

Understanding Stock Market Volatility in India during General Elections: An Analysis of the NIFTY50

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Abstract

The stock market is a significant measure of the fiscal dynamism of the country, often serving as a reflection of its overall economic health. In India, two primary stock exchanges shape the financial landscape: the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). In 2024, the National Stock Exchange (NSE) is recognized as the third-largest exchange in the world for cash equity transactions, with its NIFTY50 index being a widely accepted benchmark for the Indian capital market. Given India's status as the most populous democracy, general elections hold substantial influence over the country's political and economic outlook. These elections bring uncertainty, which affects policymaking and subsequently the stock market, as investors tend to adopt cautious strategies during these periods. Political outcomes can lead to significant fluctuations in stock prices, as investor sentiment is closely tied to election results.

This study explores on how Indian general elections affect stock market volatility, investor sentiment, and overall market performance. Elections in India are usually seen as a benchmark for assessing governance and the outcomes of economic policy initiatives, often stimulating both optimism and uncertainty in the financial markets. By examining the outcomes of five general elections (2004, 2009, 2014, 2019, and 2024), the research seeks to identify patterns in stock market behaviour, focusing on pre-election anticipation, post-election reactions, and the broader influence of electoral results on market benchmark such as the NIFTY50.

The methodology for this research is based on secondary data sourced from platforms like the NSE, Yahoo Finance, and Capitaline. The study uses the NIFTY50 index for analysing stock performance around the key event days, including the election result day (t_0), the days leading up to it (t_{0-i}), and the days following it (t_{0+i}). Initial findings reveal that elections have historically impacted the market. Although short-term volatility during election periods is common, the study highlights that long-term

market trends are shaped more by the government's policies and economic initiatives rather than the elections themselves.

An analysis of the long-term impact of elections on stock market returns reveals a lack of consistent trends. Investors are more inclined to react positively when there is political stability and coherent economic policies, as demonstrated by the positive market response to the 2009 election results. In summary, while Indian general elections may lead to short-term volatility and uncertainty, the long-term trajectory of the stock market is primarily determined by broader economic conditions. Key factors such as the continuity of government policies, economic reforms, and overall business confidence are more critical to investors than the electoral results alone.

Key words: General elections, NIFTY50, Market Volatility, Pre-elections and Post-elections

Introduction

The stock market plays an important role for growth of any country's economy because it reflects the overall health and future prospects of that economy. In India, the financial sector is mainly dominated by two major stock exchanges—the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). Both are crucially important to the capital markets where they offer various platforms for trading numerous securities besides facilitating the progress of the nation's economic development. Notably, NSE has expanded immensely. Today it ranks as the third-largest stock exchange globally in cash equity transactions, where NIFTY50 index represents as benchmark of Indian stock market.

India's general elections are significant events that give the nation's political as well as economic direction. Being the world's largest democracy, India's voting process always receives a significant amount of attention from the people of the country as well as the global community, given the fact that the outcome often has consequences for investor behaviour. They hold the potential to alter the framework of governance, economic policies, and consequently financial markets. It has been proved through research that the stock markets tend to be quite volatile in election seasons due to the political uncertainty often associated with the seasons. (Beaulieu et al., 2006) indicate that investors, while experiencing increasing risk-averse sentiments, tend to be more conservative during election seasons while making investments, thus resulting in fluctuations in the stock prices.

It has been widely researched that how political dynamics interact with stock market performances in the literature. In recent times, it could be found that political cycles and election dates have significant contributions to stock market returns in developed and emerging economies (Julio & Yook, 2012; Pástor & Veronesi, 2013). This relationship is particularly clear and especially in the context of India, due to the diversified political environment of the country and its implications for economic strategies. The anticipation of election results often provokes pre-election anxiety, whereas responses after elections vary with respect to whether the newly elected government is seen as stable and policy-oriented.

This study analyses effects of general elections on India's stock market with special aspects such as volatility, investor sentiment, and overall market performance. It analyses five general elections, namely, 2004, 2009, 2014, 2019, and 2024, to track the trend in the behaviour of stock markets before, during, and after the election periods. This research study specifically looks at the NIFTY50 index as a major indicator of the Indian capital market in relation to the impact on short-term volatility and long-term market performance that election results would have. Using secondary data from organizations such as the NSE, Yahoo Finance, and Capitaline, this study will be able to contribute to a further understanding of the factors under which political events affect financial markets, with special focus on India.

