

**VOLATILITY OF SENSEX WITH RESPECT OF UNION
BUDGET OF INDIA: A PRAGMATIC STUDY**

PRANAV SARASWAT

Assistant Professor –Finance, Asia-Pacific Institute of Management
3-4 Institutional Area, Jasola, Opp. Sarita Vihar, New Delhi – 11002
Phone: 011-42094846 (Extn: 870) Mobile: +91- 7838808646,9555542960
E-mail: drprnavsaraswat@gmail.com

JATIN BANGA

Research Scholar, Asia Pacific Institute of Management New Delhi-110025
E-mail- jatinbanga08@gmail.com

ABSTRACT

The Union Budget is perhaps the most-watched event in economic policy making in India. The core fiscal issues – taxation, expenditures, and the fiscal deficit – are obviously important for macro-economics. The stock market response to a Budget is often viewed as an important summary statistic of the 'quality' of a Budget in terms of improving macro-economic prospects. This paper examines the impact of Union Budgets from 1995 to 2010 on the Stock Market as represented by Nifty in terms of returns and volatility. The impact on Nifty has been studied prior to and subsequent to budget day. The periods have been segregated into short-term, medium-term, and long-term periods. With regard to return the result proves that budgets have the maximum impact in the short term period, with some impact extending into the medium-term and no significant impact at all on long-term average returns. With regard to volatility the result indicates that the long term period after the budget tends to be more volatile than the medium-term and the short-term periods when compared to similar long-term before the budget.