and safe work place, respecting the work environment, caring for our communities and demonstrating high ethical standards.

1.06 BMA PRODUCTS AND SERVICES

BMA wealth creators provide various types of financial services to its clients. It provides quality and superior services. Following are the areas in which BMA wealth creators render services and satisfy its investors and clients:-

- Equity Broking: The firm arrangements in value offers and subsidiaries. Offers are an offer in an organization's offer capital. It is the littlest unit of an association's offer capital. Open purchase shares and get profits as indicated by economic situations and profit approach of the association

- Derivative Broking: these are the instruments that derive from other securities, which are referred to as underlying assets. The price, risk and function of the derivative depend on underlying asset. When the underlying asset is affected the derivative is affected. Commonly included underlying asset are stocks, commodities, bonds, interest rates etc.

- Life and General Insurance:
  1. LIFE INSURANCE - Life is brimming with startling amazements. Unpredictable occasions can strike abruptly and upset the smooth beat of life whenever. Subsequently, one should dependably guarantee the monetary security of his/her family. So BMA offers one of the best life insurance plans.

2. <u>GENERAL INSURANCE</u> – BMA WC oversees life covers as well as person's life by and large. They have faith in avoiding potential risk and remaining shielded from disasters which can happen whenever, wherever. That is the reason BMA WC offers you a portion of the best designs accessible in General Insurance fragment:

- Motor Insurance
- Health Insurance Program
- Fire Insurance
- Burglary Insurance
- Travel Insurance

- <u>Depository Services</u>: BMA WC is putting forth a large number of administrations under one rooftop likewise incorporates unparalleled Depository Services. BMA WC is an enrolled part/Depository Participant of both CDSL (Central Depository Services Ltd.) and NSDL (National Securities Depository Ltd.), in this manner giving the clients a choice to pick their storehouse benefits as well as the chance of exchanging at one place.

- <u>Investment Advisory</u>: BMA WC has an aptitude group who give venture counsel to their customers relying upon the report put together by the exploration board of trustees. The venture suggestions assist the financial specialists with making choice and follow up on. They likewise furnish quality item and administrations with one of the great research program offices.

- <u>Mutual funds</u>: it is an investment vehicle that is made up of pool of funds from many investors for the purpose of investing in the stocks, money market instruments and various other assets. Mutual funds are operated by money managers who invest the pooled funds in order gain capital gains. It is constructed in such a way that it matches the investment objectives of the pooled investors.

- <u>Initial Public Offerings</u>: At the point when shares are being offered by any organization to open for acquiring in showcase out of the blue, it is known as IPO. An IPO has a specific opening and shutting date. An IPO must be over 90% bought in of what the firm has offered to people in general before the end date generally the entire

IPO gets wiped out and the cash so gathered must be returned back to the general population.

- Commodity Broking: Items like Gold, Silver and Copper and so on which are utilized as a part of everyday life are additionally exchanged through a broking house. As a matter of fact SEBI characterizes a great deal size of these items and that much amount must be purchased by a speculator or in numerous of the part measure characterized keeping in mind the end goal to buy a ware.
- Bonds: An obligation instrument issued for a specific time of planned typically over a year to raise capital. BMA WC gives a phase were the administration or corporate organizations can pitch their securities to the overall population. The organization ensures that the intrigue and singular amount sum is paid on the development.

- Currency trading: Cash Derivatives are Future and Options contracts which you can purchase or offer particular amount of a specific money match at a future date. It is like the Stock Futures and Options however the fundamental happens to be money match (i.e. USDINR, EURINR, JPYINR OR GBPINR) rather than Stocks

- Fixed Deposits: A Fixed Deposits is a budgetary instrument given by Indian banks which give financial specialists a higher rate of interest than a general investment account, until the point when the given development dates. It could possibly require the making of a different record. It is known as time deposit..
The characterizing standard for a fixed deposit is that the cash can't be pulled back from the FD. Note that banks may offer lesser financing costs under unverifiable monetary conditions. The financing cost fluctuates in the vicinity of 4 and 11 percent. Organization Fixed Deposits are the settled stores plans offered by an organization and it wins a settled rate of return over some stretch of time. Such stores are additionally acknowledged by Financial Institutions and Non-Banking Finance Companies (NBFCs). Organization Deposits offer higher rate of interests than typical Fixed Deposits

1.07 AREA OF OPERATION

It has a 40 plus branches and 7000 plus business partners all over India. It provides the services like equity, Commodity, mutual funds and Insurance. Its headquarters is located in Kolkata with over 1800 employees who are working for the success of the company.

1.08 INFRASTRUCTURE FACILITIES

BMA provides good infrastructural facilities to their employee and company. They provide the best environment and one of the best work place to their employee.

- They provide a good place and clean environment for work for employee.
- They also maintain good ventilation facilities in order have work efficiency.
- They provide all office necessary (computer, tables, stationary, etc) to their employee.
- They also internet facilities for employee all time for work need with speed network connection.
- They also provide quality product and services with one of the good research program facilities.

1.09 COMPETITORS

BMA wealth creators are the main financial service provider in India. It has many competitors in the field. The main competitors are

- Angel Broking Ltd
- Share khan Ltd
- Motilal Oswal Securities Ltd
- ICICI Securities Ltd
- Religare Ltd

1.10 SWOT ANALYSIS

SWOT analysis is a method of recognising the strength and weakness of the organisation and to forecast the opportunity and threat of the organisation. It is an effective way to run the company.

It also provides information about the resources and capability of the company. It also helps in formulation of strategy and policy of the company.

- Strength-It is the internal capacity of the company.

- Weakness- It is internal disadvantage of the company.
- Opportunity- Provides external positive information which helps the company.
- Threat- provides external negative information to take preventive measures.

1.11 SWOT ANALYSIS OF BMA WEALTH CREATORS

STRENGHTS

- It has its branches located in more than 3000 locations all over the country.
- They have a good reliability.
- They provide both online and offline services.
- They have a good brand image compared to other organisation.
- They have good research expertise.
- They provide excellent services to their clients.
- They provide IPO and mutual fund facilities to their customers.

WEAKNESSES

- They do not go for much of promotional activities like advertisement.
- They carry high level of risk.
- Entry of clients/investors to the business is less.

OPPOTUNITIES

- Market development and Growth will play a positive picture in the minds of the clients to contribute.
- Flourishing monetary market in nation and also around the world.
- Still there are people who have money in their pockets but they are unaware about how market works or what are the complications
- Exploring the new market.

THREATS

- High level of competition in the industry.
- A change in technology also affects the business.
- A change in the policies of the capital market.
- Competitors charge a less rate of brokerage which decreases the clients from BMA WC.

1.12 FUTURE GROWTH AND PROSPECTUS

- Company has a decent research group with better system in diversifying and it is having better systems administration, quality research and customized administrations.

- It is as of now having more branches in south India and wanted to open more in north India with speed web offices.

- Within the coming 5-6years organization expects to become a market pioneer in financial administrations.

