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THE ROLE AND IMPACT OF INDIAN GENERAL ELECTIONS ON THE INDIAN ECONOMY AND STOCK MARKET

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ABSTRACT
General elections are among the most influential events in a democracy, shaping the political, economic, and financial landscape of a country. In India, as the world's largest democracy, elections play a decisive role in determining economic policies, market trends, and investor sentiment. The stock market, being highly sensitive to political and policy uncertainties, experiences fluctuations before, during, and after elections, influenced by investor expectations, government formation, and economic stability. This study examines the impact of Indian general elections on stock market behavior, economic indicators, and investment patterns, analyzing past election cycles from 2004 to 2019. By employing event study methodology, statistical regression analysis, and volatility modeling, the research identifies trends in market volatility, sectoral performance, and foreign institutional investor (FII) participation. The findings suggest that political stability enhances market performance, while uncertain electoral outcomes lead to panic selling, capital outflows, and economic uncertainty. This research contributes to the field of political finance by offering empirical insights into election-driven stock market behavior, providing valuable recommendations for investors, policymakers, and financial analysts.

KEYWORDS: *Indian General Elections, Stock Market, Political Stability, Market Volatility, Investor Sentiment, Economic Policy, Event Study Analysis*

INTRODUCTION

Elections are the cornerstone of any democratic system, shaping the political and economic trajectory of a nation. In India, general elections are held every five years, determining the country's leadership and governance policies. These elections not only impact domestic policies but also influence financial markets, as investors adjust their portfolios based on policy expectations, regulatory outlook, and macroeconomic trends. The stock market, a key indicator of economic sentiment, is highly sensitive to political events, reacting to pre-election uncertainty, election-day volatility, and post-election market adjustments.

The impact of elections on the economy and financial markets is primarily driven by policy uncertainty, investor sentiment, and government stability. A decisive electoral mandate favoring economic reforms often leads to bullish stock market trends, whereas fragmented mandates create uncertainty, leading to market corrections and capital flight. Foreign Institutional Investors (FIIs) play a significant role in shaping market movements, as they adjust their investments based on political risk perception and policy continuity. Additionally, domestic institutional investors (DIIs) and retail investors modify their trading strategies depending on the expected economic policies of the newly elected government.

LITERATURE REVIEW

Rinki Gour, "IMPACT OF GENERAL ELECTION ON INDIAN STOCK MARKET An Event Study on 2019 Lok Sabha Election." - the objective of this research is To Study the effect of General Election on Indian Stock market performance through an event study of the impact of General Election 2019 on NSE NIFTY, S&P BSE SENSEX for which F-test Two sample for variance and T-test ,Paired sample t-test statistical (40 days before after the announcement of the 2019 lok sabha result-23 May 2019) is being applied which results into Positive impact, negative impact, neutral impact, volatility and Market efficiency.

Prof. G. Sudarsana Reddy, "Impact of General Elections 2014 on Indian Stock Market with Special References to the Stock of Select Companies in BSE." - The objective of the paper is to examine the volatility of the return of the select companies and movement of the BSE Sensex before 15 days and after 15 days around General election result 2014. For that Bharti airtle ltd, Infosys ltd, icici bank, Mahindra & Mahindra ltd, coal india.(15 days before and 15 days after the 2014 general election result date 16 may 2016) are selected as a sample which concludes that Bjp Win leadership inspires investor positive impact & increased confidence.

Kavita CHAVALI , Mohammad ALAM, Shireen ROSARIO "Stock Market Response to Elections: An Event Study Method" - The study focuses on understanding how general elections in india influence stock market. The study have included 31 companies listed on BSE study 82 days window for 2014 elections (39 pre elections and 42 post elections) . The study examines the extent of influence of General Elections on the Indian stock market and the impact on the market sentiments between two elections would be the same when the same party comes to power for the second time.

Dr. Parag Barman "The Impact of Indian Elections on Share Market Trends: An Economic Analysis" – the objective of the study is to analyze the effect of Indian elections on share market trends,focusing on volatility,investor sentiment and stock performance before during and after national elections. For which the Data from 20 years of stock market performance around national and state elections have been collected. At the end the study concluded with the Election Cycle Impact, Post-Election Market Performance, Investor Sentiment,Market Narratives.