Literature review

Markets are affected by the electoral events, both pre-election prediction and post-election reactions play major role as even smaller markets in African stock markets are affected by the herding behaviour (Musah et al., 2024) study concluded that investor's behaviour are affected by the political factors and uncertainties.

The investors sentiment is significantly affected by the uncertainties in the political factors of the country (Ahluwalia & Bhatti, 2019) their study analysed the link between the political events and the stock market performance focused on S&P BSE Sensex and Nifty 50 indices and Lok Sabha elections, where the findings suggest that uncertainties in politics will affect trade patterns and also the investors sentiment towards investment in stock market which as direct effect on the stock markets. Political stability and the policy directions leads to expectations in the investors which creates the market movements, volatility in market is often increased by election uncertainty as investors react to major political changes and the positive elections results in market rallies as result of increase in investors' confidence whereas negative results trigger sell-offs (Kakar & Batra, 2024).

Singh (2016), suggests that Nifty index option can be a tool for managing the risk from the loss due to the market volatility pre and post- elections, highlighting drop of around 20% in market during the 2004 and 2009 due to the election outcomes. The event study by (Gour, 2020) on impact of 2019 general elections on Indian stock market suggested that people are more cautious compared to previous elections as overall market reactions was muted even though initially it was influenced by the market sentiments, as post elections decline was seen despite the stable government.

The study by (Suchismita & Avijit, 2024) concluded that the Indian stock market frequently reacts strongly to political developments, indicating that it may not always perform at its best capacity.. This pattern of behaviour reveals a delay in market reactions and shows that new information is not immediately reflected in stock prices.

During general elections, the stock market generally exhibits significant increases in volatility, which indicates investors are beginning to exhibit a more negative perspective on the outcome of the election (Garg et al., 2020), as findings suggests that there is a significant shift in sentiment among investors surrounding times of elections, affecting the performance of shares, as elections can have an impact on the stock market that reaches far beyond the election day in itself, emphasizing the crucial role of political stability for fostering confidence in investors.

The extant literature generally highlights how political events sharply influence stock market dynamics, especially at the time of elections. Predictions before and reactions after elections form the basis of investors' behaviour, as political uncertainties play the most crucial role in influencing sentiment and trading activities (Ahluwalia & Bhatti, 2019; Musah et al., 2024). In fact, the greatest generators of volatilities linked with elections are investor expectations of policy continuations, which result in market rallies or declines as linked with electoral outcomes (Kakar & Batra, 2024). Instruments like options in the Nifty index are considered pretty efficient in reducing those risks associated with the election-related fluctuations (Singh, 2016). Even in stable governments, market response tends to be watchful. For instance, in the elections for 2019, investor sentiment triggered a lagged market response (Gour, 2020; Suchismita & Avijit, 2024). Ultimately, these findings highlight the essential role of political stability in promoting market confidence and suggest that regional differences remain a valuable area for ongoing research. This study will seek to pursue that objective.

Theoretical Background

This study draws its theoretical background on the impact of political events on stock market volatility from a multiple financial and economic theories. These include the Efficient Market Hypothesis by Fama (1970), according to which stock prices reflect all information available at a given time. In this regard, any new political information, like election results, should reflect rapidly in market prices. It is what the theory does in its development of proof on how markets should be supposed to behave about such an event as elections.

Behavioural finance, on the other hand, presents a contradictory theory that investor behaviour can never be rational, especially when certain political events come into play. Work by Shiller (2003) on irrational exuberance proved that investors work based on their sentiment, emotions, or social aspects and not on facts. This irrationality often appears in the form of herding behaviour as voters at election times tend to seek to align with the majority, leading to increased volatility in the market (Musah et al., 2024).

This research is based on the principles of political risk theory. Political risk is defined as risk in relation to uncertainty and probable adverse impacts that political changes may possibly impose on markets and investments (Bekaert et al., 2005). Elections, especially in emerging markets, create voluminous uncertainties that could break investor confidence and can further erode market volatility.

In conclusion, the event study methodology represents a useful approach toward estimating effects from specific political events to stock prices. MacKinlay (1997) details how event studies provide estimates for the instantaneous effects of political events - such as an election announcement or result - in terms of returns over an event window. This method will be critical in analysing the reaction of Indian stock markets to elections.

