

Impact of union budget on market & sectoral indices

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Abstract: *The study was conducted to understand the impact of changing policies of the union budgets for the preceding three years on the stock market. To understand the relevancy of the impact, event study tool was used. Five major sectors comprising of Manufacturing and Services were considered for the year 2015, 2016 and 2017. It was found that there was no major impact on other sectors in the year 2016 except on Banking Sector as there was a change in the Banking Regulation Act under Bankruptcy and Insolvency Code of 2016 provisions, which allows RBI to take actions against the defaulters and Real Estate Sector due to the Real Estate Regulation and Development Act which was passed in March 2016, which protects buyer who want to purchase home and also encourage investments in the Real Estate Sector. However, there was no significant impact of the Union Budget policies on any of the sectors considered for the study during the year 2015 and 2017. The study also observed that there was no significant impact on the Stock Market as available data of the BSE SENSEX confirmed the same.*

Key Words: *BSE, Event Study, Sectoral Indices, SENSEX, Union Budget.*

1. INTRODUCTION:

The Indian Stock Market has been gradually growing and strengthening its position, there by playing a very important role in Economic Growth of the Country. The Stock Market continues to remain as an important conduit in increasing and enhancing the overall development of the Country. Long-Term Capital is necessary for investment in many profitable Ventures. Investors are generally reluctant to make such investments out of their savings. When the number of profitable Ventures decline, it would lead to negative Economic Growth. In such situations Stock Markets have been playing a very important role in providing liquid cash for investment by ensuring easy liquidity of funds. This would lead to higher savings and higher investments bringing about a turnaround in the Economic Growth. The Union Budget provides input on Income and Expenditures and highlights the fiscal policies and proposed infrastructural developments of the Country. The Union Budget tries to maintain Economic stability through various policies. Allocation of resources in an efficient manner, to improve the Socio-economic conditions in the Country. A few sectors which are major contributors to the Economic Growth of the Country has been considered and taken as a sample for conducting this study and analysis. The Sectors considered under this study are varied, comprising of a combination of Manufacturing and Services, which are also an important contributor to the GDP of the Country. Basically, different sectors react differently in the Stock Market due to Economic Policy changes of Union Budget. As a reason Union Budget of the year is referred as Annual Financial Statement which deals with the receipts and expenditure of the Government. The Government of India has to create a policy which brings significant benefits to the respective Sectors. Each year after the announcement of the Union Budget, the general Public would be aware of the various policies announced for that year to benefit both the investors as well as the industries. These policies in the Union Budget would predict whether there would be any positive, negative or neutral impact on these sector indices and its impact on the stock market.

2. LITERATURE REVIEW:

The study was conducted on behavior of various stock market due to announcement of government budget, they conducted the survey in 3 countries including India, so the results states that there is no impact of government budget on stock prices because budget doesn't affect the stock prices (Khanna & Gogia, 2014). It was examined to check the volatility of stock market in effect of union budget from 1995 to 2010 which resulted in the long term period after the date of budget are comparatively more volatile (Saraswat & Banga, 2012). It have been examined that the impact of union budget on the broad and sectoral indices during the period of 1993 to 2014 and resulted as there is no significant impact of union budget in the broad return and sectoral indices (Deepak & Bhavya, 2014). The study was examined to test whether Indian stock market is semi strong efficient or not, he investigated using selected companies which comes under six sectors resulted to there is impact in four out of six sectors (Vishal, 2012). The objective of the study is to find the volatility of 4 indices of Indian stock Market & also to analyze the reasons for volatility so he resulted to there was more volatility in Stock market after the announcement of union budget (Varadharajan & Dr.Vikkraman, 2011). It was examined whether there have been any immediate impact of union budget on stock market & whether the impact last long resulted to there is significant impact of union budget on Stock Market (Suresh & Dr.Venkateswarlu, 2013)

.It is examined that the response of stock market towards union budget, according to the author there was a mixed impact of union budget on stock prices that is there is negative as well as positive returns (Susan & Ajay, 2002).