Savitaa , A. Ramesh , "Return volatility around national elections: Evidence from India" - The objective of the present paper is to examine the short term abnormal returns of the stocks listed on the BSE SENSEX. For that this study takes the data of BSE SENSEX 30 companies from time period May 2013 to June 2014. Cumulative abnormal Returns, The abnormal returns, t-test and results into National elections are important events as they lead to important changes in the political and macroeconomic structure of the country. Positive average abnormal returns over different event windows showed that market has reacted positively to the news of changes in the government.

Mahesh Dahal, Dr. Joy Das "THE IMPACT OF THE U.S. PRESIDENTIAL ELECTION 2020 ON THE SECTORAL INDICES OF INDIAN STOCK MARKET" The primary objective of the study is to examine the behavior of the Indian stock market around the U.S. Presidential Election 2020. Based on the media reports of The Print, (2020), The Indian Express, (2020), Scroll, (2020), Bloombergquint (2020) and previous studies by Ejara. For that the following variables and test were used National Stock exchange (NSE) Nifty Bank, Nifty Auto, Nifty Financial Services, Nifty FMCG, Nifty I.T., Nifty Media, Nifty Metal, Nifty Pharma, Nifty Private Bank, Nifty PSU Bank, and Nifty Realty, T-Test. Which concludes The present study analyses the behaviour of the sectoral indices of the Indian stock market during the U.S. Presidential Election 2020 which was full of miscreant events causing political instability in the U.S. and the world as well. In the present study, the market reaction is examined sequentially concerning the occurrence events during the election.

Kumar Deva B. , Sophia Sharon and Jucunda Evelyn Maria "Empirical Study on Effects of the Lok Sabha Election on Stock Market Performance (BSE SENSEX)" - To analyse the twitter sentiments from twitter tweets the behaviour of stock market around the event specified. ii. To identify the changes in the abnormal return of stocks due to specified event. iii. To identify the endogenous and exogenous factors that contributes significantly towards specified event. 30 companies of the BSE SENSEX t-test are used and results that It has analysed of public during the election time by information from twitter then it has been software.

M.D. Safiullah, Pramod Pathak and Saumya Singh "The impact of social media and news media on political marketing: an empirical study of 2014 Indian General Election" - the main objective of the study is Elections witness the popularity and impact of social media worldwide. In 2014, Indian General Elections, Primetime News and Twitter were extensively used for the election campaign. Their comparative

importance in party/candidate endorsement during the election is yet to examine in the area of media studies the majority of the research were carried out on news magazines (daily, weekly, monthly) broadcast news, and online news (Hester and Dougall, 2007). F-test were applied. As a results it has been found that Both media were used for political marketing and creating hype during the 2014 election. This study analyses the media effect on the vote and predictive power of media for the 2014 Indian general election.

Virmani, Arvind "Economic growth, governance and voting behaviour: an application to Indian elections." - The focus of this paper is on the potential economic factors underlying voter behaviour in a democracy. It develops a simplified model based on economic theory (welfare & conditional probabilities) and governance problems prevalent in developing countries and emerging economies. Which results that Contrary to the conventional wisdom economic growth in general and agricultural growth in particular was much lower during the five year tenure (1999-2000 to 2003-4) of the NDA government, than that in the previous 5 years (1994-5 to 1998-9).

Keshri, Abhinav and Sharma, Charu "Exploratory Analysis of Functional Principal Components to Observe the Absorption of Election Sentiments in the Indian Stock Market" – the objective of this study is to Explore the impact of general elections on the Indian stock market using functional principal component analysis. By using Data from NIFTY100 stocks the elections year 2009,2014, and 2019, Principal component analysis, Analysis of volume analysis. And it shows that We tried to point out at specific time periods that may be more crucial in explaining the movement of returns and volume of any stock throughout the year. We were able to show that the FPCA method successfully captures these crucial time periods by taking a case of the election years of 2009, 2014 and 2019.

