# An Event Study Analysis of Impact of General Elections on Stock Market Performance (Nse National Stock Exchange) 

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#### Abstract

Stock Market which is the barometer of the economy gets affected by many factors in the economy. Different economic factors make the stock market move in either direction. Political factor is one of the crucial factors among all other factors. Especially the elections and there results makes a sea change in the stock markets. This study is conducted with the sample of companies from different sectors to find out the impact of elections on investment decisions of the investors as well as on the stock returns on their investments. The study has found that INDEX which is the indicator of stock market volatility shows abnormal movements during the period of elections announcement up to the election results. This abnormality causes surprise and anxiety amongst the investors resulting into the sentimental decisions. This study is mainly focused on effects of $14^{\text {th }}$ Loksabha elections. The study is conducted on sample of 4 company stocks picked from different sectors from NSE List. The data is considered from the ten days before and 10 days after $(-10,+10)$ announcement of election results. This study is conducted with the help of event study methodology. In the event study, single factor model is applied on the secondary data of the selected stocks of NSE to analyze the results.


Key Words: - Elections, Stock Market, Impact, Event Study

## Introduction:-

In India tenure of an elected Government is of 5 years. After every five years or after the dissolution of the Government before the completion of the tenure, elections are announced by the President. The Indian general election of 2014 was held to constitute the 16th Lok sabha, electing members of parliament for all 543 parliamentary constituencies of India. This historical election was the longest election conducted over a period of $7^{\text {th }}$ April to $14^{\text {th }}$ May 2014. The results were declared on 16th May 2014. The Bhartiya Janta Party (BJP) emerged as a single largest party with a sweeping victory, taking 336 seats. It is the first time since the 1984 in Indian general elections that a party has won enough seats to govern without the support of other parties. This landslide victory had brought a new array of optimism and hope across the economic front of the Indian State. Right from common man up to the industrialist everybody had great expectations from the new government. During the different phases of the election and especially after the declaration of the exit polls it was almost assumed that BJP would form the new government with full majority. This particular event had brought a positive movement in the Indian stock exchanges. Stock Market which is barometer of the economy had already sniffed the change and had behaved accordingly. Due to the different sentiments, excitements and strategies of all the players in the stock market, as expected share prices of important stocks showed a great volatility during the period of election and specially after the declaration of the results.

Event Study: - An event study is a statistical method to assess the impact of an event on the value of a firm. The event methodology can be used to elicit the effects of any type of event on the direction and magnitude of stock price changes, it is very versatile. Event studies are thus common to various research areas, such as accounting and finance, management, economics, marketing, information technology, law, and political science. On the one hand, there is research investigating the stock market responses to economy-wide events (i.e., market shocks, such as regulatory changes, or catastrophic events). On the other hand, event studies are used to investigate the stock market responses to corporate events, such as mergers and acquisitions, earnings announcements etc.

## OBJECTIVE OF THE STUDY:-

To analyze the movement of NSE index with the help of selective 4 individual Companies stocks during the event of 14h Loksabha election.

To find out whether this event of Loksabha election makes any significant effect on price movements and returns of the selected 4 stocks of individual companies.

## LIMITATION OF THE STUDY

Only NSE Index was used to collect data.
Only Lok Sabha Election 2014 details were used to collect data.
Only Selected Stocks from different sectors in the economy were chosen as the sample study which is very small to generalize the conclusions.

## Research Methodology:-

For this study the Single Factor Market Model was chosen which is very popular and gives the results within certain limitations. Market Model, which is assumed to have 'a liner relationship between the expected return of a company's share price and the stock market index. "The market model states that the security's performance is related to its portfolio's performance according to its beta. Thus the expected return of a security can be calculated by using the Simple Liner Regression Model based on the market return. In statistics, simple linear regression is any approach to modeling the relationship between one scalar variable y and one variable denoted X. The aim is to find out the relationship between two sets of values in order to build the equation and model the unknown parameters.