Announcement dates of Union Budget

Sl.No	Date	Presenters
1	2 July 2009	Pranab Mukherjee I
2	26 February 2010	Pranab Mukherjee II
3	28 February 2011	Pranab Mukherjee III
4	16 March 2012	Pranab Mukherjee IV
5	28 February 2013	P. Chidambaram I
6	17 February 2014	P.Chidambaram II (Interim)
7	10 July 2014	Arun Jaitley I
8	19 February 2015	Arun Jaitley II
9	29 February 2016	Arun Jaitley III
10	1 February 2017	Arun Jaitley IV

3. OBJECTIVE OF THE STUDY:

- To Study the impact of Union Budget on Indian Industries using Sectoral Indices available in the Stock Market website as an Information Tool.
- To examine whether the Stock Market is efficient in absorbing new Budget Information in response of SENSEX towards the announcement of the Union Budget.

4. HYPOTHESIS:

H₁: The Sectoral Indices has an impact due to annual Union Budget. Sectoral indices have the ability to accept semi-strong form of market efficiency.

H₂: The Stock Market has adjusted itself to the announcement of Union Budget.

5. DATA AND METHODOLOGY:

5.1 EVENT STUDY:

To conduct study on Semi-strong form of market efficiency Jensen, Fisher, Fama and Roll (Fama, Fisher, MC, & Roll, 1969) had used event study which can measure the impact of a certain event on firm’s value. The financial data available in the Stock Market is the main fuel for the event study to find the impact. If there is rationality in the marketplace, the effect of such an event can be reflected on the stock prices immediately. The quantum of economic impact of the event can be ascertained by the usage of security prices by their observation for a short period of time. Daily and Monthly returns were used by Warner and Brown (Brown & Warner, 1985) to conduct event study, by conducting event study they had framed a conclusion that the data collected daily had a greater power to study about the effect of an event when the date of an event is known.

5.2 METHODOLOGY OF THE STUDY:

In this study the event date is considered as the date on which the Union Budget is announced for the past 3 years (T=0). We measure indices of each sector 15 days pre-event period and 15 day post event period. The event window begins from -15 to the day 15 that is 31 days event window is engaged. We consider medium event window using which the Impact of Union Budget on the indices of each sector can be determined. BSE SENSEX date has been considered to understand and find out the impact of Union Budget on the stock market.

Co-efficient of constant= Average mean returns of the sector indices in the pre-event period

Co-efficient of (@date>@dateval) Time period after the announcement of Union Budget= the difference between the mean returns in pre-event period and post-event period that is the abnormal returns.

Prob (@date>@dateval) = Probability value.

5.3 SAMPLE SECTORS FOR THE STUDY:

Daily Closing prices during 15days Pre Union Budget and 15days Post Union Budget of selected 5 sectors from BSE website (www.bseindia.com) were considered for the study. The Sectors were selected based on:

- Listing in the Bombay Stock Exchange.
- Sectors having complete data during the Pre and Post Union Budget Period for 3 Years.
- They should play a major part in the Bombay Stock Exchange.

Based on the above Criteria we have complied 5 sectors as follows:

Sector
FMCG
Automobile
Real Estate
Banking
Information Technology

6. QUANTITATIVE RESULTS AND INTERPRETATION:

6.1 FMCG:

Table 1: Results of Regression Equation using Event Study for FMCG (2017)

Dependent Variable: DLOG(CLOSE)
 Method: Least Squares
 Date: 09/11/17 Time: 11:17
 Sample (adjusted): 1/11/2017 2/22/2017
 Included observations: 30 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.002226	0.002193	1.015236	0.3187
@DATE>@DATEVAL("1/31/2017")	-0.000310	0.003003	-0.103075	0.9186
R-squared	0.000379	Mean dependent var		0.002061
Adjusted R-squared	-0.035321	S.D. dependent var		0.008064

* Significant at 5%

Table 1: The result indicates that there was a significantly negative Market return during the event period and positive Market returns during the pre-event period. There is no chance for the investor to make abnormal returns with respect to the companies under FMCG Sector. The result also indicates that the probability is more than the level of significance that is 0.05% hence there is no much significant impact of announcement of Union Budget on FMCG Sector during 2017.