Subhashis Nandy, Fiona Sussan, Hideyuki Nakagawa "Parliamentary Elections and Stock Performance: A Comparison of American Depository Receipts and their Underlying Equities in India." - the purpose of this article is to compare the impact of the 2014 India Parliamentary Election on the short-term average abnormal returns (AARs) and cumulative average abnormal returns (CAARs) of equities traded in India's National Stock Exchange (NSE) and their corresponding American Depository Receipts (ADRs) traded in the United States. Which includes Eight Indian companies with ADRs traded in New York Stock Exchange and NASDAQ stock exchange were selected for this study, t-statistics and This shows that the results of the election impacted the CAARs. The CAAR values were lower for the ADRs, compared to those of the underlying equities

Mr. Ved Prakash, DR. K. Padmasree "IMPACT OF ELECTION RESULT ON THE STOCK MARKET, AN ANALYSIS OF BSE (SENSEX) AND NSE (NIFTY) INDEXES" – the objective of this study is to examine the impact of the announcement of election results on the BSE and NSE Indexes (Sensex and Nifty). 2. To analyse the volatility (variance) caused by the election results on BSE and NSE Indexes. With the use of paired t test The study found that the highest average return occurred once the result was announced and subsequently settled down in a month. High variability was observed in the week or say seven days period after the election result announcement

Dr. S. Sathyanarayana, Prof. Sudhindra Gargesha "Impact of BREXIT Referendum on Indian Stock Market" – the study is having a multiple objective like 1. To examine the reaction of Indian benchmark indices (Sensex and Nifty) to Brexit referendum. 2. To examine whether there is any abnormal returns around the event date. 3. To investigate the Indian stock markets reaction reflect the market efficiency in semi strong form or not. And at the end results shows the current study focussed on the impact of the British decision of voting to leave the European Union and its impact on Indian benchmark indices Sensex and Nifty fifty. In order to realise the stated objectives the researcher has collected the data from 24-06-2015 to 19-07-2016 from the capital line data base.

Sacchidananda Mukherjee, Debashis Chakraborty "Can Economic Development Influence General Election Outcomes? Evidence from Consumption Expenditure Trends of Indian States" – the objective of study is to explore the relationship between government social sector policies and economic development in India, specifically how these factors influence general election outcomes. For that e consumption expenditure

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is adjusted by using the poverty line (as per the methodology of National Human Development Report 2001), it has been used to keep parity is used The current study examines whether the government expenditures have reflected in the average MPCE of Indian states. Our findings indicate that government expenditures—both PCSSE and PCGAD—positively influence inflation and inequality adjusted MPCE in the county.

Dr. S. Sathyanarayana , Prof. Sudhindra Gargesha "The Impact of Policy Announcement on Stock Market Volatility: Evidence from Currency Demonetisation in India" – the study is having a multiple objective like 1. To examine the reaction of Indian benchmark indices (Sensex, Nifty and BSE100) to currency demonetisation. 2. To examine whether there is any abnormal returns around the event date. 3. To investigate the Indian stock markets reaction reflect the market efficiency in semi strong form or not? With the use of t critical two-tail value it shows that For the purpose of the study the date on which the demonetisation announcement came out were taken as the event date (t = 0). The thirty one days enclosing the referendum (i.e., t = - 15,….., 0….., +15) is labelled as the event window. Further, to investigate the time varying volatility GARCH (1,1) model has been applied.

RESEARCH METHODOLOGY

Problem Statement

"The Role and Impact of Indian General Elections on the Indian Economy and Stock Market"

Objective of the study

- To study the economic trends before, during, and after Indian general elections.
- To assess the impact of election-related policies and spending on macroeconomic indicators.
- To evaluate market behaviors (e.g., stock market, currency exchange) during election cycles.
-

Data Collection Method

Secondary Data

Secondary data is defined as "data that have been collected for some other purpose but which can be used for a new research study"

Data collection technique

- **Economic Reports**:
  - Reserve Bank of India (RBI) annual reports.
  - Government budget documents before and after elections.
- **Market Data**:
  - Stock market trends (Sensex, Nifty) during election periods.
  - Forex rates, inflation, and GDP growth data.
- **Election Data**:
  - Election Commission reports on spending and logistics.
  - Manifestos and campaign strategies of major political parties.