Research methodology

Research Design

The study uses the quantitative research methodology that incorporates data obtained from secondary sources from various sources. The data was collected from NSE website, Yahoo finance and Capitaline database. The index data of NIFTY50 was extracted from NSE website for pre-election, result day and post-election days.

Sample Selection

Five Lok Sabha general elections namely 2004, 2009, 2014, 2019 & 2024 were selected for the study. The day on which the results for the election were declared was taken as t_0 (event day), the days before the results for the election were declared were taken as t_{0-i} (pre-event days) and the days after the results for the election were declared were taken as t_{0+i} (post-event days).

Data analysis techniques

The employs the statistical methods to investigate the stock market behaviour during the election periods. Time-series analysis is used calculate trends in NIFTY 50 index, standard deviation is used assess then volatility during the election period. The event study methodology is used to compute returns around specific election events.

Data analysis

Event study

Table 1, shows that The 2004 elections saw a negative market reaction, with pre-election return at -4.24%, indicative of investor apprehension regarding the potential formation of a coalition government. Although there was a slight recovery on result day with a return of +0.80%, the post-election period experienced a significant decline of -13.75%, underscoring worries about political instability and the absence of a single-party majority within the UPA coalition. In contrast, the 2009 elections were marked by a strong sense of optimism in the market, which recorded impressive pre-election gains of +9.25%, reflecting investor confidence in the continuity of governance. The day of the results witnessed a remarkable increase of +17.74%, fuelled by the establishment of a stable UPA coalition, and this positive momentum persisted into the post-election phase with returns of +4.50%, indicating sustained trust in the government's economic strategies.

The 2014 elections generated moderate investor optimism, as evidenced by pre-election returns of +4.77%, which suggested expectations for a governmental shift. Result day brought a modest increase of +1.12%, signalling a favourable market reaction to the BJP's single-party majority victory, while post-election gains of +3.72% further reflected investor confidence in the anticipated political stability and economic reforms associated with a clear mandate.

Table: 1: Event study returns data

Year	Particulars	Time period	Trading Days	Returns (%)
2004	Pre-Election(t_{o-i})	20/04/2004 to 10/05/2004	14	-4.24%
	Result (t_o)	13/05/2004	1	0.80%
	Post-Election (t_{o+i})	14/05/2004 to 14/06/2004	22	-13.75%
Remark: Change in government, Coalition government of UPA was formed				
2009	Pre-Election (t_{o-i})	16/04/2009 to 13/05/2009	17	9.25%
	Result (t_o)	18/05/2009	1	17.74%
	Post-Election (t_{o+i})	19/05/2009 to 18/06/2009	22	4.50%
Remark: Coalition government of UPA was formed.				
2014	Pre-Election (t_{o-i})	07/04/2014 to 12/05/2014	21	4.77%
	Result (t_o)	16/05/2014	1	1.12%
	Post-Election (t_{o+i})	17/05/2014 to 17/06/2014	22	3.72%
Remark: Single Majority by BJP				
2019	Pre-Election (t_{o-1})	11/04/2019 to 19/05/2019	23	-1.63%
	Result (t_o)	23/05/2019	1	-0.69%
	Post-Election (t_{o+1})	24/05/2019 to 24/06/2019	22	0.57%
Remark : Previous government re-elected				
2024	Pre-Election (t_{o-1})	19/04/2024 to 01/06/2024	29	1.73%

Result (t_0)	04/06/2024	1	-5.93%
Post-Election (t_{0+1})	05/06/2024 to 05/07/2024	22	11.88%

Remark: Coalition government of NDA

Note: (to-i) - Pre-Election, (to)- Election Result Day, (to+i)- post-Election

During the 2019 elections, the market exhibited caution, with pre-election returns of -1.63% reflecting uncertainty surrounding the electoral outcome. On the result day, a slight negative return of -0.69% indicated a subdued market response to the re-election of the incumbent government, and post-election returns of +0.57% demonstrated minimal fluctuations, suggesting that the market had largely anticipated the results and maintained a neutral stance. The pre-election returns for the 2024 elections showed a modest increase of 1.73%, signalling a sense of cautious optimism among investors, which was likely influenced by the anticipation of ongoing political stability. However, on the day of the election results, the market experienced a significant decline of 5.93%, indicating a sense of disappointment or uncertainty regarding the formation of a coalition government under the National Democratic Alliance (NDA).

