



**THE ROLE OF STOCK MARKET DEVELOPMENT ON
ECONOMIC GROWTH: EVIDENCE FROM HIGH
INCOME, UPPER MIDDLE INCOME AND LOWER MIDDLE
INCOME COUNTRIES**

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TABLE OF CONTENTS

	Page
TITLE PAGE	i
DECLARATION OF ORIGINAL WORK	ii
LETTER OF TRANSMITTAL	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENTS	v
LIST OF FIGURES	viii
LIST OF TABLES	ix
ABSTRACT	xii
CHAPTER 1 INTRODUCTION	
1.0 Background of Study	1
1.1 Problem Statement	2-3
1.2 Research Objectives	4
1.3 Research Questions	5
1.4 Scope of Study	5
1.5 Limitation of Study	5-6
1.6 Significant of Study	6-7
1.7 Organization Of Thesis	8-9
CHAPTER 2 LITERATURE REVIEW	
2.0 Introduction	10
2.1 Theoretical Review	10-11
2.2 Empirical Evidence	12-22

2.3	Conclusion	23
CHAPTER 3 DATA AND METHADODOLOGY		
3.0	Introduction	24
3.1	Data Description	24-25
3.2	Data Collection Method	26-27
3.3	Sampling Design	28-29
3.4	Empirical Model	30-31
3.5	Hypothesis Development	32-34
3.6	Estimation Procedure	34-37
3.7	Software	37
3.8	Research Flow	38
3.9	Conclusion	39
CHAPTER 4 FINDINGS		
4.0	Introduction	40
4.1	Descriptive Statistics Test	41-44
4.2	Unit Root Test	45-47
4.3	Pool ability test	48-50
4.4	Regression Test	51-53
4.5	Diagnostic Check	54-63
4.6	Hypothesis Test	64-65
4.7	Conclusion	65
CHAPTER 5 DISCUSSION AND CONCLUSION		

ABSTRACT

This study examines the relationship between stock market development and economic growth for high income country, middle income country and lower middle country, using 15 countries with time frame started 2007 to 2016 using panel method. This study using three proxies of stock market development factor, namely stock traded, turnover ratio and market capitalization, while economic growth measured by GDP growth rate. The result suggest a positive relationship between all the independent variables towards the economic growth GDP. According to the finding, this study find out, there is insignificant relationship for high income country, while for lower middle income country most show a good performance towards the variable on economic growth. These finding have clear policy implication, they provide the evidence that strengthening the stock market development will help enhance economic growth in the country. Therefore, the government need to restructured and encourage stock market development for country in order to grow economic profitability.