- With an intention of Development and Growth, It has dispatch IPOs in the year 2011.

CHAPTER 2

CONCEPTUAL BACKGROUND AND LITERATURE REVIEW

2.1 THEORETICAL BACKGROUND OF THE FOREX MARKET

Until the mid-1970s, due to the steady administration of the rate, foreign trade was considered as a system only to make exchange shipments. With the fall of the Breton Woods agreement and the rise of significant monetary standards, the conduct of foreign exchange policy for the national banks was an extraordinary challenge as currency fluctuations opened up tremendous opportunities for traders to exchange cash volatility in the borderless market

The market in India has been preserved since exchange rate controls have limited the development of capital, and banks have been urged to continue to cover and keep the market square.

Gradually, a request was made to allow banks in India to exchange FOREX. Due to this request, the RBI allowed banks to try to exchange FOREX during the day in 1978, as a first step. As a result, the determination of adherence to a square or near border location was agreed to foreclosure every day. The rate of the position that has been detected overnight (free position) and the limitations that traders have exchanged on the day have been selected by the bank's management.

As profit opportunities began to appear, the major banks began offering bidirectional prices against rupees even in currencies (rupees), and the volume of trades gradually began to increase. This made it possible to fundamentally change the exchange rate regime in 1975, when the rupees were divided by pounds of sterling and under a controlled floating arrangement; the external value of the rupee was determined by the RBI in relation to the weighted basket of currencies of India's main trading partners. Given the RBI's obligation to buy and sell unlimited pound sterling (intervention currency) stemming from the Bank's business transactions, its buy / sell quotations have effectively become the support around the market.

As volumes grew, it was found that the desire to profit led to the observance of very different procedures (some of which were irregular), dictated mainly by the size of the players, their

location, the expertise of the traders and the availability of means of communication. a set of instructions relating to a whole range of transactions to be followed by banks dealing with FOREX trading. Therefore, in 1981, "instructions for internal control of foreign exchange" were created for admission by banks.

During the 1980s, the macroeconomic situation deteriorated, which eventually justified a structural change in the exchange rate regime, which had an impact on the FOREX market. Large and persisting external imbalances have been reflected in an increasing level of internal indebtedness. Higher depreciation of the rupee could not offset the deepening of the inflation gap between India and the rest of the world, and the rupee exchange rate was still overvalued. The Gulf Problems of August 1990, due to the fragile state of the economy, caused an unprecedented crisis of liquidity and trust. This unprecedented crisis has called for extraordinary remedial action. At the same time, the country has taken adjustment measures to stabilize the economy and start structural reforms that would restore the impetus for stable growth.

As the initial phase towards this route, the RBI suffered a two-stage downward revision of rupees in July 1991. At the same time, given the ultimate goal of providing a closer arrangement between prices and imports, the EXIM plot was presented. The plan provides a lift that transmits and with the experience gained in the plan was thought to regulate part of the motivational power and pass it with a value tool while protecting basic imports from money differences. In this way, with effect from 1 March 1992, the RBI initiated a double-rate trading agreement under the Liberalized Exchange Rate Scheme (LERMS). For this purpose, 40% of business revenue must be surrendered at the rate set by the RBI and RBI is obliged to offer external trade only for imports of basic goods such as oil, fertilizers, life-saving drugs and others. than the duty of general administration. Adaptation of 60% could be changed in market-driven prices. The plan worked with an acceptable market set-up for its developing part, and Rupee remained really stable, with the range between authority and market rate of around 17%.

Even through a double frame for the exchange of degrees it worked admirably, it is, as far as possible, derives a certain assessment of exporters and settlements. In addition, it avoided a thorough division of property. LERMS was essentially a transitional system and in March 1993 two legs of the trade rates joined and started modified LERMS. He stipulated that form

on March 2, 1993; All the FOREX receipt could be changed in the exchange rates decided. During the following eighteen months, the limitations on several other current record exchanges were casual and on August 20, 1994, the Rupee became fully convertible for all current record records and the nation formally recognized the commitments under Article VIII of the Article of Agreement of the IMF

2.2 LITERATURE REVIEW

Seifert(1992.), investigated GARCH outline for day-to-day statistics as of the US, the U K, Germans and Japanese, exposed that complete alterations in stocks earnings have optimistic impact on exchange rates instability.

Maaysami Koh(2000.), studied influences of the interests rates and conversations rates of stocks revenues and displayed that those exchanges rates and interests rates stay as the elements in stock values.

Iqbal and Haider (2005) analysed that risk aspects rise from variations in certain important monetary and commercial variable namely interest rate, price rises, existent commercial movement, and argument rate between additional variables.

Abhayy. Pethee and Ajitt Kaarnik (2000.) analysed that inter − relationship flanked by stock values and significant macro-economic variants, vice interchange rates against INR vis-a-vis USD, main advancing rates, narrow money supply, and index of industrial production.

Solniks (1987.) studied outlook it shows adverse connection among stock market & native currencies. Specify that the 1st and 2nd-order effect of conversation rates change significantly affect differentiated selections in the US shares market.

Takeshi(2008) studied uni-directional connection from stock revenues to FII movements, unrelated of the example historical in India whereas the opposite interconnection works only post 2003.

Stone(2009) examine that in 2005, the rand was maintained by high product values, foreign straight investment movements, and optimistic economic data for SA in spite of the rising current account shortage. After left over relatively stable, the conversation rate encountered devaluate on weights in 2006.

Edwards, Biscarri and Gracia, (2003), Huang and Yang , (2000),Jayasuriya, (2005) Investigated the variability also lean towards to growth nearby some actions: earning declarations, integration, gossips showed, etc. The result of the liberalization on the unpredictability of the market is also substantial.

Mishras (2004.) examine, present is No theoretic agreement On the interface flanked by stocks rates& exchanges rates.

BenassyQuere, Fontagné, and LahrecheRevil, (2001.)investigated interchange rates was 1 of more significant essentials in background fiscal rules in the developing states. Indeed, conversation rates procedures play a main part to invite direct external investment and to swallow the spread stages. The left over part of the work is controlled as follow. In the 2nd section, we give a theoretic background of the relationships among Forex rate and stocks revenues. In this 3rd sector, we gave an explanation of these data's and method utilised.

Martins & Zdzienickas(2009.) examined lesser conversation rates unpredictability related high development, high shares of FDI, high current accounts shortages, and high additional acclaim.

Adjasis & Biekpes(2005.) examined in the large-Run interchange rates reduction indicates to growth of stocks market value within certain nations & in the small-Run, conversation rates devaluation decrease stock market yields.

Schnabl, G. (2007). Studied, in attendance not any Co-Integration among conversation rates and the Malaysia's stocks marketplaces among lengthy route, duo sage connection study discloses Uni-directional causation happens interchange rates to those stocks markets with small course.

Ndri Konans Leon.(2008.) studied the interests rate, it vital influence explanation stock markets profit moderately with instability.