The table 2 and figure 1 explains the 6 months performance of NIFTY50 index, where the results shows that in 2004 The NIFTY 50 index posted a notable return of 12.51%, indicating a robust market performance under the NDA before the elections, post elections after the UPA coalition came into power, the index demonstrated a modest return of 3.50%, suggesting a reduction in market confidence towards the newly formed coalition government.

Table 2: 6 Months performance of index

Election Year	Pre-Election		Post-Election	
	Ruling Govt.	Returns	Ruling Govt.	Returns
2004	NDA	12.51%	UPA	3.50%
2009	UPA	30.66%	UPA	37.72%
2014	UPA	17.61%	NDA	15.42%
2019	NDA	11.52%	NDA	0.11%
2024	NDA	7.38%	NDA	NA

Note: NDA- National Democratic Alliance, UPA- United Progressive Alliance

In the 2009 elections, transitioning from UPA to UPA, the index experienced a remarkable pre-election return of 30.66% and an even more impressive post-election return of 37.72% signifying robust investor confidence in the policies of the UPA. In contrast, the 2014 elections, which marked a shift from UPA to NDA, yielded pre-election returns of 17.61%, indicative of a hopeful outlook for change, while post-election returns were a solid 15.42%, as the market anticipated forthcoming economic reforms under the NDA administration.

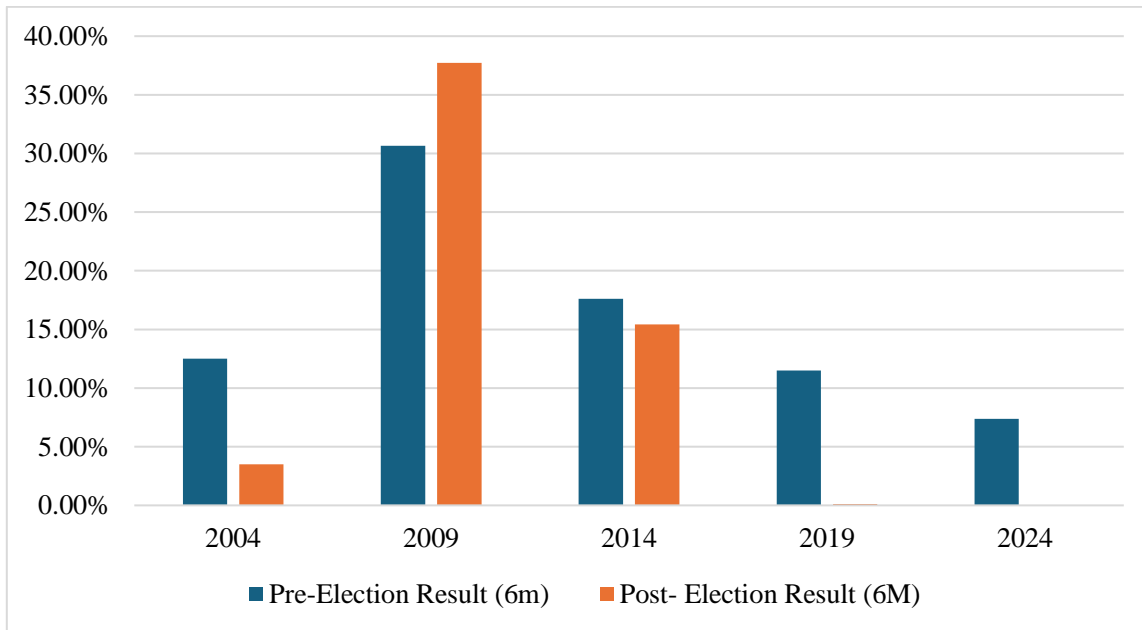


Figure 1: 6 months Pre-election and post-election returns

Note: Author’s computations

The 2019 elections, which maintained the NDA leadership, saw pre-election returns stabilize at 11.52%, yet post-election gains were minimal at 0.11%, implies that the pricing has significantly integrated the expectations of the market. As for the upcoming 2024 elections, the pre-election returns stood at 7.38%, reflecting a sense of cautious optimism, with post-election results yet to be determined. This pattern underscores the profound impact of political stability and the anticipation of reforms on market dynamics.