Table 2: Results of Regression Equation using Event Study for FMCG (2016)

Dependent Variable: DLOG(CLOSE)
 Method: Least Squares
 Date: 09/11/17 Time: 11:14
 Sample (adjusted): 2/09/2016 3/22/2016
 Included observations: 30 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.003366	0.003745	-0.898668	0.3765
@DATE>@DATEVAL("2/28/2016")	0.007693	0.005128	1.500149	0.1448
R-squared	0.074394	Mean dependent var		0.000737
Adjusted R-squared	0.041336	S.D. dependent var		0.014312

* Significant at 5%

Table 2: The result indicates that there were a positive Market returns during the event period and significantly negative Market returns during the pre-event period. There is minute chance for the investor to make abnormal returns with respect to the companies under FMCG Sector. The result also indicates that the probability is more than the level of significance at 0.05% this shows that there is no significant impact of Union Budget on FMCG Sector in the year 2016.

Table 3: Results of Regression Equation using Event Study for FMCG (2015)

Dependent Variable: DLOG(CLOSE)
 Method: Least Squares
 Date: 09/11/17 Time: 11:16
 Sample (adjusted): 1/29/2015 3/12/2015
 Included observations: 30 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.003288	0.003372	0.975328	0.3377
@DATE>@DATEVAL("2/18/2015")	-0.005997	0.004617	-1.299070	0.2045
R-squared	0.056845	Mean dependent var		8.98E-05
Adjusted R-squared	0.023161	S.D. dependent var		0.012764

* Significant at 5%

Table 3: The result indicates that there was a significantly negative Market return during the event period and positive Market returns during the pre-event period. There is minute chance for the investor to make abnormal returns

with respect to the companies under FMCG Sector. The result also indicates that the probability is more than the level of significance that is 0.05% hence there is no much significant impact of announcement of Union Budget on FMCG Sector during 2015.

6.2 AUTOMOBILE:

Table 4: Results of Regression Equation using Event Study for Automobile (2017)

Dependent Variable: DLOG(CLOSE)
 Method: Least Squares
 Date: 09/08/17 Time: 14:35
 Sample (adjusted): 1/11/2017 2/22/2017
 Included observations: 30 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.001810	0.003150	0.574723	0.5701
@DATE>@DATEVAL("1/31/2017")	-0.001929	0.004313	-0.447244	0.6581
R-squared	0.007093	Mean dependent var		0.000781
Adjusted R-squared	-0.028368	S.D. dependent var		0.011622

* Significant at 5%

Table 4: The result indicates that there was a positive Market return during the event period and significantly negative Market returns during the pre-event period. There is no chance for the investor to make abnormal returns with respect to the companies under Automobile Sector. The result also indicates that the probability is more than the level of significance that is 0.05% hence there is no much significant impact of announcement of Union Budget on Automobile Sector during 2017.

Table 5: Results of Regression Equation using Event Study for Automobile (2016)

Dependent Variable: DLOG(CLOSE)
 Method: Least Squares
 Date: 09/08/17 Time: 14:33
 Sample (adjusted): 2/09/2016 3/22/2016
 Included observations: 30 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.002755	0.004274	-0.644648	0.5244
@DATE>@DATEVAL("2/28/2016")	0.009082	0.005852	1.551797	0.1319
R-squared	0.079192	Mean dependent var		0.002088
Adjusted R-squared	0.046306	S.D. dependent var		0.016375

* Significant at 5%

Table 5: The result indicates that there was a positive Market return during the event period and significantly negative Market returns during the pre-event period. There is minute chance for the investor to make abnormal returns with respect to the companies under Automobile Sector. The result also indicates that the probability is more than the level of significance that is 0.05% hence there is no much significant impact of announcement of Union Budget on Automobile Sector during 2016.

Table 6: Results of Regression Equation using Event Study for Automobile (2015)

Dependent Variable: DLOG(CLOSE)
 Method: Least Squares
 Date: 09/08/17 Time: 14:29
 Sample (adjusted): 1/29/2015 3/12/2015
 Included observations: 30 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.001286	0.003088	-0.416440	0.6803
@DATE>@DATEVAL("2/18/2015")	0.001085	0.004228	0.256666	0.7993
R-squared	0.002347	Mean dependent var		-0.000707
Adjusted R-squared	-0.033283	S.D. dependent var		0.011367

* Significant at 5%

Table 6: The result indicates that there was a positive Market return during the event period and significantly negative Market returns during the pre-event period. There is no chance for the investor to make abnormal returns with respect to the companies under Automobile Sector. The result also indicates that the probability is more than the level of significance that is 0.05% hence there is no much significant impact of announcement of Union Budget on Automobile Sector during 2015.