Engles & Rangels (2005.) were examined relation among those unqualified instability & a no. of macro-economic variants. They incorporated macro-economic info in a straight line estimate of such Garch methods. Was established the predictions of macro-economic variants may be frequently combined with unpredictability calculations on shares indices yields.

Rizwan and Khan (2007) examined clarified variable reputation of local macro-economic variants used clarifying connection in the middle of stocks earnings & instability in Karachi's stocks conversations. A weakening in conversation rates ambiguity although improves worth clearness increasing effectiveness of amount machineries at global Phase.

Allayanis and Ofeks(2001.), Allayanis, Browns and Klaper,(2001.). Investigated the threat organization in overall it decrease improbability around the commercial outcomes of those

company. These detail spirit shrivel the instability of those stocks yields. Consuming equivocation tools also diminish infection flanked by marketplaces. Though these processes were expensive can reduce efficiencies of the business.

Ma & KaoS (1990.) studied money gratefulness depressingly disturbs the local stocks markets for Export-leading state and definitely influences the internal stocks marketplaces, Import-Dominant states, looks to be reliable properties market place concept.

Schwerts (1990.) analysed actions of stocks yield instability everywhere, stocks market places cracks & expose stocks market instability obstacles intensely throughout smash & revenues to little Pre-Crashes stages fast.

Domelys & Sheehys (1996.) examine that contemporary connection among imported argument rates and the market places price huge local or domestic vendors in their learning.

Khoo,S (1994.) analysed excavating firms financial experience by means of conversion rates, Interest Rates & prices of Oils ,exposed the understanding of stocks revenues relating difference rates undertaking, quantity of stocks profits clarified through Forex rate measure were little.

2.3 RESEARCH GAP

Most of the studies have used regression analysis tool to examine the foreign currency fluctuation impact on Indian stock market. In this study we have used the regression tool for both individual currency and the multiple currencies.

The individual currency is taken up to analyse with the various Nifty indices and also all the 4 currencies are taken up with the individual Nifty index to examine the impact.

CHAPTER 3
RESEARCH DESIGN

3.1 STATEMENT OF THE PROBLEM

"A study on impact of foreign currency fluctuation on Indian stock market with reference to Nifty"

3.2 NEED FOR THE STUDY

The study is undertaken in order to find out or examine the impact of foreign currency fluctuation on the Indian stock market and the various macro economic factors which influence the exchange rate by using 4 major foreign currencies. The study also helps in suggesting the investor that the foreign exchange fluctuation does not influence the stock prices and the investment can be made without any hesitation.

3.3 OBJECTIVE OF THE STUDY

- To examine the impact of foreign currency fluctuations on volatility of the Indian stock market with reference to Nifty.
- To give the suggestions to the investors

3.4 SCOPE OF THE STUDY

The target of the examination is to comprehend those elements which influence foreign exchange rates and how the exchange rates affects price of shares of various listed organizations. The problem study deals with the different kinds of currencies like Dollar of US, Pound of Britain, Euro of Europe, Yen of Japan and Indian Rupee. It additionally manages how Indian Rupee's value has devalued throughout the years against all other currencies said before.

The exchange rate volatility has an imperative association with Indian securities exchange for this reason we have taken NSE records we have mainly 10 indices 5 from Broad based and 5 from Sector based indices separately, in those lists we taken every day closing price in

connection to this we taken Four major Foreign currency exchange rates USD, GBP, EURO and JYEN day by day price against INR. Both Stock Indices and Exchange rates information are gathered for a long time period to understand the macroeconomic variables.

3.5 RESEARCH METHODOLOGY

Data source: - The data is collected from the secondary source. The daily closing price of NIFTY indices is collected form NSE official website (www.nseindia.com) and varying currency values against Indian rupee is fetched from RBI official website (www.rbi.org.in)

Sample size: - The data is fetched for the period of 5years from 1/04/2012 to 30/03/2017.

Analytical research: - In Analytical Research, the researcher need to use actualities or data effectively accessible, and examine them to make a assessment of the collected information. It includes the inside and out examination and assessment of accessible data trying to clarify complex marvel. In other words it uses the available information to evaluate the critical problems and under goes in depth study.

Tools and Techniques used:-
Regression analysis
Return of indices

HYPOTHESIS
The following hypothesis is used to find the relationship between the foreign currency fluctuation and stock price.

> H0: There is a no significant relationship between NIFTY and currency fluctuations.
> H1: US Dollar has a significant relationship on NIFTY
> H2: Euro has a significant relationship on NIFTY
> H3: Japanese YEN has a significant relationship on NIFTY.
> H4: Pound Sterling has a significant relationship on NIFTY

LIMITATIONS

- Only few currency exchange rates were taken into consideration against Indian rupee. There are other currencies which can affect the stock price of the Indian stock market.

- Only 5 NSE indices were considered for the analysis and computation.

- The data is collected for only 5years for the analysis.

- The authenticity of the data while doing the calculations can be a limitation.

- The statistical tool regression analysis is only used for the examination/finding conclusion to the study.

- The company has the limitation to disclose their financial details , so a detailed analysis of financial performance of the company is not possible

CHAPTER- 4

DATA ANALYSIS AND INTERPRETATION

4.1 REGRESSION ANALYSIS OF NIFTY 50

Table No.1.1: Table showing Regression Statistics of NIFTY 50 with EURO

Regression Statistics	
Multiple R	0.250
R Square	0.063
Adjusted R Square	0.062
Standard Error	0.936
Observations	1198

Analysis and Interpretation:

Table shows that R value is 0.250 indicate positive co-relation between NIFTY 50 indices with fluctuation of European currency Euro. The R square value is 0.063 which indicates 6.3% of movement of NIFTY50 is dependent on EURO. The other 93.7% is affected by other factors or variables which influence the volatility of NIFTY 50

Table No.1.2 Table showing Regression statistics Of NIFTY 50 with GBP

Regression Statistics	
Multiple R	0.157
R Square	0.025
Adjusted R Square	0.024
Standard Error	0.955
Observations	1198

Analysis and Interpretation:

Table shows that R value is 0.157 which indicates positive co-relation between NIFTY 50 with fluctuation of Britain currency GBP. The R square value is 0.025 which indicates 2.5% of movement of NIFTY 50 stock is dependent on GBP. The other 97.5% is due to other factors or variables which impact on volatility of NIFTY 50 index

Table No.1.3 Table showing Regression statistics of
NIFTY 50 with JYEN

Regression Statistics	
Multiple R	0.324
R Square	0.105
Adjusted R Square	0.104
Standard Error	0.915
Observations	1198

Analysis and Interpretation

The above table gives the summary that the R value is 0.324 which indicates positive Co-relation between NIFTY 50 with the fluctuation of currency rate of Japanese YEN.

The R square value is 0.105 which indicates 10.5 % of Nifty Index is impacted because of fluctuation of Yen currency and the other 89.5% is due to other factors and variables.

