



**A STUDY OF MACROECONOMIC VARIABLES THAT EFFECTS
SHARIAH INDEX IN INDIA**

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DECLARATION OF ORIGINAL WORK



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- This work has not previously been accepted in substance for any degree, locally or overseas and is not being concurrently submitted for this degree or any others degrees
- This project paper is the result of my independent work and investigation, except where otherwise stated
- All verbalism extract have been distinguished by quotation marks and source of my information have been specifically acknowledged.

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LETTER OF SUBMISSION

27TH APRIL 2011

The Head of Program
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Dear Madam,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled “A Study on Macroeconomic Variables that Effects Shariah Index in India” to fulfill the requirement as needed by the Faculty of Business Management, University Technology MARA

Thank You

Your Sincerely

.....
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ABSTRACT

Shariah Index is a type of index that consist of stocks that are shariah-compliant. It means that the stock is from company that follow the Islamic law which is shariah law. It includes in prohibition of non-halal product such as pork and tobacco and also non-halal activities such as gambling. This study tries to discover the relationship between interest rates, exchange rates and inflation rates with shariah index in India which is FTSE Shariah India Index. Multiple Linear Regression model is applied on the monthly data of those macroeconomic variables and shariah index for three years period which is from January 2008 to December 2010. The results shows that all the macroeconomic variables has significant effect with the shariah index in India. In addition, the findings also shows that only inflation rates has positive relationship on the shariah index in India while the other two has negative relationship.

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