Volatility

From the standard deviation values in table 3, the volatility pattern of the NIFTY 50 index varies quite considerably during election periods. In 2004, there was a sharp increase in volatility as evidenced due to the circumstance that the standard deviation shot up from 1.64 before elections to 3.94 after the election, indicating extreme uncertainty given the election of the UPA coalition.

Table 3: Standard Deviation of Elections

Year	Particulars	Standard Deviation
2004	Pre-Election	1.636272
	Post-Election	3.938789
2009	Pre-Election	1.941026
	Post-Election	4.004234
2014	Pre-Election	1.067133
	Post-Election	0.807038
2019	Pre-Election	1.085079

	Post-Election	0.841426
2024	Pre-Election	0.686234
	Post-Election	1.594861

Note: Author's computations

The same volatility increase was also witnessed during the year 2009, where the volatility moves from 1.94 during the pre-election phase to 4.00 in the post-election period. This reflects considerable market responses to the continuance of governance by the UPA. Contrary to the earlier scenario, volatility for the year 2014 was witnessed to be a bit low. It went from 1.07 before to the elections to 0.81 afterwards, suggesting a somewhat reserved response from investors to the BJP's stunning win. With standard deviations of 1.09 just before the election and 0.84 post it, the low-volatility structure persisted in 2019 likewise, indicating towards moderate market conditions during the NDA.

The low-volatility trend persisted in 2019 also, with standard deviations of 1.09 pre-election and 0.84 post-election, indicating stable market conditions during the NDA. This changed in the year 2024 however since pre-election volatility was moderate at 0.69, whereas post-election volatility had increased to 1.59, which was a reflection of market uncertainty that became more serious after the formation of the coalition government under the NDA.

Table 4: One-year performance of Index after each election result

Election Year	Nifty50 Returns
2004	19.10%
2009	39.66%
2014	13.64%
2019	-22.46%
2024	7.53%

Note: Author's computations

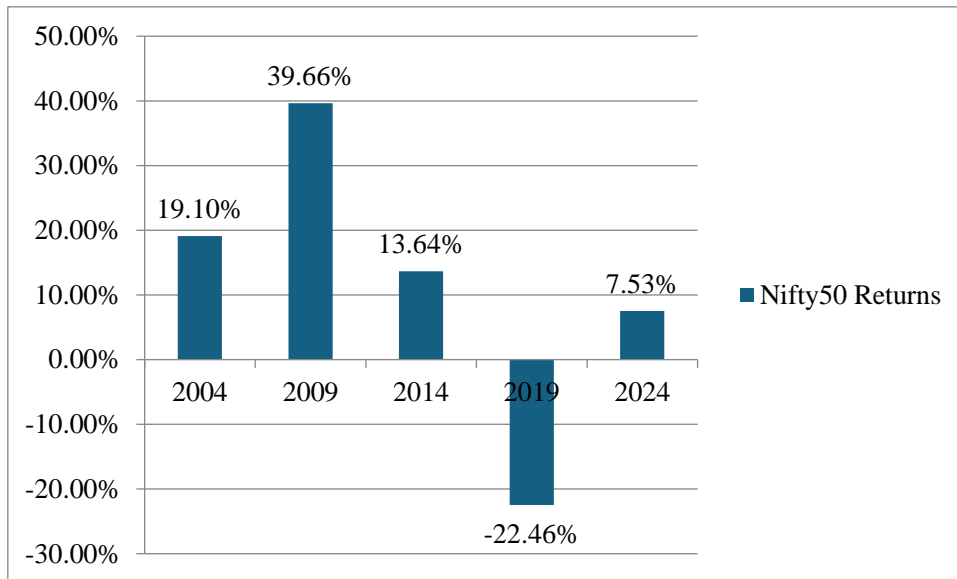


Figure 2: NIFTY50 Returns

Note: Author’s computations

Analysis of the NIFTY 50 index for the following year after each election in table 4 and figure 2 would throw up varied market responses to the political outcome. Post the 2004 election, the return was decent at 19.10%, despite volatile situations in the initial stages. The index peak had come in 2009 when the return had touched an impressive 39.66%, it revealed increased confidence of the investing community in the re-election of the UPA. The election of 2014, which gave the BJP a victory, witnessed a return of 13.64%, indicating steady growth in the market. The election in 2019 was very different because of an enormous downturn of -22.46%, reflecting challenges in the market despite re-election of the NDA. The 2024 elections witnessed a relatively subdued performance of the market with an inferior return of 7.53%, suggesting a cautious yet healthy response to the results of the elections. These changes reflect how political stability and market sentiment determine the election's aftermath.