Table No.1.4 Table showing Regression statistics
Of NIFTY 50 with USD

Regression Statistics	
Multiple R	0.260
R Square	0.067
Adjusted R Square	0.067
Standard Error	0.934
Observations	1198

Analysis and Interpretation

Table shows that R value is 0.260 which indicates positive co-relation between NIFTY 50 indices with fluctuation of American currency Dollars. The R square value is 0.067 which indicates 6.7% of impact of USD on NIFYTY 50 index. The other 93.3% is due to other factors or variables which impact on volatility of NIFTY 50 index.

**Table No.1.5 Table showing model summary analysis
of NIFTY 50 with all the 4 currencies.**

Regression Statistics	
Multiple R	0.362
R Square	0.131
Adjusted R Square	0.128
Standard Error	0.903
Observations	1198

	Coefficients	t Stat	P-value
Intercept	0.050866	1.949163	0.05151
USD	-0.19144	-4.79035	1.87E-06
JYEN	-0.27833	-6.90493	8.15E-12
GBP	0.117532	2.190126	0.028708
EURO	-0.17876	-3.10556	0.001944

Analysis and Interpretation

The above table shows that the R value is 0.362 which indicate positive co-relation between NIFTY 50 and all the 4 foreign currencies like USD, YEN, GBP, and EURO. The R square value is 0.131 which indicates 13.1% of the movement of NIFTY 50 is dependent on all 4 independent variables (foreign currencies like USD, JYEN, GBO and EURO). The remaining 86.9% is independent or influenced by other variables and factors.

1.1 Chart showing average return Nifty 50 for 5 years (2012-2015)

YEAR	AVERAGE RETURN
2012-13	3%
2013-14	7%
2014-15	10%
2015-16	-4%
2016-17	7%
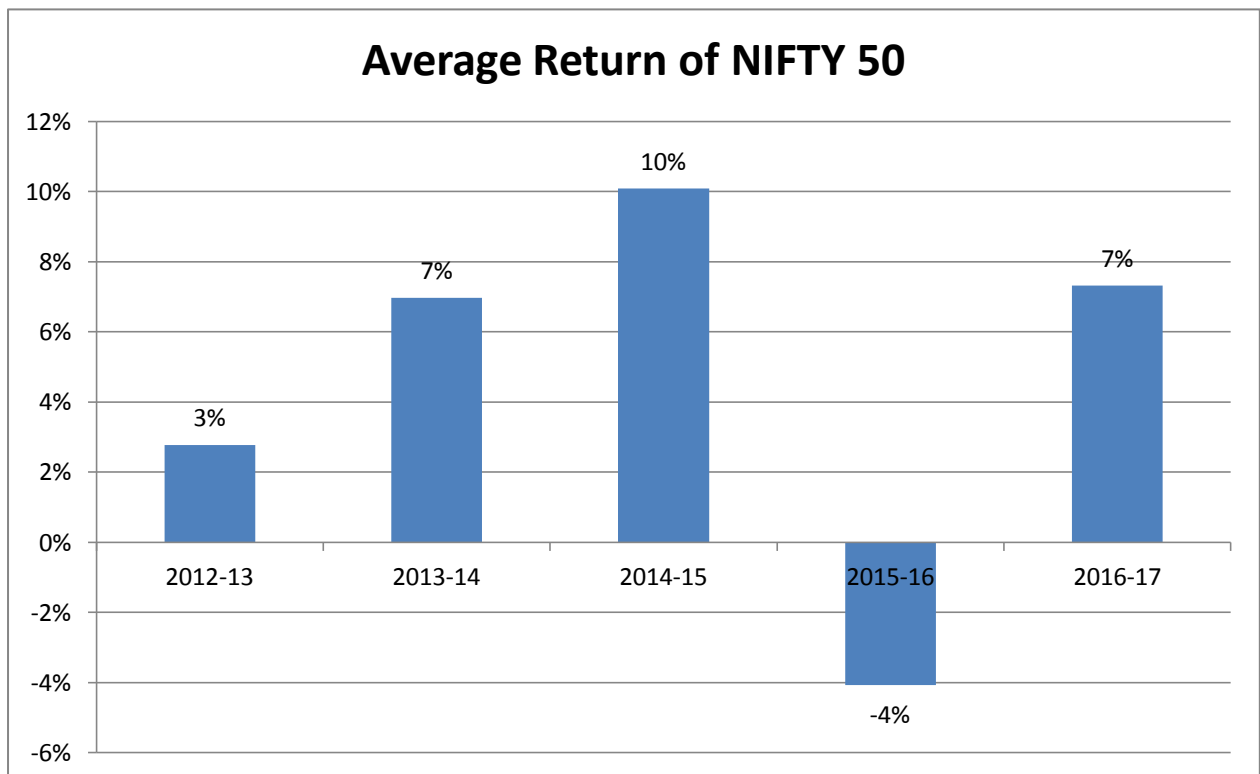
Analysis and Interpretation

The above chart indicates that the average return of Nifty 50 is increasing slowly from 2012-15 and in 2015-16 the Nifty 50 is negative and it again gained progress in 2016-17.

4.2 Regression analysis if NIFTY100

Table No.1.6Table showing model summary analysis of NIFTY 100 with EURO.

Regression Statistics	
Multiple R	0.259
R Square	0.067
Adjusted R Square	0.066
Standard Error	0.929
Observations	1198

Analysis and Interpretation

The table shows that the R value is 0.259 which indicates that it has positive co-relation between NIFTY 100 with the fluctuation of the European currency Euro. The R square value is 0.067 that is 6.7% which indicates that the impact on European currency on NIFTY is only 6.7% and the remaining 93.3% is influenced by other factors.

Table No.1.7Table showing model summary analysis of NIFTY 100 with GBP.

Regression Statistics	
Multiple R	0.166
R Square	0.028
Adjusted R Square	0.027
Standard Error	0.948
Observations	1198

Analysis and Interpretation

The table shows that the R value is 0.166 which indicates that it has positive co-relation between NIFTY 100 with the fluctuation of the Britain currency GBP. The R square value is 0.028 which is 2.8% which indicates that the impact of GBP on NIFTY is only 2.8% and the remaining 97.2% is influenced by other factors or it is independent.

Table No.1.8 Table showing model summary analysis of
NIFTY 100 with JYEN

Regression Statistics	
Multiple R	0.263
R Square	0.069
Adjusted R Square	0.069
Standard Error	0.928
Observations	1198

Analysis and Interpretation

Table shows that R value is 0.327 which indicates positive co-relation between NIFTY 100 indices with fluctuation of Japanese currency YEN. The R square value is 0.107 which indicates 10.7% of impact YEN on NIFYTY 100 index. The other 89.3% is due to other factors or variables which impact on volatility of NIFTY 100 index.

Table No.1.9Table showing model summary analysis of
NIFTY 100 with USD

Regression Statistics	
Multiple R	0.327
R Square	0.107
Adjusted R Square	0.106
Standard Error	0.909
Observations	1198

Analysis and Interpretation

Table shows that R value is 0.263 which indicates positive co-relation between NIFTY 100 with fluctuation of American currency Dollars. The R square value is 0.069 which indicates 6.9% of impact of USD on NIFYTY 100index. The other 93.1% is due to other factors or variables which impact on volatility of NIFTY 100 index.