## Companies Selected For the Study:-

The following 4 Companies Individual stocks were considered for the analysis of study.

| Sr. No. | Name of the Company | Name of the Sector |
| :---: | :---: | :--- |
| 1 | ONGC | Public Sector |
| 2 | Reliance Industries | Conglomerate |
| 3 | Maruti Suziki | Automobile |
| 4 | Airtel | Telecommunication |

STEPS Followed in the research methodology can be summarized as follows;

## Step 1:- Selection of event window for the event study:-

## TIMELINE OF EVENT STUDY:-



Figure 1.1:- Typical Event Study Windows.
The Window concepts in above diagram can be explained as below;

1. Estimation Window: - The estimation window is the period of trading days before the event date) that is used to estimate the expected return for each assent and each event.
2. Event Window:-The event window is the period of trading days over which you want to calculate abnormal returns. In many studies the maximum event window includes 41 trading days symmetrically surrounding the identified event day, abbreviated ( $-20,+20$ )

For the study purpose; following window period were fixed for the research
Event Day: - $16^{\text {th }}$ May 2014 (Date of announcement of Loksabha Elections
Estimation Window: - One year before the event window i.e. share prices of the period 2-05-2013 to 30-04-2014.

Event Window: - The event window for which the actual abnormal returns are $(-10,+10)$ calculated is 10 days before and 10 days after the date of actual announcement of election results. The event window dates considered for study are of the period $2^{\text {nd }}$ May 2014 to 30th May 2014.

Step-2:- Calculation of the Return: - The return on the share prices of the company is selected for the study and the market return in which the shares of the selected companies are traded.

Return on Share price of the Selected Company:-
Since we want to see the impact of some particular event on the share prices of the particular company, the next step is to calculate the return on the share prices. One can use the following formula to calculate the return on share prices:

$$
R t=\frac{P_{i t}-P_{i t-1}}{P_{i t-1}}
$$

Where;
$\mathrm{R}_{\mathrm{it}}$ is the return of company "i" in time period " t ", $\mathrm{P}_{\mathrm{it}}$ is the closing share price in time period $t$ and $\mathbf{P}_{\mathrm{t}-\mathrm{i}}$ is the closing share price in time period " $t-1$ "

## Market Return:-

To calculate the expected return the data for the market return is necessary. The market return for the study will depend on the company selected for the study. For this study the Nifty-Fifty daily closing prices were taken for the period of 2-05-2013 to 30-04-2014.

Step-3:- Calculation of the expected Return:-
Event study helps to examine a significant difference between the expected return of the share prices and the actual return of the share prices. Calculation of actual return is shown in (step 2). Expected return of the share price can be calculated by regression with the following equation:

$$
E\left(R_{i t}\right)=\alpha_{i}+\beta_{i} R_{m t}+\varepsilon_{t}
$$

Where;
$E\left(R_{i t}\right)$ is the expected return on share price.
$R_{m t}$ is market return at the time period t .

## Step-4:- Calculation of Abnormal Return:-

The abnormal return is the difference between the actual return and the market return. It is calculated as:

Step -5:- Calculation of Cumulative Abnormal Return:-
The cumulative average abnormal return for the study period is calculated as follows:


Step-6:- Conducting T Test:- (Significance Test)
The last and the final step of the event study is to test whether the event leads to abnormal return in the share prices or not using $t$ - test.
t - test is performed as follows:

## AR/ standard error

Now if the average abnormal return is within the range from $-1.96 \%$ to $+1.96 \%$ ( $95 \%$ Significance Level) then the resulted value will be considered as significant.

The actual study is done in excel and all the necessary formulas for the above calculation from Step 1 to Step 5 are utilized to find the results.

## Results and Discussion:-

Result No.1:- Showing Application of Single Factor Model on the Share Prices and returns of ONGC for the event period.