Trends in NIFTY 50

Table 5: 5 years performance of index

Year	Ruling Party	Seats	Nifty 50 Returns (%)
2004-2009	UPA	218	114.90%
2009-2014	UPA	262	93.92%
2014-2019	NDA	336	60.83%
2019-2024	NDA	353	88.69%
2024*(1Month)	NDA	296	7.53%

Note: Author’s computations

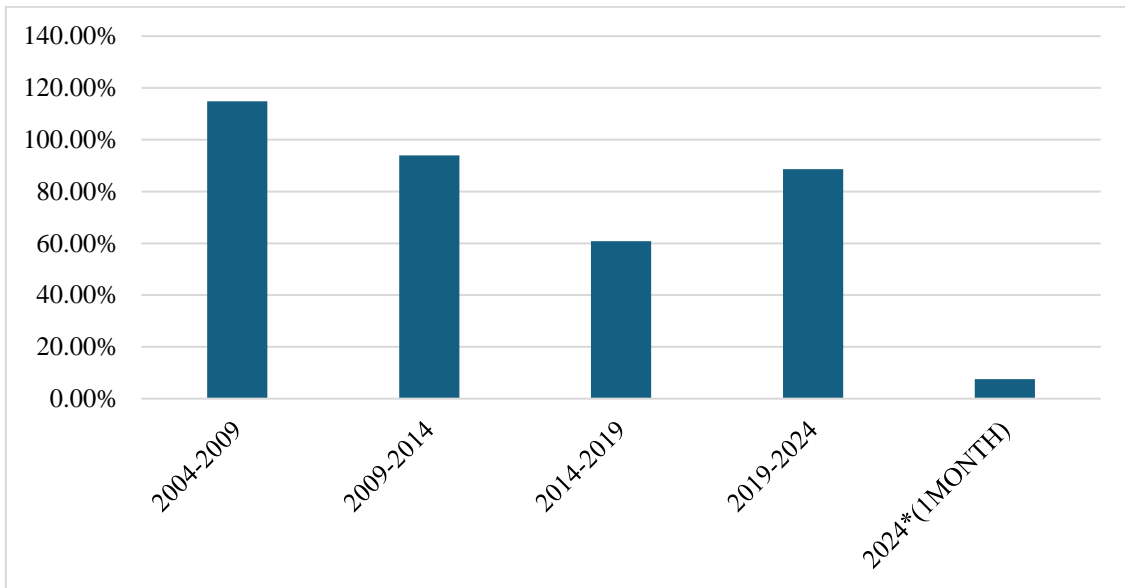


Figure 3: Nifty 50 Returns (%)

Note: Author's computations

The five-year performance of the NIFTY 50 index under the different ruling parties is fully visible and has marked trends credited to political leadership as well as market confidence. In 2004-2009, during the UPA government, this index rose to 114.90 percent that occurred because of strong growth in the market coupled with political stability despite the challenges of a coalition government. NIFTY 50 had a still-impressive return of 93.92% over the second duration, that lasted from 2009 till 2014, although the world's economy getting worse. NIFTY 50's return from 2014 to 2019 during the NDA government was 60.83%, showing steady growth but a bit more moderate as in the UPA times that followed it.

Indeed, the rebounding phase was the period 2019-2024, during which NDA managed to retrieve an 88.69% return during that time. Analysts would relate this to the policy reforms and market optimism due to even global uncertainties. The index having a return of 7.53% for 2024 (one month after the election) will speak to cautious positive sentiment with the new NDA coalition taking time to power. It sums up how political stability and the leadership and their economic policies influence return in the market over multiple years.