Table No.1.10 Table showing model summary analysis of NIFTY 100 with all the 4 currencies.

Regression Statistics	
Multiple R	0.366
R Square	0.134
Adjusted R Square	0.131
Standard Error	0.896
Observations	1198

	Coefficients	t Stat	P-value
Intercept	0.055444395	2.140406	0.032524
USD	-0.190790497	-4.80951	1.71E-06
JYEN	-0.272658676	-6.81467	1.5E-11
GBP	0.107123046	2.011018	0.044548
EURO	-0.186979862	-3.27258	0.001096

Analysis and Interpretation

The above table shows that the R value is 0.366 which indicates positive co-relation between NIFTY 100 and all the 4 foreign currencies like USD, YEN, GBP, and EURO. The R square value is 0.134 which indicates the movement of NIFTY 100 is dependent only 13.4% on all 4 independent variables (foreign currencies).

1.2 Chart showing average return Nifty 100 for 5 years (2012-2015)

YEAR	%RETURN	RETURN
2012-13	3%	0.026986
2013-14	7%	0.069008
2014-15	11%	0.113906
2015-16	-4%	-0.03713
2016-17	8%	0.081211
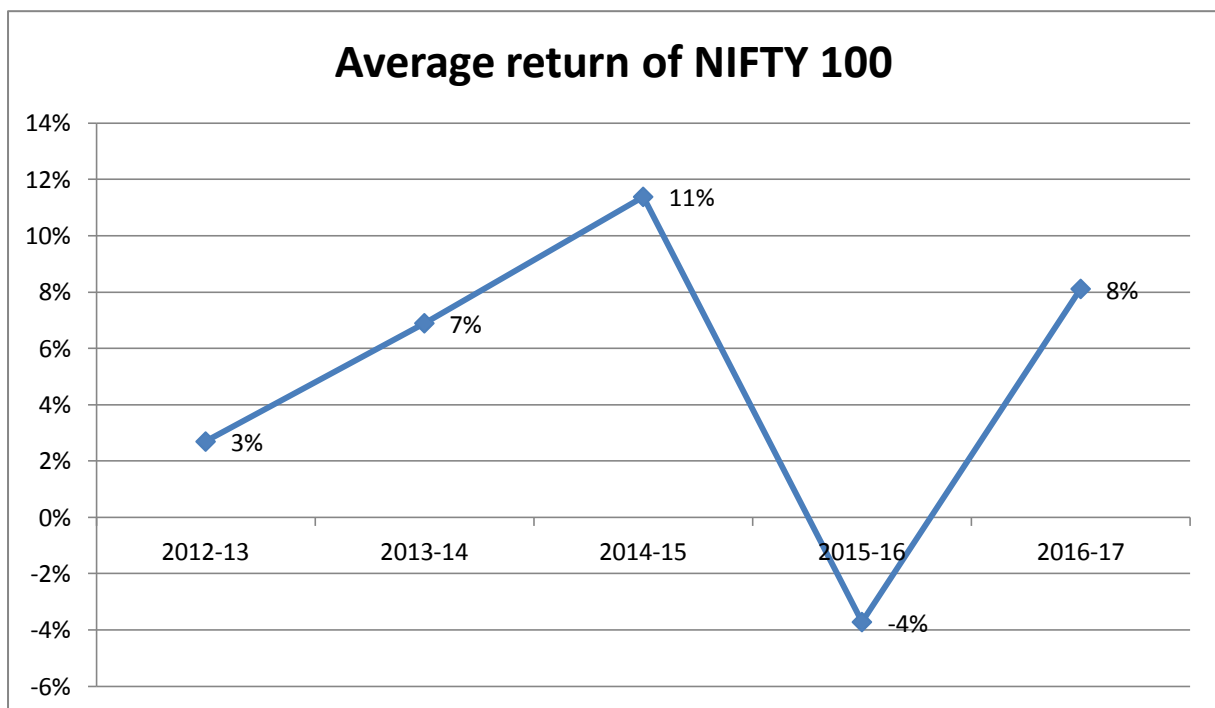
Average return of NIFTY 100

Analysis and Interpretation

The above chart indicates that the average return of Nifty 100 is increasing from 2012-15 in 2015-16 the Nifty 100 has a negative slope and it again gained progress in 2016-17.

4.3 Regression analysis of NIFTY 200

Table No.1.11 Table showing Regression statistics of NIFTY 200 with EURO

Regression Statistics	
Multiple R	0.248
R Square	0.061
Adjusted R Square	0.061
Standard Error	0.932
Observations	1198

Analysis and Interpretation

Table shows that R value is 0.248 indicate positive co-relation between NIFTY 200 indices with fluctuation of European currency Euro. The R square value is 0.061 which indicates 6.1% of NIFTY 200 relation with Euro. The other 93.9% is affected by other factors or variables which influence the volatility of NIFTY 200 index

Table No.1.12 Table showing Regression statistics of NIFTY 200 with GBP

Regression Statistics	
Multiple R	0.166
R Square	0.027
Adjusted R Square	0.027
Standard Error	0.949
Observations	1198

Analysis and Interpretation

The table shows that the R value is 0.166 which indicates that it has positive co-relation between NIFTY 200 with the fluctuation of the Britain currency GBP. The R square value is 0.028 which is 2.8% which indicates that the impact of GBP on NIFTY is only 2.8% and the remaining 97.2% is influenced by other factors.

Table No.1.13 Table showing Regression statistics of
NIFTY 200 with JYEN

Regression Statistics	
Multiple R	0.296
R Square	0.088
Adjusted R Square	0.087
Standard Error	0.919
Observations	1198

Analysis and Interpretation

Table shows that R value is 0.296 indicate positive co-relation between NIFTY 200 indices with fluctuation of European currency Euro. The R square value is 0.088 which indicates 8.8% of NIFTY 200 movement is dependent on Euro. The other 91.2% is affected by other factors or variables which influence the volatility of NIFTY 200 index.

Table No.1.14 Table showing Regression statistics of
NIFTY 200 with USD

Regression Statistics	
Multiple R	0.254
R Square	0.065
Adjusted R Square	0.064
Standard Error	0.931
Observations	1198

Analysis and Interpretation

The above table shows that the R value is 0.254 which indicates positive co-relation between NIFTY 200 and USD. The R square value is 0.065 which is 6.5 % which indicates relation between USD and the NIFTY 200. The remaining 93.5% is influenced by other variables and factors.

Table No.1.15 Table showing model summary analysis of NIFTY 200 with all the 4 currencies.