6.3 REAL ESTATE:

Table 7: Results of Regression Equation using Event Study for Real Estate (2017)

Dependent Variable: DLOG(CLOSE)
 Method: Least Squares
 Date: 09/08/17 Time: 14:51
 Sample (adjusted): 1/11/2017 2/22/2017
 Included observations: 30 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.000626	0.003772	0.166059	0.8693
@DATE>@DATEVAL("1/31/2017")	0.003578	0.005165	0.692736	0.4942
R-squared	0.016850	Mean dependent var		0.002535
Adjusted R-squared	-0.018263	S.D. dependent var		0.013988

* Significant at 5%

Table 7: The result indicates that there was a positive Market returns during the event period as well as pre-event period. There is no chance for the investor to make abnormal returns with respect to the companies under Real Estate Sector. The result also indicates that the probability is more than the level of significance that is 0.05% hence there is no much significant impact of announcement of Union Budget on Real Estate Sector during 2017.

Table 8: Results of Regression Equation using Event Study for Real Estate (2016)

Dependent Variable: DLOG(CLOSE)
 Method: Least Squares
 Date: 09/10/17 Time: 12:39
 Sample (adjusted): 2/09/2016 3/22/2016
 Included observations: 30 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.007983	0.006131	-1.301983	0.2035
@DATE>@DATEVAL("2/28/2016")	0.018164	0.008396	2.163544	0.0392
R-squared	0.143231	Mean dependent var		0.001705
Adjusted R-squared	0.112632	S.D. dependent var		0.024354

* Significant at 5%

Table 8: The result indicates that there were a positive Market returns during the event period and significantly negative Market returns during the pre-event period. There is a chance for the investor to make abnormal returns with respect to the companies under Real Estate Sector. The result also indicates that the probability is less than the level of significance at 0.05% this shows that there is significant impact of Union Budget on Real Estate Sector in the year 2016.

Table 9: Results of Regression Equation using Event Study for Real Estate (2015)

Dependent Variable: DLOG(CLOSE)
 Method: Least Squares
 Date: 09/08/17 Time: 14:55
 Sample (adjusted): 1/29/2015 3/12/2015
 Included observations: 30 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.000502	0.004339	0.115677	0.9087
@DATE>@DATEVAL("2/18/2015")	0.000190	0.005941	0.031928	0.9748
R-squared	0.000036	Mean dependent var		0.000603
Adjusted R-squared	-0.035677	S.D. dependent var		0.015952

* Significant at 5%

Table 9: The result indicates that there was a positive Market returns during the event period as well as pre-event period. There is no chance for the investor to make abnormal returns with respect to the companies under Real Estate Sector. The result also indicates that the probability is more than the level of significance that is 0.05% hence there is no much significant impact of announcement of Union Budget on Real Estate Sector during 2015.

6.4 BANKING:

Table 10: Results of Regression Equation using Event Study for Banking (2017)

Dependent Variable: DLOG(CLOSE)
 Method: Least Squares
 Date: 09/08/17 Time: 14:35
 Sample (adjusted): 1/11/2017 2/22/2017
 Included observations: 30 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.004205	0.002597	1.618787	0.1167
@DATE>@DATEVAL("1/31/2017")	-0.000150	0.003557	-0.042147	0.9667
R-squared	0.000063	Mean dependent var		0.004125
Adjusted R-squared	-0.035649	S.D. dependent var		0.009550

* Significant at 5%

Table 10: The result indicates that there was a significantly negative Market return during the event period and positive Market returns during the pre-event period. There is no chance for the investor to make abnormal returns with respect to the companies under Banking Sector. The result also indicates that the probability is more than the level of significance that is 0.05%, hence there is no much significant impact of announcement of Union Budget on Banking Sector during 2017

Table 11: Results of Regression Equation using Event Study for Banking (2016)