Tools and Technique used

Quantitative Analysis

1. **Statistical Tools**:
   - **Correlation Analysis**: To assess the strength of relationships between variables like stock market performance and election results.
2. **Software Tools**:
   - **SPSS** : For statistical analysis and hypothesis testing.
   - **Excel**: For data visualization and trend analysis.

Scope of the study

- **Market Sentiment and Behavior**:
  - Investigating how general elections influence investor confidence and business activity in domestic and international markets.

Comparative analysis

- Comparing economic impacts across multiple election cycles to identify recurring patterns or deviations based on political and economic contexts.

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Data Analysis and Interpretation

Paired Samples Statistics					
		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	NIFTY 50	23237.9075	40	589.43066	93.19717
	RELIANCE	1460.3390	40	46.36579	7.33108
Pair 2	NIFTY 50	23237.9075	40	589.43066	93.19717
	TCS	3829.8855	40	142.54459	22.53828
Pair 3	NIFTY 50	23237.9075	40	589.43066	93.19717
	HDFC	1562.3380	40	95.77746	15.14375
Pair 4	NIFTY 50	23237.9075	40	589.43066	93.19717
	BHARTI AIRTEL	1380.7458	40	53.59014	8.47335
Pair 5	NIFTY 50	23237.9075	40	589.43066	93.19717
	ICICI BANK	1138.8893	40	35.97236	5.68773
Pair 6	NIFTY 50	23237.9075	40	589.43066	93.19717
	INFOSYS	1482.4490	40	59.27949	9.37291
Pair 7	NIFTY 50	23237.9075	40	589.43066	93.19717
	SBIN	830.3625	40	19.84765	3.13819
Pair 8	NIFTY 50	23237.9075	40	589.43066	93.19717
	ITC	430.0095	40	5.94750	.94038
Pair 9	NIFTY 50	23237.9075	40	589.43066	93.19717
	HUL	2428.4810	40	84.52965	13.36531
Pair 10	NIFTY 50	23237.9075	40	589.43066	93.19717
	HCL TECH	1386.1402	40	58.83854	9.30319

- From the above table it can be interpreted that there are pairs which are constituted of nifty 50 and other companies in which we have applied paired sample statistics.
- The pair 1 is of nifty 50 and Reliance in which the mean of **nifty 50 is 23237.9075, N is 40 as well as standard deviation and standard error mean are 589.43 066 and 93.19717 respectively. Which remains constant with every company.** Reliance mean is 1460.3390, N is 40, standard deviation is 46.36579 and standard error mean is 7.33 108. In second pair which is of nifty 50 and TCS, the mean of TCS is 3829.88555, N is 40, standard deviation is 142.54459 and standard error mean is 2 2.53828. Similarly in pair 3 Nifty 50 and HDFC, the mean of HDFC is 1562.3380, N is 40 and standard deviation and standard error mean is 95.7746 and 15.14375 respectively. In pair 4 of nifty 50 and Bharti Airtel mean of Bharti Airtel is 1380.7458, N is 40 and standard deviation is 53.59014 and standard error mean is 8.47335. At the same time in pair 5 which is of nifty 50 and ICICI bank mean of ICICI bank is 1138.8893, N is 40 and standard deviation is 35.97236 and standard error mean is 5.68773. In pair 6 which is of nifty 50 and Infosys mean of Infosys is 1482.4490, N is 40, at the same time standard deviation is 59.27949 and standard error mean is 9.37291. In pair 7 which is of nifty 50 and SBIN , the mean of SBIN is 830.3625, N is 40 and standard deviation of SBIN is 19.84765 and standard error deviation is 3.13819. In pair 8 which is Nifty 50 and ITC, the mean of ITC is 430.0095, N is 40 and standard deviation of ITC is 5.94750 and standard error mean is 0.94038. In pair 9 which is of nifty 50 and HUL, the mean of HUL is 2428.4810, N is 40 and standard deviation and standard error mean is 84.52965 and 13.36531 respectively. In pair 10 which is of nifty 50 and HCL tech the mean of HCL tech is 1386.1402, N is 40 and standard deviation and standard error mean is 58.83 854 and 9.30319 respectively.