Regression Statistics	
Multiple R	0.340
R Square	0.116
Adjusted R Square	0.113
Standard Error	0.906
Observations	1198

	Coefficients	t Stat	P-value
Intercept	0.055209383	2.107526	0.03528
USD	-0.191302493	-4.76855	2.08E-06
EURO	-0.184026218	-3.1849	0.001486
GBP	0.082274443	1.527283	0.126956
JYEN	-0.228554467	-5.64855	2.02E-08

Analysis and Interpretation

The above table shows that the R value is 0.340 which indicates positive co-relation between NIFTY 200 and all the 4 foreign currencies like USD, YEN, GBP, and EURO. The R square value is 0.116 which indicates 11.6% movement of NIFTY 200 is dependent on all 4 foreign currencies like USD, GBP, JYEN and EURO. The remaining 86.6% is influenced by other variables and factors.

1.3 Chart showing average return Nifty 200 for 5 years (2012-2015)

YEAR	%RETURN	RETURN
2012-13	2%	0.021952
2013-14	7%	0.065598
2014-15	12%	0.116516
2015-16	-4%	-0.03762
2016-17	9%	0.0859
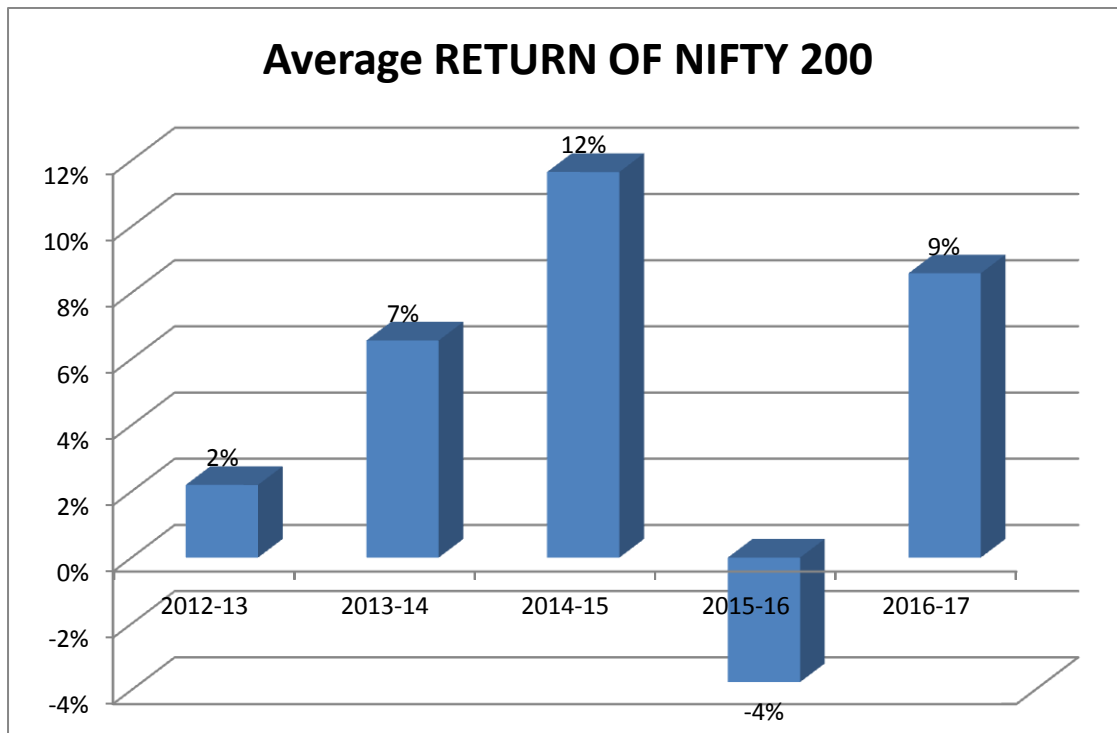
Average RETURN OF NIFTY 200

Analysis and Interpretation

The above chart indicates the average return of the NIFTY 200 index. The return of the NIFTY 200 was having positive return till 2015 but in the year 2015-16 it has negative return and it again became positive in 2016

4.4 Regression analysis of NIFTY 500

Table No.1.16 Table showing Regression statistics of NIFTY 500 with EURO

Regression Statistics	
Multiple R	0.266
R Square	0.071
Adjusted R Square	0.070
Standard Error	0.918
Observations	1198

Analysis and Interpretation

The table shows that the R value is 0.266 which indicates that there is a positive co-relation between Nifty 500 and EURO. The R square value is 0.071 which indicates 7.1% of movement of NIFTY200 is dependent on EURO.

Table No.1.17 Table showing Regression statistics of NIFTY 500 with GBP

Regression Statistics	
Multiple R	0.173
R Square	0.030
Adjusted R Square	0.029
Standard Error	0.938
Observations	1198

Analysis and Interpretation

The above table shows that the R value is 0.173 which indicates that there is a positive co-relation between Nifty 500 and GBP. The R square value is 0.030 which indicates there is 3% of impact of GBP on NIFTY 500 and the remaining is independent.

Table No.1.18 Table showing Regression statistics of
NIFTY 500 with JYEN.

Regression Statistics	
Multiple R	0.330
R Square	0.109
Adjusted R Square	0.108
Standard Error	0.899
Observations	1198

Analysis and Interpretation

Table shows that R value is 0.330 indicate positive co-relation between NIFTY 500 indices with fluctuation of YEN. The R square value is 0.109 which indicates 10.9% of NIFTY 500 movement is dependent with YEN. The other 89.1% is affected by other factors or variables which influence the volatility of NIFTY 500 index.

Table No.1.19 Table showing Regression statistics of
NIFTY 500 with USD.

Regression Statistics	
Multiple R	0.266
R Square	0.071
Adjusted R Square	0.070
Standard Error	0.918
Observations	1198

Analysis and Interpretation

The above table shows that the R value is 0.266 which indicates positive co-relation between NIFTY 500 and USD. The R square value is 0.071 which is 7.1 % which indicates relation between USD and the NIFTY 500. The remaining 92.9% is influenced by other variables and factors.

Table No.1.20 Table showing model summary analysis of NIFTY 500 with all the 4 currencies.

Regression Statistics	
Multiple R	0.370
R Square	0.137
Adjusted R Square	0.134
Standard Error	0.885
Observations	1198

	Coefficients	t Stat	P-value
Intercept	0.056783216	2.218243	0.026726
USD	-0.188825378	-4.81676	1.65E-06
JYEN	-0.26745872	-6.76445	2.09E-11
GBP	0.100762899	1.914187	0.055835
EURO	-0.19453876	-3.4455	0.00059

Analysis and Interpretation

The above table shows that the R value is 0.370 which indicate positive co-relation between NIFTY 500 and all the 4 foreign currencies like USD, YEN, GBP, and EURO. The R square value is 0.137 which is 13.7 % which indicates relation between all 4 independent variables (foreign currencies) and the NIFTY 500. The remaining 86.3% is influenced by other variables and factors.