Dependent Variable: DLOG(CLOSE)
 Method: Least Squares
 Date: 09/08/17 Time: 14:32
 Sample (adjusted): 2/09/2016 3/22/2016
 Included observations: 30 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.006229	0.004606	-1.352136	0.1872
@DATE>@DATEVAL("2/28/2016")	0.015512	0.006308	2.459303	0.0204
R-squared	0.177636	Mean dependent var		0.002045
Adjusted R-squared	0.148266	S.D. dependent var		0.018676

* Significant at 5%

Table 11: The result indicates that there were a positive Market returns during the event period and significantly negative Market returns during the pre-event period. There is a chance for the investor to make abnormal returns with respect to the companies under Banking Sector. The result also indicates that the probability is less than the level of significance at 0.05% this shows that there is significant impact of Union Budget on Banking Sector in the year 2016.

Table 12: Results of Regression Equation using Event Study for Banking (2015)

Dependent Variable: DLOG(CLOSE)
 Method: Least Squares
 Date: 09/08/17 Time: 14:29
 Sample (adjusted): 1/29/2015 3/12/2015
 Included observations: 30 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.004238	0.004145	-1.022567	0.3153
@DATE>@DATEVAL("2/18/2015")	0.003830	0.005675	0.674790	0.5053
R-squared	0.016002	Mean dependent var		-0.002196
Adjusted R-squared	-0.019141	S.D. dependent var		0.015362

* Significant at 5%

Table 12: The result indicates that there were a positive Market returns during the event period and significantly negative Market returns during the pre-event period. There is no chance for the investor to make abnormal returns with respect to the companies under Banking Sector. The result also indicates that the probability is more than the level of significance at 0.05% this shows that there is significant impact of Union Budget on Banking Sector in the year 2015.

6.5 INFORMATION TECHNOLOGY:

Table 13: Results of Regression Equation using Event Study for IT (2017)

Dependent Variable: DLOG(CLOSE)
 Method: Least Squares
 Date: 09/08/17 Time: 14:50
 Sample (adjusted): 1/11/2017 2/22/2017
 Included observations: 30 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.002696	0.003146	-0.856969	0.3987
@DATE>@DATEVAL("1/31/2017")	0.006603	0.004308	1.532603	0.1366
R-squared	0.077396	Mean dependent var		0.000825
Adjusted R-squared	0.044446	S.D. dependent var		0.012043

* Significant at 5%

Table 13: The result indicates that there were a positive Market returns during the event period and significantly negative Market returns during the pre-event period. There is a minute chance for the investor to make abnormal returns with respect to the companies under IT Sector. The result also indicates that the probability is more than the level of significance at 0.05% this shows that there is significant impact of Union Budget on IT Sector in the year 2017.

Table 14: Results of Regression Equation using Event Study for IT (2016)

Dependent Variable: DLOG(CLOSE)
 Method: Least Squares
 Date: 09/08/17 Time: 14:47
 Sample (adjusted): 2/09/2016 3/22/2016
 Included observations: 30 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.003524	0.003986	-0.884092	0.3842
@DATE>@DATEVAL("2/28/2016")	0.008024	0.005458	1.470104	0.1527
R-squared	0.071655	Mean dependent var		0.000755
Adjusted R-squared	0.038500	S.D. dependent var		0.015210

* Significant at 5%

Table 14: The result indicates that there were a positive Market returns during the event period and significantly negative Market returns during the pre-event period. There is a minute chance for the investor to make abnormal returns with respect to the companies under IT Sector. The result also indicates that the probability is more than the level of significance at 0.05% this shows that there is significant impact of Union Budget on IT Sector in the year 2016.

Table 15: Results of Regression Equation using Event Study for IT (2015)

Dependent Variable: DLOG(CLOSE)
 Method: Least Squares
 Date: 09/08/17 Time: 14:45
 Sample (adjusted): 1/29/2015 3/12/2015
 Included observations: 30 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.004998	0.002266	2.205750	0.0358
@DATE>@DATEVAL("2/18/2015")	-0.006166	0.003103	-1.987024	0.0568
R-squared	0.123583	Mean dependent var		0.001710
Adjusted R-squared	0.092282	S.D. dependent var		0.008899

* Significant at 5% **Significant at 10%

Table 15: The result indicates that there were a significantly negative Market returns during the post event period and positive Market returns during the pre-event period. There is a chance for the investors to earn abnormal returns with respect to the companies included in the IT Sector. The result also indicates that the probability is more than the level of significance at 0.05% this shows that there is no significant impact but when we consider the significance level at 0.10% then there is a significant impact as we have considered 0.05% level of significance there is no much significant impact of Union Budget on IT Sector in the year 2015.