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Pair 11	NIFTY 50	23237.9075	40	589.43066	93.19717
	L&T	3543.8950	40	126.98912	20.07874
Pair 12	NIFTY 50	23237.9075	40	589.43066	93.19717
	SUNPHARMA	1502.8373	40	28.16579	4.45340
Pair 13	NIFTY 50	23237.9075	40	589.43066	93.19717
	BAJAJFINANCE	6960.7662	40	230.29794	36.41330
Pair 14	NIFTY 50	23237.9075	40	589.43066	93.19717
	M&M	2656.2600	40	245.77070	38.85976
Pair 15	NIFTY 50	23237.9075	40	589.43066	93.19717
	KOTAKBANK	1718.9960	40	51.36725	8.12188
Pair 16	NIFTY 50	23237.9075	40	589.43066	93.19717
	MARUTI	12538.3129	40	336.71341	53.23906
Pair 17	NIFTY 50	23237.9075	40	589.43066	93.19717
	AXISBANK	1187.4270	40	51.83398	8.19567
Pair 18	NIFTY 50	23237.9075	40	589.43066	93.19717
	ULTRACEMCO	10468.8392	40	740.65105	117.10721
Pair 19	NIFTY 50	23237.9075	40	589.43066	93.19717
	NTPC	363.8815	40	10.75514	1.70054
Pair 20	NIFTY 50	23237.9075	40	589.43066	93.19717
	WIPRO	237.0618	40	13.16175	2.08106

- The pair 11 is of nifty 50 and L&T in which the mean of **nifty 50 is 23237.9075, N is 40 as well as standard deviation and standard error mean are 589.43 066 and 93.19717 respectively. Which remains constant with every company.** , the mean of L&T is 3543.8950, N is 40 and standard deviation and standard error mean of L&T is 126.98912 and 20.7874 respectively. In pair 12 which is of nifty 50 and Sun Pharma the mean of Sun Pharma is 1502.8373, N is 40, where is standard deviation of Sun Pharma is 28.16579 and the standard error mean of Sun Pharma is 4.45340. In pair 13 which is of nifty 50 and Bajaj finance the mean of Bajaj finance is 6960.7662, N is 40 and standard deviation of Bajaj finance is 230.29794 and the standard error mean is 36.41330. In pair 14 which is of nifty 50 and M & M the mean of M and M is 2656.2600, N is 40 and standard deviation of M&M is 245.77070 and standard error mean is 38.85976. In pair 15 which is consist of nifty 50 and Kotak Bank the mean of Kotak Bank is 1718.9960, N is 40 where as the standard deviation of Kotak Bank is 51.36725 as well as the standard error mean of Kotak Bank is 8.12188. In pair 16 which is consist of nifty 50 and maruti the mean of Maruti is 12538.3129, N is 40 and standard deviation of Maruti is 336.7134 and standard error mean of Maruti is 53.23906. In pair 17 which is of nifty 50 and Axis Bank the mean of Axis Bank is 1187.4270, N is 40 and standard deviation of Axis Bank is 51.833 98 and standard error mean of Axis Bank is 8.19567. In pair 18 which is consist of nifty 50 and UltraTech cement company the mean of UltraTech cement company is 10468.8391, N is 40 as well as standard deviation of UltraTech cement company is 740.65105 and standard error mean is 117.10721. In pair 19 which is of nifty 50 and NTPC the mean of NTPC is 363.8815, N is 40 and standard deviation of NTPC is 10.75514 and standard error mean of NTPC is 1.70054. In pair 20 which is consist of nifty 50 and Wipro limited the main of Wipro is 237.0618, N is 40 at the same time standard deviation of Wipro is 13.6175 and standard error mean of Wipro is 2.08106.