1.4 Chart showing average return Nifty 100 for 5 years (2012-2015)

YEAR	%RETURN	RETURN
2012-13	2%	0.017954
2013-14	6%	0.064922
2014-15	12%	0.122921
2015-16	-4%	-0.03524
2016-17	9%	0.090373
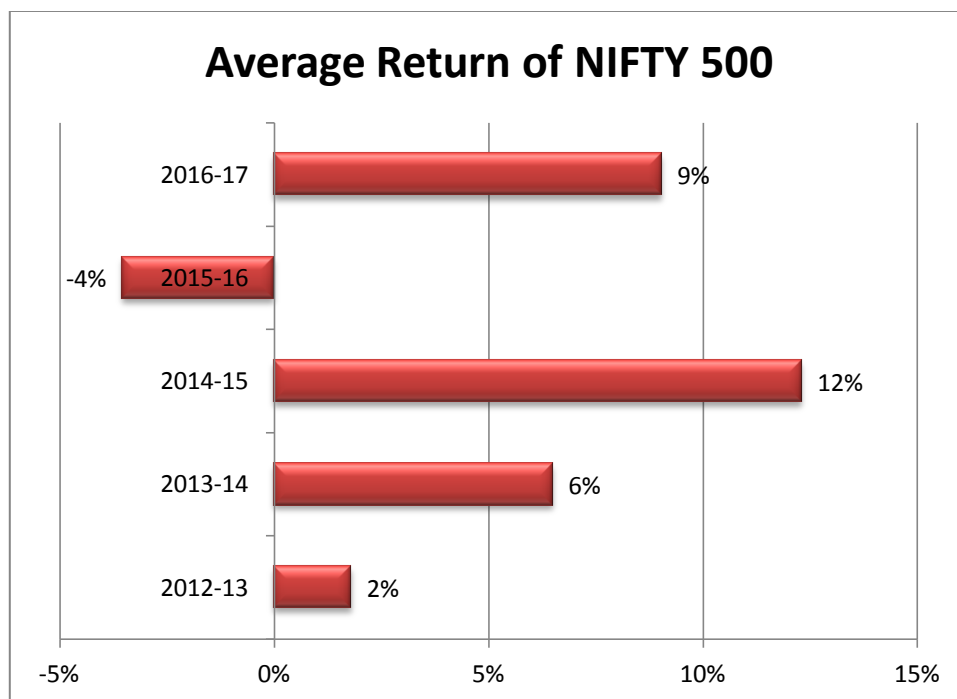
Average Return of NIFTY 500

Year	Return
2016-17	9%
2015-16	-4%
2014-15	12%
2013-14	6%
2012-13	2%

The above chart indicates the average return of the NIFTY 500 index. The return of the NIFTY 500 was having positive return till 2015 but in the year 2015-16 it has negative return and it again became positive in 2016-17.

4.5 Regression analysis of NIFTY NEXT 50

Table No.1.21 Table showing Regression statistics of
NIFTY NEXT 50 with EURO

Regression Statistics	
Multiple R	0.270
R Square	0.073
Adjusted R Square	0.072
Standard Error	1.052
Observations	1198

Analysis and Interpretation

Table shows that R value is 0.270 indicate positive co-relation between NIFTY NEXT 50 indices with fluctuation of European currency Euro. The R square value is 0.073 which indicates 7.3% of movement of NIFTY50 is dependent on EURO. The other 92.7% is affected by other factors or variables which influence the volatility of NIFTY NEXT 50

Table No.1.22 Table showing Regression statistics of
NIFTY NEXT 50 with GBP

Regression Statistics	
Multiple R	0.186
R Square	0.035
Adjusted R Square	0.034
Standard Error	1.074
Observations	1198

Analysis and Interpretation

The table shows that R value is 0.186 indicate positive co-relation between NIFTY NEXT 50 indices with fluctuation of GBP. The R square value is 0.035 which indicates 3.5% of movement of NIFTY50 is dependent on EURO.

Table No.1.23 Table showing Regression statistics of

NIFTY NEXT 50 with JYEN

Regression Statistics	
Multiple R	0.304
R Square	0.092
Adjusted R Square	0.092
Standard Error	1.041
Observations	1198

Analysis and Interpretation

Table shows that R value is 0.304 indicate positive co-relation between NIFTY NEXT 50 indices with fluctuation of Japanese currency JYEN. The R square value is 0.092 which indicates 9.2% of movement of NIFTY50 is dependent on JYEN. The other 90.8% is affected by other factors or variables which influence the volatility of NIFTY NEXT 50

Table No.1.24 Table showing Regression statistics of

NIFTY NEXT 50 with USD

Regression Statistics	
Multiple R	0.252
R Square	0.063
Adjusted R Square	0.063
Standard Error	1.058
Observations	1198

Analysis and Interpretation

Table shows that R value is 0.252 indicate positive co-relation between NIFTY NEXT 50 indices with fluctuation of US Dollars. The R square value is 0.063 which indicates 6.3% of movement of NIFTY50 is dependent on USD. The other 93.7% is affected by other factors or variables which influence the volatility of NIFTY NEXT 50

Table No.1.25 Table showing model summary analysis of

NIFTY NEXT 50 with all the 4 currencies

Regression Statistics	
Multiple R	0.349
R Square	0.122
Adjusted R Square	0.119
Standard Error	1.025
Observations	1198

|	Coefficients	t Stat	P-value
Intercept	0.07684769	2.592528	0.009644
USD	-0.196931475	-4.33824	1.56E-05
JYEN	-0.254085308	-5.54957	3.53E-08
GBP	0.069388354	1.138345	0.255205
EURO	-0.244262986	-3.736	0.000196

Analysis and Interpretation

The above table shows that the R value is 0.349 which indicates positive co-relation between NIFTY NEXT 50 and all the 4 foreign currencies like USD, YEN, GBP, and EURO.

The R square value is 0.122 which is 12.2 % which indicates that the movement of NEXT 50 is dependent on all 4 independent variables (foreign currencies) at 12.2% only. The remaining 87.8% is influenced by other variables and factor