Table 1.1.1 Calculations of Different Variables

| Single Factor Model |  |
| :---: | ---: |
| INTERCEPT | - |
|  | 0.05835 |
| SLOPE | 1.210 |
|  | 737 |
| STANDARTD ERROR | 1.620 |
|  | 662 |
| RSQARE | 0.415 |

Table 1.1.2:- Calculation of T Test and Significance Test:-

| Event Window | Date | Abnormal Return | T Stat | Significance Test | Cumulative Abnormal Return |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Post Event Window | $\begin{array}{r} 30- \\ \text { May-14 } \end{array}$ | 1.217179 | $\begin{array}{r} 0 . \\ 751038 \end{array}$ | NO | 17.79437 |
|  | $\begin{gathered} 29- \\ \text { May-14 } \end{gathered}$ | -2.5099 | $1.54869$ | NO | 16.57719 |
|  | $\begin{array}{r} 28- \\ \text { May-14 } \\ \hline \end{array}$ | -2.61813 | 1.61547 | NO | 19.08709 |
|  | 27- | -2.40776 | - | NO | 21.70522 |


|  | May-14 |  | 1.48566 |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | $\begin{gathered} 26- \\ \text { May-14 } \end{gathered}$ | -0.49794 | $0.30725$ | NO | 24.11297 |
|  | $\begin{gathered} 23- \\ \text { May-14 } \end{gathered}$ | 3.938168 | $\begin{array}{r} 2 . \\ 429974 \end{array}$ | YES | 24.61092 |
|  | $\begin{gathered} 22- \\ \text { May-14 } \\ \hline \end{gathered}$ | -1.27438 | 0.78633 | NO | 20.67275 |
|  | $\begin{array}{r} 21- \\ \text { May-14 } \end{array}$ | -0.25949 | $0.16011$ | NO | 21.94713 |
|  | $\begin{array}{r} 20- \\ \text { May-14 } \end{array}$ | -3.92344 | 2.42088 | YES | 22.20662 |
|  | $\begin{array}{r} 19- \\ \text { May-14 } \\ \hline \end{array}$ | 8.299106 | $\begin{array}{r} 5 . \\ 120811 \\ \hline \end{array}$ | YES | 26.13005 |
| Event Day | $\begin{array}{r} 16- \\ \text { May-14 } \end{array}$ | 1.622257 | $\begin{array}{r} 1 . \\ 000984 \\ \hline \end{array}$ | NO | 17.83095 |
| Pre Event Window | $\begin{array}{r} 15- \\ \text { May-14 } \\ \hline \end{array}$ | 2.953116 | $\begin{array}{r} 0 . \\ 751038 \end{array}$ | NO | 16.20869 |
|  | $\begin{array}{r} 14- \\ \text { May-14 } \\ \hline \end{array}$ | -1.06132 | $1.54869$ | NO | 13.25558 |
|  | $\begin{gathered} 13- \\ \text { May-14 } \end{gathered}$ | 3.983553 | 1.61547 | YES | 14.31689 |
|  | $\begin{array}{r} 12- \\ \text { May-14 } \\ \hline \end{array}$ | 3.168641 | 1.48566 | NO | 10.33334 |
|  | $\begin{array}{r} 9- \\ \text { May-14 } \\ \hline \end{array}$ | 4.245543 | $0.30725$ | YES | 7.164699 |
|  | $\begin{array}{r} 8- \\ \text { May-14 } \\ \hline \end{array}$ | -0.18996 | $\begin{array}{r} 2 . \\ 429974 \end{array}$ | NO | 2.919156 |
|  | $\begin{array}{r} 7- \\ \mathrm{May}-14 \\ \hline \end{array}$ | -0.45604 | 0.78633 - | NO | 3.109112 |
|  | $\begin{array}{r} 6- \\ \text { May-14 } \end{array}$ | 0.689001 | 0.16011 | NO | 3.565152 |
|  | $\begin{array}{r} 5- \\ \text { May-14 } \end{array}$ | 1.98923 | 2.42088 | NO | 2.876151 |
|  | $\begin{array}{r} 2- \\ \text { May-14 } \end{array}$ | $1.4374$ | $\begin{array}{r} 5 \\ 120811 \\ \hline \end{array}$ | NO | 0.886921 |

So after analyzing the above tables \& Graph it is seen that the model applied shows significant impact of General Elections 2014 on return of ONGC Shares during the event period. The significant impact is observed before and after the event date i.e. $16^{\text {th }}$ May 2014.

## Result No.2:- Showing Application of Single Factor Model on the share prices \& returns of Reliance Industries for the event period.