Pair 21	NIFTY 50	23237.9075	40	589.43066	93.19717
	ONGC	266.0778	40	18.78066	2.96948
Pair 22	NIFTY 50	23237.9075	40	589.43066	93.19717
	TITAN	3371.4870	40	80.95639	12.80033
Pair 23	NIFTY 50	23237.9075	40	589.43066	93.19717
	POWERGRID	323.1788	40	20.02611	3.16641
Pair 24	NIFTY 50	23237.9075	40	589.43066	93.19717
	ADANIENT	3166.1398	40	166.29085	26.29289
Pair 25	NIFTY 50	23237.9075	40	589.43066	93.19717
	TRENT	4914.4343	40	365.69485	57.82143

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Pair 26	NIFTY 50	23237.9075	40	589.43066	93.19717
	BAJAJAUTO	9298.9950	40	394.20683	62.32957
Pair 27	NIFTY 50	23237.9075	40	589.43066	93.19717
	COALINDIA	224.1950	40	8.01827	1.26780
Pair 28	NIFTY 50	23237.9075	40	589.43066	93.19717
	JSWSTEEL	900.1238	40	60.92007	9.63231
Pair 29	NIFTY 50	23237.9075	40	589.43066	93.19717
	ASIANPAINT	2879.8913	40	48.56745	7.67919
Pair 30	NIFTY 50	23237.9075	40	589.43066	93.19717
	BEL	282.3775	40	29.64776	4.68772

- The pair 21 is of nifty 50 and ONGC in which the mean of **nifty 50 is 23237.9075, N is 40 as well as standard deviation and standard error mean are 589.43 066 and 93.19717 respectively. Which remains constant with every company.** In pair 21 which is of nifty 50 and ONGC the mean of ONGC is 266.0778, N is 40 and standard deviation of ONGC is 18.78066 and standard error mean of ONGC is 2.96948. In pair 22 which is of nifty 50 and Titan the mean of Titan is 3371.4870, N is 40 and standard deviation of Titan is 80.95639 and standard error mean of Titan is 12.80033. In pair 23 which is of nifty 50 and power grid the mean of power grid is 323.1788, N is 40 where as standard deviation of power grid is 20.02611 and standard error mean of power grid is 3.16641. in pair 24 which is of nifty 50 and Adani enterprises the mean of Adani enterprise is 3166.1398, N is 40 and standard deviation of Adani enterprise is 166.29085 and the standard error mean of Adani enterprise is 26.29289. In pair 25 which is of nifty 50 and trent the mean of trend is 4914. 4343, N is 40 and standard deviation of trent is 365.69485 and standard error mean of trend is 57.8 2 143. In pair 26 which is of nifty 50 and Bajaj Auto the mean of Bajaj Auto is 9298.9950, N is 40 and standard deviation of Bajaj Auto is 394.20683 at the same time standard error mean of Bajaj Auto is a 6 2.32957. In pair 27 which is of nifty 50 and coal India the mean of coal India is 224.1950, N is 40 and standard deviation of coal India is 801827 similarly the standard error mean of coal India is 1.26780. In pair 28 which is of nifty 50 and JSW Steel the mean of JSW Steel is 900.1238, N is 40 and standard deviation and standard error mean of JSW Steel is 60.92007 and 9.63 231 respectively. In pair 29 which is consist of nifty 50 and Asian paint the mean of Asian paint is 2879.8913, N is 40 at the same time the standard deviation and standard error mean of Asian paint is 48.56745 and 7.67914 respectively. In pair 30 which is consist of nifty 50 and BEL the mean of BEL is 282.3775, N is 40 similarly the standard deviation and standard error mean of BEL is 29.64776 and 4.68772 respectively.