Performance of NIFTY 50 index on Result day

Table 6: Summarization of election result performance on that single trading Day

Year	Performance
2004	0.80%
2009	17.74%
2014	1.12%
2019	-0.69%
2024	-5.93%

Note: Author's computations

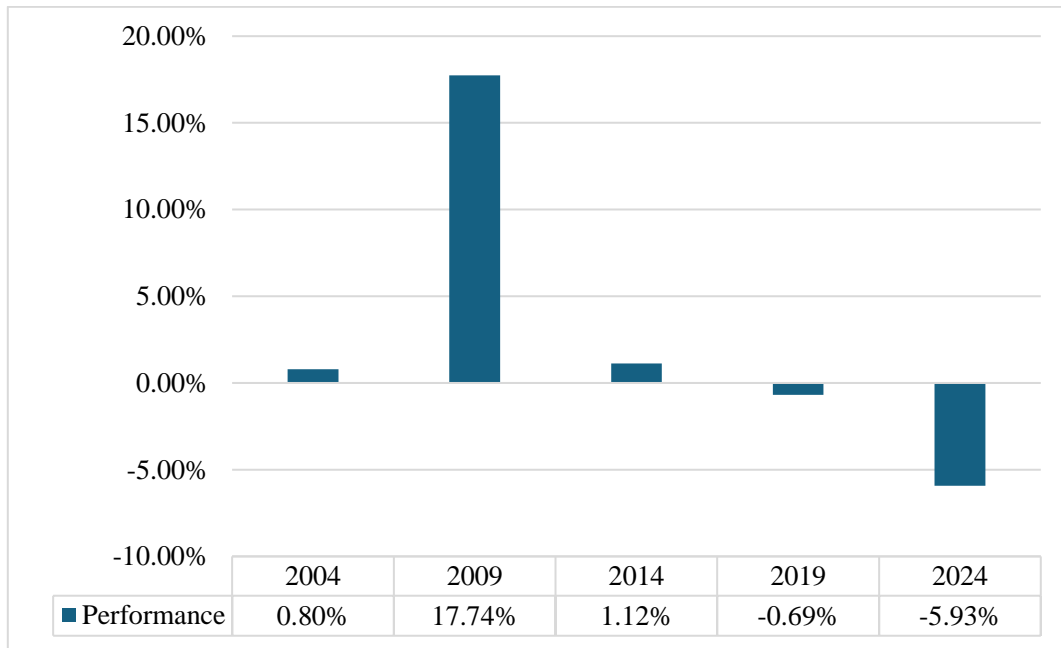


Figure 4: Performance on that single trading Day

Note: Author’s computations

The performance of the NIFTY 50 index on a particular trading day after the election results is highly variant. In the year 2004, it showed moderately positive performance with a gain of 0.80%, thus portraying a neutral response to the UPA coalition government. With the rise of 17.74% in the election result of 2009, the markets reflected strong confidence of investors because the UPA has again been elected. In the year 2014, the market after the emergence of BJP saw a positive gain of 1.12%, and this may have explained moderate optimism. The market took a very slight fall of -0.69% for 2019, which indicated not too much interest in the re-election of the NDA. But for 2024, the market fell sharply to -5.93%, and this probably was on account of anxiety regarding the newly formed NDA coalition government and future policy direction.

Major Findings

1. Election Results and Immediate Market Reactions: The data indicates that general elections in India have a substantial impact on the stock market, particularly on the trading day following the announcement of results. In 2009, the re-election of the UPA coalition led to an unprecedented surge of 17.74%, reflecting strong investor confidence. Conversely, in 2019 and 2024, the markets reacted negatively with declines of -0.69% and -5.93%, respectively, likely reflecting uncertainty or dissatisfaction with the political climate despite the return of the incumbent NDA government. The modest gains seen in 2004 (0.80%) and 2014 (1.12%) suggest that markets tend to react cautiously in the face of new political leadership, with the degree of uncertainty influencing market movements.

2. Short-Term Volatility around Elections: Elections introduce significant short-term volatility into the stock market, as seen in the elevated standard deviation levels during the pre- and post-election periods of 2004 and 2009. This volatility can be attributed to market uncertainty surrounding potential changes in government policies. The elections in 2014, 2019, and 2024 experienced lower volatility especially in the pre-election period indicating greater market stability. This could be due to the expectation of continued political leadership (especially in 2019 and 2024) or a more mature market environment. Nonetheless, the post-election phase in 2024 saw an uptick in volatility, potentially driven by concerns regarding the effectiveness of coalition politics.