Table 2.1.1 Calculations of Variables:-

| Single Factor Model |  |
| :--- | ---: |
| INTERCEPT | -0.05835 |
| SLOPE | 1.210737 |
| STANDARTD ERROR | 1.620662 |
| RSQARE | 0.415416 |

Table 2.1.2 Calculation of T Test and Significance Test:-

| Event Window | Date | Abnormal Return | T Stat | Significance Test | Cumulative Abnormal Return |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Pre Event Window | $\begin{array}{r} 30- \\ \text { May-14 } \end{array}$ | -0.75475 | $0.65681$ | NO | 11.59567 |
|  | $\begin{array}{r} 29- \\ \text { May-14 } \\ \hline \end{array}$ | -1.03123 | 0.89741 | NO | 12.35042 |
|  | $\begin{gathered} 28- \\ \text { May-14 } \end{gathered}$ | -1.14712 | 0.99826 | NO | 13.38165 |
|  | $\begin{array}{r} 27- \\ \text { May-14 } \\ \hline \end{array}$ | -1.79203 | 1.55948 | NO | 14.52877 |
|  | $\begin{array}{r} 26- \\ \text { May-14 } \\ \hline \end{array}$ | -2.3104 | 2.01058 | YES | 16.32079 |
|  | $\begin{gathered} 23- \\ \text { May-14 } \end{gathered}$ | 2.392126 | $\begin{array}{r} 2 . \\ 081699 \end{array}$ | YES | 18.63119 |
|  | $\begin{gathered} 22- \\ \text { May-14 } \\ \hline \end{gathered}$ | 2.055873 | $\begin{array}{r} 1 . \\ 789082 \end{array}$ | NO | 16.23907 |
|  | $\begin{array}{r} 21- \\ \text { May-14 } \\ \hline \end{array}$ | -0.13437 | 0.11693 | NO | 14.1832 |
|  | $\begin{array}{r} 20- \\ \text { May-14 } \\ \hline \end{array}$ | -3.65512 | 3.18079 | YES | 14.31756 |
|  | $\begin{array}{r} 19- \\ \text { May-14 } \\ \hline \end{array}$ | 3.710697 | $\begin{array}{r} 3 . \\ 22916 \\ \hline \end{array}$ | YES | 17.97268 |
| Event Day | $\begin{array}{r} 16- \\ \text { May-14 } \\ \hline \end{array}$ | 2.424333 | $\begin{array}{r} 2 . \\ 109727 \\ \hline \end{array}$ | YES | 14.26198 |
| Post Event Window | $\begin{array}{r} 15- \\ \text { May-14 } \end{array}$ | 0.752779 | $655091$ | NO | 11.83765 |
|  | $\begin{array}{r} 14- \\ \text { May-14 } \\ \hline \end{array}$ | -1.69761 | 1.47731 | NO | 11.08487 |
|  | $\begin{gathered} 13- \\ \text { May-14 } \end{gathered}$ | 3.317545 | $\begin{array}{r} 2 . \\ 887027 \end{array}$ | YES | 12.78248 |
|  | $\begin{gathered} 12- \\ \text { May-14 } \end{gathered}$ | 3.069875 | $\begin{array}{r} 2 . \\ 671497 \\ \hline \end{array}$ | YES | 9.464936 |
|  | $\begin{array}{r} 9- \\ \text { May-14 } \end{array}$ | 3.810666 | $\begin{array}{r} 3 . \\ 316155 \\ \hline \end{array}$ | YES | 6.395061 |
|  | $\begin{array}{r} 8- \\ \text { May-14 } \end{array}$ | -0.05726 | $0.04983{ }^{-}$ | NO | 2.584395 |
|  | $\begin{array}{r} 7- \\ \text { May-14 } \\ \hline \end{array}$ | -0.25985 | $0.22613$ | NO | 2.641652 |
|  | $\begin{array}{r} 6- \\ \text { May-14 } \\ \hline \end{array}$ | 1.727611 | $\begin{array}{r} 1 . \\ 503419 \\ \hline \end{array}$ | NO | 2.901501 |
|  | $\begin{array}{r} 5- \\ \text { May-14 } \\ \hline \end{array}$ | 2.00012 | $\begin{array}{r} 1 . \\ 740564 \\ \hline \end{array}$ | NO | 1.17389 |
|  | $\begin{array}{r} 2- \\ \text { May-14 } \\ \hline \end{array}$ | -0.82623 | $0.71901$ | NO | $-0.82623$ |