Pair 31	NIFTY 50	23237.9075	40	589.43066	93.19717
	NESTLEIND	2499.1362	40	52.00659	8.22296
Pair 32	NIFTY 50	23237.9075	40	589.43066	93.19717
	GRASIM	2415.8800	40	412.37240	65.20180
Pair 33	NIFTY 50	23237.9075	40	589.43066	93.19717
	TECHM	1337.9400	40	70.64814	11.17045
Pair 34	NIFTY 50	23237.9075	40	589.43066	93.19717
	HINDALCO	681.0875	40	54.04049	8.54455
Pair 35	NIFTY 50	23237.9075	40	589.43066	93.19717
	SBILIFE	1439.8565	40	33.77372	5.34009
Pair 36	NIFTY 50	23237.9075	40	589.43066	93.19717
	HDFCLIFE	572.2366	40	18.96543	2.99870
Pair 37	NIFTY 50	23237.9075	40	589.43066	93.19717
	EICHERMOT	4736.2562	40	101.50062	16.04866
Pair 38	NIFTY 50	23237.9075	40	589.43066	93.19717
	BPCL	309.1963	40	10.14786	1.60452
Pair 39	NIFTY 50	23237.9075	40	589.43066	93.19717
	CIPLA	1471.7550	40	59.49887	9.40760
Pair 40	NIFTY 50	23237.9075	40	589.43066	93.19717
	BRITANNIA	5298.2875	40	139.66752	22.08337

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- The pair 31 is of nifty 50 and Nestle India in which the mean of **nifty 50 is 23237.9075, N is 40 as well as standard deviation and standard error mean are 589.43 066 and 93.19717 respectively. Which remains constant with every company.** In pair 31 which is of nifty 50 and Nestle India the mean of Nestle India is 2499.1362 and N is 40 where is the standard deviation and standard error mean of Nestle India is 52.00659 and 8.22296 respectively. In Pair 32 Nifty 50 and Grasim the mean of Grasim is 2415.8800 and N is 40 similarly the standard deviation and standard error mean of Grasim is 412.37240 and 65.20180 respectively. In pair 33 which is consist of nifty 50 and tech Mahindra the mean of tech Mahindra is 1337.9400, N is 40 and standard deviation is 70.64 814 and standard error mean is 11.7045. In pair 34 which is of nifty 50 and Hindalco the mean of Hindalco is 681.0875 and N is 40 where is standard deviation is 54.04049 and standard error mean is 8.54455. In 35 which is consist of nifty 50 and SBI Life the mean of SBI life is 1439.8565, N is 40 at the same time the standard deviation of SBI Life is 33.77 372 and the standard error mean of SBI life is 5.34009. In pair 36 which is of nifty 50 and HDFC Life the mean of HDFC Life is 572.2366 and N is 40 where is the standard deviation of HDFC Life is 18.96543 and standard error mean is 2.99870. In pair 37 which is of nifty 50 and Eicher motor the mean of Eicher motor is 4736.2560, N is 40 and standard deviation of Eicher motor is 101.5 0062 and standard error mean is 16.04866. In pair 38 which is of nifty 50 and BPCL the mean of BPCL is 309.1963, N is 40 at the same time the standard deviation of BPCL is 10.14786 and the standard error mean is 1.60452. In pair 39 which is of nifty 50 and Cipla the mean of Cipla is 1471.7550, N is 40 similarly the standard deviation of Cipla is 59.49887 and the standard error mean of Cipla is 9.40760. In pair 40 which is consist of nifty 50 and Britannia the mean of Britannia is 5298.2875, N is 40 at the same time the standard deviation and standard error mean of Britannia is 139.667 52 and 22.08337 respectively.

Pair 41	NIFTY 50	23237.9075	40	589.43066	93.19717
	DRREDDY	1197.4350	40	35.14392	5.55674
Pair 42	NIFTY 50	23237.9075	40	589.43066	93.19717
	SHRIRAM FIN	2495.4975	40	431.97551	68.30133
Pair 43	NIFTY 50	23237.9075	40	589.43066	93.19717
	APOLLOHOSP	6096.0325	40	544.97671	86.16838
Pair 44	NIFTY 50	23237.9075	40	589.43066	93.19717
	TATACONSUM	1087.3688	40	20.47606	3.23755
Pair 45	NIFTY 50	23237.9075	40	589.43066	93.19717
	HEROMOTOCO	5259.3713	40	646.28722	102.18698
Pair 46	NIFTY 50	23237.9075	40	589.43066	93.19717
	INDUSINDBK	1464.7425	40	39.60084	6.26144