1.5 Chart showing average return Nifty Next 50 for 5 years (2012-2015)

YEAR	%RETURN	RETURN
2012-13	2%	0.024797
2013-14	7%	0.066889
2014-15	16%	0.158443
2015-16	-1%	-0.01499
2016-17	12%	0.12424
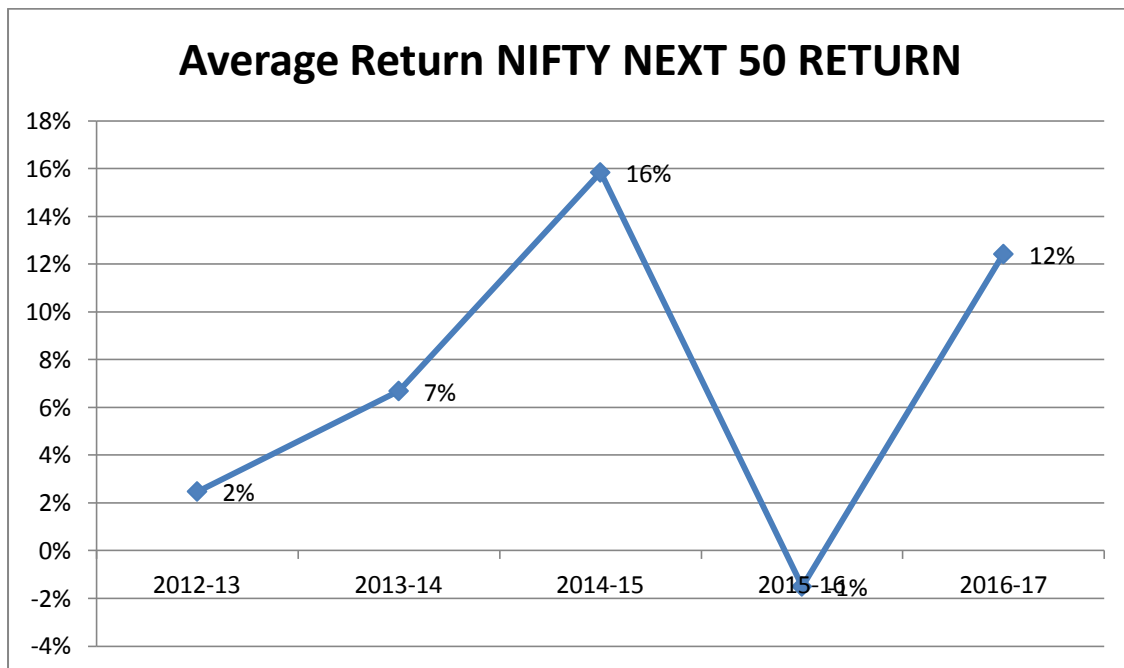
Analysis and Interpretation

The above chart indicates the average return of the NIFTY 500 index. The return of the NIFTY 500 was having positive return till 2015 but in the year 2015-16 it has negative return and it again became positive in 2016-17.

CHAPTER 5
SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSION

SUMMARY OF FINDINGS

- From the examination it is discovered that, the co-effective of INR_USD, INR_GBP, INR_EURO, and INR_JYEN were discovered insignificant for all the chosen stock indices of National Stock Exchange (NSE). The above statements disclose that as per above estimations of study it clearly indicates that there is no Influence of FOREIGN CURRENCY fluctuation on the Indian Stocks Market.

- From the above amalgamated regression table we effortlessly found that the effect of foreign currency volatility does not influence the not even a single NSE stock index in the course of 5 years. The 5 NSE indices for example, nifty50, nifty100, nifty200, nifty 500, nifty next 50 with the examination of four principle Exchange rates in connection to INR, for example, USD, GBP, EURO and JYEN individually were altogether observed to be significant so we can easily analyse that foreign currency fluctuation will won't influence the Indian stock market.

- The co-relation of all the 4 currencies for NIFTY50 is 0.362 which indicates that there is no much movement of NIFTY50 due to foreign currency fluctuation

- The co-relation of all the 4 currencies for NIFTY 100 is 0.366 which indicates there is positive correlation and for NIFTY 200 is 0.340, nifty 500 and nifty next50 is 0.370 and 0.349 respectively.

- From the above analysis only NIFTY next 50 is affected to the most as it has a positive correlation of 0.370. It is because it contains only few stocks, hence it is affected the most than any other.

- From all the most significant than 4 currencies only GBP has a positive coefficient which states that GBP price are the most significant than EURO, JYEN and USD.

- From the above return analysis of the NSE indices it is found that the return of all the indices is negative in the year 2015-16 due to impact of various other factors other than foreign currency fluctuation.

- The average return of the NIFTY indices indicated the state of economy of the country as most of the top companies are under the NIFTY index and hence it can be found that it has a positive growth from 2012-2015 but in 2015-16 it has a negative growth due to various reasons.

SUGGESTIONS

As indicated by the above investigation in the wake of all the pertinent approaches and its examination clearly tells that foreign currency fluctuation does not influence the Stock market of India. Since there was no effect of volatility of exchange rates to Indian capital market/securities exchange of India. We can give important exhortation to the general population who are keen on making investment in stock market, we will recommend to all the investors while they are investing, if there is volatility in the exchange rates it won't impact the Stock market. So don't consider foreign currency volatility as an important factor as factor to invest in Indian securities exchange.

As the currency fluctuations do not influence the Indian stock market, the investors can also go for FOREX trade separately. This includes trading of currencies were the currency of one nation is traded or exchanged for a value with another nation currency. The investor can also make gains through FOREX trade.

CONCLUSION

Under this examination we can undoubtedly comprehend that foreign currency fluctuation doesn't influence money markets. According to the regression analysis carried out we found that fluctuation of trade rates against INR, for example, USD, GBP, EURO and JYEN separately. These don't have any effect on the Indian securities exchange in the course of the last 5years. So Investors while making interest in the share trading system don't consider the foreign currency fluctuation as a factor of budgetary pointer or instrument.

The examination covers important indices of the NSE and it can be used for taking decisions. There are lot other stocks or indices which might be affected by the foreign currency fluctuation but most of the top rated companies which are under NSE indices are included in NIFTY.

From the above amalgamated regression table we effortlessly found that the effect of foreign currency volatility does not influence the not even a single NSE stock index in the course of 5 years. The 5 NSE indices for example, nifty50, nifty100, nifty200, nifty 500, nifty next 50 with the examination of four principle Exchange rates in connection to INR, for example, USD, GBP, EURO and JYEN individually were altogether observed to be significant so we can easily analyse that foreign currency fluctuation will won't influence the Indian stock market.

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DEPARTMENT OF MBA

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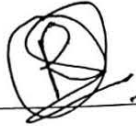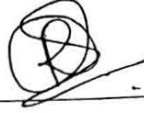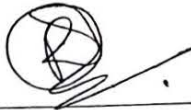Name of the Student: **Somashekhar C**

USN No: 1AY16MBA77

Internal Guide: DR. Prakash B Yaragol

Specialization: Core Finance

Title of the Project: **"A Study on Impact of Foreign Currency Fluctuations with Reference to Nifty**

Company Name & Address: BMA WEALTH CREATORS LTD, Bangalore

Week	Work undertaken	External Guide Signature	Internal Guide Signature
15-01-18 to 20-01-18	Orientation with the company. Collection of secondary data relating to industry and Organization.		
22-01-18 to27-01-18	Orientation with functional department of the organization and detailed study of department.		
29-01-18 to03-02-18	Finalization of problem area of the study and finalization of research objectives and Methodology.		
05-02-18 to 10-02-18	Finalization of data collection		
12-02-18 to17-02-18	Discussion with the external guide and internal guide. Formation of hypothesis. Classification and analysis of collected		
19-02-18 to24-02-18	Conducting regression analysis for all the nifty indices with 4 different currencies		

26-02-18 to 03-03-18	Compilation of research data and interpretation of data.		
05-03-18 to10-03-18	Data analysis and Finalization of report.		
12-03-18 to17-03-18	Finalization of project report and approval of draft by company and college guide.		
19-03-18 to24-03-18	Report submission to the Institution.		

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2