6.6 SENSEX:

Table 16: Results of Regression Equation using Event Study for SENSEX (2017)

Dependent Variable: DLOG(CLOSE)
 Method: Least Squares
 Date: 09/06/17 Time: 12:53
 Sample (adjusted): 1/11/2017 2/22/2017
 Included observations: 30 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.001981	0.001538	1.287739	0.2084
@DATE>@DATEVAL("1/31/2017")	0.000693	0.002106	0.328944	0.7446
R-squared	0.003850	Mean dependent var		0.002350
Adjusted R-squared	-0.031727	S.D. dependent var		0.005666

* Significant at 5%

Table 16: The result indicates that there was a positive Market returns during the event period as well as pre-event period. There is no chance for the investor to make abnormal returns with respect to the 25 companies included in the SENSEX Market. The result also indicates that the probability is more than the level of significance that is 0.05% hence there is no much significant impact of announcement of Union Budget on SENSEX during 2017.

Table 17: Results of Regression Equation using Event Study for SENSEX (2016)

Dependent Variable: DLOG(CLOSE)
 Method: Least Squares
 Date: 09/06/17 Time: 12:55
 Sample (adjusted): 2/09/2016 3/22/2016
 Included observations: 30 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.003413	0.003440	-0.992113	0.3296
@DATE>@DATEVAL("2/28/2016")	0.009027	0.004710	1.916475	0.0656
R-squared	0.115963	Mean dependent var		0.001402
Adjusted R-squared	0.084390	S.D. dependent var		0.013451

* Significant at 5% **Significant at 10%

Table 17: The result indicates that there were a positive Market returns during the event period and significantly negative Market returns during the pre-event period. There is minute chance for the investor to make abnormal returns with respect to the 25 companies included in the SENSEX Market. The result also indicates that the probability is more than the level of significance at 0.05% this shows that there is no significant impact but when we consider the significance level at 0.10% then there is a significant impact as we have considered 0.05% level of significance there is no much significant impact of Union Budget on SENSEX in the year 2016.

Table 18: Results of Regression Equation using Event Study for SENSEX (2015)

Dependent Variable: DLOG(CLOSE)
 Method: Least Squares
 Date: 09/06/17 Time: 12:57
 Sample (adjusted): 1/29/2015 3/12/2015
 Included observations: 30 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.000580	0.002318	-0.250076	0.8044
@DATE>@DATEVAL("2/18/2015")	-0.000257	0.003174	-0.080937	0.9361
R-squared	0.000234	Mean dependent var		-0.000717
Adjusted R-squared	-0.035472	S.D. dependent var		0.008523

* Significant at 5%

Table 18: The result indicates that there were significantly negative Market returns during the event period as well as the pre-event period. There is no chance for the investor to make abnormal returns with respect to the 25 companies included in the SENSEX 2015. The result also indicates that the probability is more than the level of significance that is 0.05% hence there is no much significant impact of announcement of Union Budget on SENSEX during 2015.

7. CONCLUSION:

Companies which have similar working process are categorized under each sector in stock market. The Market analyst felt that the Budget might have an impact on Banking and Real Estate Sectors but the impact of Union Budget was opposite in the year 2015 and 2017 and the Union Budget had impact in the year 2016. The other Sectors that is FMCG, Automobile and IT has no impact in all the three consecutive years but there was a chance for the investors to make a minimal abnormal returns in respect of increase and decrease in the Sectoral Indices in FMCG during 2015 and 2016, Automobile sector during the year 2016, Real Estate Sector during the year 2016, Information Technology Sector during all the three years that is 2015, 2016 and 2017, Banking during 2016. And the study shows that there is no much impact of Union Budget on the five sectors except Banking and Real Estate sector in the year 2016.

The study shows that there is no much impact of Union Budget on the SENSEX which indicates the Stock Market returns are not affected by the announcement on Union Budget and the investors have a minute chance of making abnormal returns during the year 2016 in respect of increase and decrease in the Stock Market SENSEX.

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