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Review of the Impacts of Previous General Elections on Stock Market Performance: Insights for Investors

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Abstract*: This paper aims to examine how the announcement of election results affects the NSE (Nifty) and BSE (Sensex) indices. The analysis focuses on measuring the impact of daily average returns and volatility during different time periods before and after the election result announcement: thirty days, fifteen days, and seven days. The paper is based on secondary data as opinions and views of different authors who have conducted such kind of studies are referred for the purpose of writing this research paper and consolidated views are mugged up in the article form. The findings indicate that the impact of election results is predominantly observed in the short term, gradually diminishing over the medium and long term.*

The study concludes that there is no significant relationship between the announcement of election results and the performance of the stock market. It suggests that the stock market initially reacts unusually to this information, causing short-term anomalies that subsequently correct themselves in the following days.

This study aims to analyse the effect of election result announcements on the performance of India's major stock indexes, Sensex (BSE) and Nifty (NSE). By examining previous research and focusing specifically on the election result's impact on these indexes, this study aims to provide insights for investors to navigate the market with agility and caution during election periods, maximizing their investment outcomes..

Keywords: Anomaly, General Elections, Investment, Volatility, Sensex, Nifty

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