So after analyzing the above table, it is seen that the model applied shows significant impact of General Elections 2014 on return of Reliance Industries during the event period. The significant impact is observed before and after the event date i.e. $16^{\text {th }}$ May 2014.

Result No.3:- Showing Application of Single Factor Model on the share prices \& returns of Maruti Suzuki India Ltd. for the event period.
Table 3.1.1 Calculations of Variables

| Sodel |  |
| :---: | ---: |
| Single Factor |  |
| INTERCEPT | 15199 |
| SLOPE | 0.8 |
| STANDARTD | 87187 |
| ERROR | 1.6 |
| RSQARE | 40246 |

Table 3.1.2 Calculation of T Test and Significance Test:-

| Event <br> Window | Date | Abnorm al Return | T Stat | $\begin{aligned} & \text { Significa } \\ & \text { nce Test } \end{aligned}$ | $\quad$$\quad$ Cumul <br> ative <br> Abnormal <br> Return |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Post Event Window | $\begin{array}{r} 30- \\ \text { May-14 } \end{array}$ | -1.43297 | 0.87363 | No | $\begin{aligned} & 16.810 \\ & 67 \\ & \hline \end{aligned}$ |
|  | $\begin{array}{r} 29- \\ \text { May-14 } \end{array}$ | 1.052321 | $\begin{aligned} & 0.6415 \\ & 63 \\ & \hline \end{aligned}$ | No | $\begin{aligned} & 18.243 \\ & 64 \end{aligned}$ |
|  | $\begin{array}{r} 28- \\ \text { May-14 } \\ \hline \end{array}$ | -1.34083 | $0.81746$ | No | $\begin{aligned} & 17.191 \\ & 32 \\ & \hline \end{aligned}$ |
|  | $\begin{array}{r} 27- \\ \text { May-14 } \end{array}$ | -1.96204 | 1.19618 | No | $\begin{aligned} & 18.532 \\ & 15 \\ & \hline \end{aligned}$ |
|  | $\begin{array}{r} 26- \\ \text { May-14 } \end{array}$ | -1.88491 | $1.14916$ | No | $\begin{aligned} & 20.494 \\ & 19 \\ & \hline \end{aligned}$ |
|  | $\begin{gathered} 23- \\ \text { May-14 } \end{gathered}$ | 5.2069 | $\begin{aligned} & \hline 3.1744 \\ & 63 \end{aligned}$ | YES | $\begin{aligned} & 22.379 \\ & 1 \end{aligned}$ |
|  | $\begin{array}{r} 22- \\ \text { May-14 } \end{array}$ | $4.312802$ | $-\frac{2.6293}{63}$ | YES | $\begin{aligned} & 17.172 \\ & 2 \\ & \hline \end{aligned}$ |
|  | $\begin{array}{r} 21- \\ \text { May-14 } \\ \hline \end{array}$ | ${ }^{\text {Pecse }}-1.13679$ | 0.69306 | PP No | $12.859$ |
|  | $\begin{array}{r} 20- \\ \text { May-14 } \end{array}$ | $-0.9368$ | $\begin{gathered} \text { gineer- } \\ 0.57113 \end{gathered}$ | No | $\begin{aligned} & 13.996 \\ & 19 \end{aligned}$ |
|  | $\begin{array}{r} 19- \\ \text { May-14 } \\ \hline \end{array}$ | 2.862703 | $\begin{aligned} & 1.7452 \\ & 89 \end{aligned}$ | No | $\begin{aligned} & 14.932 \\ & 99 \end{aligned}$ |
| Event Day | $\begin{array}{r} 16- \\ \text { May-14 } \end{array}$ | 1.606592 | $\begin{aligned} & 0.9794 \\ & 82 \end{aligned}$ | No | $\begin{aligned} & 12.070 \\ & 29 \\ & \hline \end{aligned}$ |
| Pre Event Window | $\begin{array}{r} 15- \\ \text { May-14 } \end{array}$ | 1.553665 | $\begin{aligned} & 0.9472 \\ & 15 \\ & \hline \end{aligned}$ | No | $\begin{aligned} & 10.463 \\ & 7 \end{aligned}$ |
|  | $\begin{array}{r} 14- \\ \text { May-14 } \\ \hline \end{array}$ | $-0.24667$ | 0.15039 | No | $\begin{aligned} & 8.9100 \\ & 32 \\ & \hline \end{aligned}$ |
|  | $\begin{array}{r} 13- \\ \text { May-14 } \end{array}$ | 1.95405 | $\begin{aligned} & 1.1913 \\ & 16 \end{aligned}$ | No | $\begin{aligned} & 9.1567 \\ & 06 \end{aligned}$ |
|  | $\begin{gathered} 12- \\ \text { May-14 } \end{gathered}$ | 3.729857 | $\begin{aligned} & 2.2739 \\ & 62 \end{aligned}$ | YES | $\begin{aligned} & 7.2026 \\ & 56 \end{aligned}$ |
|  | $\begin{aligned} & \text { 9-May- } \\ & 14 \end{aligned}$ | 4.042964 | $$ | YES | $\begin{aligned} & 3.4727 \\ & 99 \\ & \hline \end{aligned}$ |


