

A STUDY ON THE IMPACT OF UNION BUDGET 2018 ON INDIAN STOCK MARKET WITH REFERENCE TO BSE

J. Gayathiri¹ & L. Ganesamoorthy²

¹ *Research Scholar, Department of Commerce, Annamalai University, Tamil Nadu, India*

² *Assistant Professor, Department of Commerce, Government Arts and Science College, Tamil Nadu, India*

Received: 21 May 2018

Accepted: 26 May 2018

Published: 09 Jun 2018

ABSTRACT

Union budget is the government's main economic policy document, which shows how the government plans to use public resources to meet policy goals. It is always much awaited by all sectors as this may bring a drastic change. Stock markets also respond to the budget announcements to an extent. This paper attempts to study how Sensex companies have reacted to the announcements of Union budget 2018. The impact has been studied by using event study taking data prior and subsequent to the budget announcements. Regression analysis is used in the study. Returns, average abnormal returns, and cumulative average abnormal returns were calculated. Returns on the Sensex were negative, even before budget announcements and continued the same. It was found that there was no significant impact of the event of the announcement of union budget 2018 on return on Sensex companies. While CAAR showed a slight negative effect on day-1, event day and day+1 which shows that the market expected and reacted to some extent on these days because of the union budget 2018.

KEYWORDS: *Budget, SENSEX, Volatility, Return*