- The pair 41 is of nifty 50 and Dr Reddy in which the mean of **nifty 50 is 23237.9075, N is 40 as well as standard deviation and standard error mean are 589.43 066 and 93.19717 respectively. Which remains constant with every company.** In pair 41 which is of nifty 50 and Dr Reddy the mean of Dr Reddy is 1197.4350, N is 40 and the standard deviation and standard error mean of Dr Reddy is 35.14392 and 5.5674 respectively. In pair 42 which is consist of nifty 50 and Shri ram finance the mean of Shriram finance is 2495.4975, N is 40 and the standard deviation of shri ram finance is 431.97551 and standard error mean of Shri ram finance is 68.30133. In pair 43 which is consist of nifty 50 and Apollo hospital the mean of Apollo hospital is a 6096.0325, N is 40 at the same time the standard deviation of Apollo hospital is 544.97671 and standard error mean of Apollo hospital is 86.6838. In pair 44 which is consist of nifty 50 and Tata consumers the mean of Tata consumer is 1087.3688, N is 40 and the standard deviation and standard error mean of Tata consumers is 20.47606 and 3.23755 respectively. In pair 45 which is of nifty 50 and Hero Motoco the mean of Hero Moto co is 5 to 59.3713, N is 40 and the standard deviation of Hero Motoco is 646.28722 and the standard error mean is 102.18698. In pair 46 which is consist of nifty 50 and IndusInd Bank the mean of indusind Bank is 1464.7425, N is 40 similarly the standard deviation and the standard error mean is 39.60084 and 6.26 144 respectively.

FINDINGS

Indian general elections have a significant impact on the stock market and economy, primarily through increased volatility, shifts in investor sentiment, and changes in macroeconomic indicators. Market fluctuations are most pronounced before elections due to uncertainty, with a decisive outcome leading to a bullish trend and an unclear mandate causing market corrections. Political stability boosts investor confidence, attracting Foreign Institutional Investments (FIIs), whereas uncertainty leads to panic selling and capital outflows.

Sectorial performance varies, with banking, financial services, infrastructure, and real estate being the most sensitive to election results, while FMCG and pharmaceuticals remain relatively stable. Blue-chip stocks exhibit lower volatility compared to mid-cap and small-cap stocks, which are more prone to fluctuations. FIIs play a crucial role, withdrawing funds during uncertain periods and increasing investments when a stable government is formed, affecting currency strength and market stability.

Macroeconomic indicators such as GDP growth, inflation, and fiscal deficit are influenced by election-related policies and government spending. Short-term volatility is evident, but markets eventually stabilize as economic fundamentals take precedence. Statistical analyses confirm a strong correlation between election cycles and market behavior, with event study findings showing abnormal stock returns around election events.

Investors are advised to adopt a long-term perspective, avoid reactionary trading, and diversify across sectors less sensitive to election outcomes. Monitoring FII trends and government policies can help anticipate market movements. While elections shape financial markets, their long-term impact depends on the effectiveness and consistency of the elected government's policies.

CONCLUSION

The study concludes that Indian general elections significantly influence the stock market and economy, primarily through market volatility, investor sentiment, and macroeconomic trends. Political stability and a clear electoral mandate boost investor confidence, leading to market gains, whereas uncertainty results in panic selling and capital outflows. Sectoral performance varies, with industries like banking, infrastructure, and financial services being the most sensitive to election outcomes. Foreign Institutional Investors (FIIs) play a crucial role, with their investment decisions directly impacting market stability and currency strength. While short-term fluctuations are inevitable, markets tend to stabilize over time as economic fundamentals regain focus. Investors should adopt a long-term approach, diversify investments, and monitor policy changes to navigate election-driven volatility effectively. Ultimately, the long-term economic impact of elections depends on the policies and governance of the elected government.

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