|  | $\begin{aligned} & \hline \text { 8-May- } \\ & 14 \end{aligned}$ | 0.812636 | $\begin{aligned} & 0.4954 \\ & 35 \end{aligned}$ | No | 0.57016 |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | $\begin{aligned} & \text { 7-May- } \\ & 14 \end{aligned}$ | -1.52977 | 0.93265 | No | 1.3828 |
|  | $\begin{aligned} & \text { 6-May- } \\ & 14 \end{aligned}$ | 0.651246 | $\begin{aligned} & 0.3970 \\ & 42 \end{aligned}$ | No | $\begin{aligned} & 0.1469 \\ & 67 \\ & \hline \end{aligned}$ |
|  | $\begin{aligned} & \text { 5-May- } \\ & 14 \\ & \hline \end{aligned}$ | 0.764301 | $\begin{aligned} & 0.4659 \\ & 67 \end{aligned}$ | No | 0.50428 |
|  | $\begin{aligned} & \text { 2-May- } \\ & 14 \\ & \hline \end{aligned}$ | -2.08078 | 1.26858 | No | 1.26858 |

So after analyzing the above table, it is seen that the model applied shows significant impact of General Elections 2014 on return of Maruti Suzuki India Ltd. during the event period. The significant impact is observed before and after the event date i.e. $16^{\text {th }}$ May 2014.

Result No.4:- Showing Application of Single Factor Model on the share prices \& return of Airtel for the event period.

Table 4.1.1 Calculations of Variables

| Single Factor Model |  |
| :---: | ---: |
|  | - |
| INTERCEPT | 0.03645 |
| SLOPE | 1.1 |
| STANDARTD | 41371 |
| ERROR | 1.7 |
| RSQARE | 0.359 |