3. Election Results and Long-Term Market Performance: The one-year performance of Nifty50 following general elections reveals no consistent trend, as both positive and negative market movements were observed. For example, the market gained 39.66% after the 2009 elections, reflecting positive investor sentiment and policy confidence toward the UPA coalition. On the other hand, 2019 saw a decline of -22.46%, despite the re-election of the NDA government, suggesting that factors beyond the election, such as global economic conditions and domestic policy concerns, played a larger role in influencing long-term performance. The modest 7.53% rise in 2024 shows that while initial optimism toward the NDA coalition exists, the market is more cautious in the long run.

4. Political Stability and Investor Confidence: The data indicates that the stability of the government, particularly when backed by a majority, plays a crucial role in investor confidence. The 2009 and 2014 elections, which resulted in stable governments (UPA re-election in 2009 and a BJP majority in 2014), witnessed robust market performance in the post-election period. However, the lack of policy clarity or challenges faced by coalition governments can introduce uncertainty, as seen in the increased volatility post-2024. The market tends to favour continuity in governance and policy reforms, as evidenced by the strong returns following the stable UPA coalition in 2009 and the BJP's decisive majority win in 2014.

5. Election Results and Economic Fundamentals: While election results have a significant impact on short-term market volatility, the data suggests that long-term market performance is more dependent on broader economic fundamentals. The five-year index performance shows that economic growth and market returns were highest during the UPA's first term (2004-2009), which saw a gain of 114.90%. However, the NDA's first term (2014-2019) resulted in relatively modest returns (60.83%), despite a strong political majority. This highlights that while political stability provides short-term market confidence, long-term performance is influenced by economic reforms, global trends, and the government's ability to foster conducive business environment.

6. Market Sentiment in Pre- and Post-Election Periods: The six-month performance of the index leading up to and following elections shows that investor sentiment can shift significantly in response to election results. The 2009 elections, which resulted in the re-election of the UPA, saw robust gains both pre-election (30.66%) and post-election (37.72%), indicating strong market confidence. In contrast, the elections of 2014 and 2019 exhibited more muted post-election returns, with 2019 nearly reaching zero. This indicates that although elections may initially boost investor sentiment, post-election performance is often tempered by the market's assessment of policy direction and governance.

Discussion

The current study resonates with a few of the previous literatures regarding the association between political uncertainty and election outcomes, especially the manner in which the latter impacts market volatility Musah et al., (2024) along with Kakar & Batra (2024) indicate that elections in India have often caused significant market volatility, particularly when there is a perception of unstable political conditions. This pattern is consistent with the trends because the elections of 2004 and 2009 are volatile, but the elections of 2014 and 2019 resulted in more stable returns that are in accordance with studies such as Ahluwalia & Bhatti (2019), which connects political stability with decreased fluctuations in the market. Additionally, the sentiment of investors is of paramount importance, given that the overwhelming electoral results in 2014 and 2019 elucidated the advancements in the market; thus, these results reinforce the findings presented by Garg et al., (2020).

The literature emphasizes the role that government needs to play in increasing the confidence in the investors which ensures the consistent market performance in the long run. As analysis indicates that policies and governance from the political party is greater significance for the long term performance

and elections are merely the reasons for short-term fluctuations in the market, as it can be clearly noticeable with 2019 election case.

Conclusion

The investigation has established that the electoral process in India plays a crucial role in shaping stock market performance, especially about the NIFTY 50 index. The responses of the market depend upon the character of the election results, the composition of a government, and the solidity of the political system. Key findings indicate that the market is often volatile and uncertain under a coalition government, which characterizes the post-election reactions in 2004 and 2024.

The market was negative as a reaction to the ambiguous political outcome during the first wave. Single-party majority outcomes or stable coalitions tend to produce more positive and persistent market performance according to the brisk post-election gains which were found in 2009 and 2014. During this process, research points out that often, the pre-election phase reflects the expectations from investors in terms of what changes investor will foresee from possible political and economic turns. The post-election performance is basically dictated by the response market to actual election outcomes, the structure of governance, and perceived ability to effect reforms by the ruling government.

Elections do play a very important role in determining the market sentiment and performances. Investors prefer stable politics, sound leadership, and policies that promote the growth of the economy. In the above light, political cycles can be looked at while analysing the risks and investment strategy in India. The impact of elections in the market is short-term as well as long-term since its influence impacts volatility and performance with the change in investor confidence in the governance and future economic direction.

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