Table 4.1.2 Calculation of T Test and Significance Test:-

| Event Window | Date | Abnormal Return | T Stat | Significance Test | Cumulative Abnormal Return |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Post Event Window | $\begin{array}{r} 30- \\ \text { May-14 } \\ \hline \end{array}$ | 2.048269 | $\begin{array}{r} 2.048 \\ 269001 \\ \hline \end{array}$ | YES | 4.731763 |
|  | $\begin{array}{r} 29- \\ \text { May-14 } \\ \hline \end{array}$ | -0.09051 | $0.09051249$ | No | -0.87554 |
|  | $\begin{gathered} 28- \\ \text { May-14 } \end{gathered}$ | -0.11184 | $0.11184218$ | No | 2.683494 |
|  | $\begin{array}{r} 27- \\ \text { May-14 } \\ \hline \end{array}$ | -1.42048 | $1.42048061$ | No | -0.78503 |
|  | $\begin{gathered} 26- \\ \text { May-14 } \end{gathered}$ | -1.21498 | $1.21497506$ | No | 2.795336 |
|  | $\begin{array}{r} 23- \\ \text { May-14 } \\ \hline \end{array}$ | 3.268313 | $\begin{array}{r} 3.268 \\ 313081 \\ \hline \end{array}$ | YES | 0.635455 |
|  | $\begin{array}{r} 22- \\ \text { May-14 } \\ \hline \end{array}$ | -1.99441 | $1.9944105$ | YES | 4.010311 |
|  | $\begin{array}{r} 21- \\ \text { May-14 } \\ \hline \end{array}$ | -2.40239 | 2.40238678 | YES | -2.63286 |
|  | $\begin{array}{r} 20- \\ \text { May-14 } \end{array}$ | 2.72711 | $\begin{aligned} & 2.727 \\ & 110308 \\ & \hline \end{aligned}$ | YES | 6.004721 |
|  | $\begin{array}{r} 19- \\ \text { May-14 } \\ \hline \end{array}$ | 2.227463 | $\begin{gathered} 2.227 \\ 463347 \end{gathered}$ | YES | -0.23047 |


|  | $\begin{array}{r} 16- \\ \text { May-14 } \end{array}$ | 2.867635 | $\begin{gathered} 2.867 \\ 634969 \end{gathered}$ | YES | 3.277611 |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Pre Event Window | $\begin{gathered} 15- \\ \text { May-14 } \end{gathered}$ | -0.55849 | $0.55848733$ | No | -2.45793 |
|  | $\begin{gathered} 14- \\ \text { May-14 } \end{gathered}$ | 1.245346 | $\begin{aligned} & 1.245 \\ & 346107 \\ & \hline \end{aligned}$ | No | 0.409976 |
|  | $\begin{array}{r} 13- \\ \text { May-14 } \\ \hline \end{array}$ | 0.518258 | $\begin{aligned} & 0.518 \\ & 257933 \end{aligned}$ | No | -1.89945 |
|  | $\begin{array}{r} 12- \\ \text { May-14 } \end{array}$ | 2.583876 | $\begin{aligned} & 2.583 \\ & 875806 \end{aligned}$ | YES | -0.83537 |
|  | $\begin{array}{r} 9- \\ \text { May-14 } \\ \hline \end{array}$ | 0.469675 | $\begin{array}{r} 0.469 \\ 674521 \\ \hline \end{array}$ | No | -2.4177 |
|  | $\begin{array}{r} 8- \\ \text { May-14 } \\ \hline \end{array}$ | -0.96931 | $0.96931292$ | No | -3.41925 |
|  | $\begin{array}{r} 7- \\ \text { May-14 } \\ \hline \end{array}$ | -1.24622 | 1.24622159 | No | -2.88738 |
|  | $\begin{array}{r} 6- \\ \text { May-14 } \end{array}$ | -1.70029 | $1.70029285$ | No | -2.44993 |
|  | $\begin{array}{r} 5- \\ \text { May-14 } \\ \hline \end{array}$ | -1.64116 | $1.64115775$ | No | -1.64116 |
|  | $\begin{array}{r} 2- \\ \text { May-14 } \\ \hline \end{array}$ | -0.74964 | $0.74964017$ | No | -0.74964 |

It is seen from the above table that; return of Airtel has significant impact of the General Election 2014. And the significance test is "Yes" before, during and after the announcement of the election results.

## Conclusion:-

This research is an attempt to analyze the effect of General Elections (2014) on the stock exchange (NSE) with the help of 4 individual stocks of different sectors. After application of event study model on the selected stocks it can be concluded that there is significant relationship between Loksabha elections and stock market. There is a positive reaction of stock market during the election time. The Selected companies showed abnormal returns during the selected event. Many endogenous and exogenous factors can also affect on the share prices of the stocks and market but political factor like election also causes fluctuations in the market. So this event shows that the political events like election and stock market movements are intertwined.

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