Calendar Anomalies vs. Indian Stock Market

[*]Dr. Gurloveleen Kaur

ABSTRACT

EMH states that the stock market is efficient enough; no past information and trading behavior of investor can affect it. But, behavioral finance is the study of the influence of the psychological factors on financial markets evolution. It is a relatively new and high impact concept which offers an interesting substitute to classical finance. The classical finance presumes that capital markets are efficient, investors are rational and it is not possible to outperform the market by taking edge on the past information. The present study has chosen the two calendar anomalies: Turn of the month and holiday effect to explore the impact of the same on the working of Indian Stock market as presumed by the researchers after finding their existence. But, these anomalies were not found in the market, hence the Indian Stock Market has been observed efficient.

Keywords: Holiday effect, Turn of the month effect, EMH, Stock market, Anomaly

1.   Introduction

According to EMH, the stock markets are rational and the stock prices fully reflect the available and relevant information. When the new information is available in the market, the stock prices immediately absorb the same. But the behavioral finance claims the presence of anomalies in the stock markets. These anomalies are the deviations. It means an irregular occurrence or abnormality in a smooth pattern of the stock markets. Synthesizing, Efficient Markets Hypothesis assume that capital markets are informationally efficient. Informational efficiency is represented by the situation in which prices fully reflect all available information concerning financial assets and characteristics of the market in question **(Birau, Ramona, Felicia, 2012).**

An alternative solution to the problems faced by the classical finance theory in elucidating certain financial facts is "Behavioral finance". The behavioral finance presumes that investors may be irrationally behaved at the time of taking investment decisions after considering the new available information in the market. The three themes prevail in behavioral finance, such as: Heuristics, Framing and Market Inefficiencies.

Heuristics: Investors take their investment decisions by considering rule of thumb and ignored the logical reasoning.

Framing: Investors rely on to recognize and react to events by collecting stereotypes and anecdotes. It emotionally sets their mind to depend on such events.

Market Inefficiencies: it comprises mispricing, irrational decision making and return anomalies.

A number of hypotheses have been put forward to explain the presence of this seasonality: namely, an information release hypothesis, whereby firms delay the release of negative information until late in the week, a settlement regime hypothesis, associated with differences in the timing of transactions and settlement, and an information processing hypothesis linked with the asymmetry in information costs across small and large investors. (*Marret & Worthington, 2008*)

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[*] Assistant Professor, Department of Commerce & Management, Sri Guru Granth Sahib World University, Fatehgarh Sahib

The EMH relies on the efficient exploitation of information by economic agents, which implies that it would not be possible for a market agent to earn abnormal profits. EMH assumes that agents, informing their expectations in the period, are rational in the sense that they do not make systematic forecasting errors, and they know expected market equilibrium prices or expected equilibrium returns. (James & Mathur, 2006)

In capital markets, the Law of one price says that same scrips must have the same prices; otherwise, smart investors can make abnormal profits by buying the cheap one and selling the expensive one. But, it does not mean that all investors are rational or sophisticated, only that adequate investor is capable to identify arbitrage opportunities.

In the layman language, an anomaly is a strange or unexpected occurrence of any event which deviate the performance of a stock or a group of stocks from the assumptions of EMH. These are also known as financial market anomalies. The price of a stock reflects both the information that information traders trade on and the noise that noise traders trade on. Noise trading provides the essential missing ingredient. Noise trading is trading on noise as if it were on information. People who trade on noise are willing to trade even though from an objective point of view they would be better off not trading. Perhaps they think the noise they are trading on is information. Or perhaps they just like to trade. (Black, Fischer, 1986)

Monthly/Turn-of-the- Month effect**:** Financial Dictionary states that a temporary increase in stock prices during the last few days and the first few days of each month is known as turn-of-the-month effect. The propensity of security prices to increase in the last two days of a preceding month and the first three days of coming month. Some researchers believed that the cause behind this is the distributions to the pensioners from their pension funds and retirement accounts and instantaneously reinvested by them in the stock market. The other reason behind this anomaly is the behavior of the investors that they assume the positive changes in the next month because of the release of the positive news by the companies at the month end and next month start. They would like to sell their shares at the end of the month and buy the same at the start of the coming month

2.   Literature Review

Ignatius (1992) examined the turn of the year effect, turn of the month effect and turn of the week effect on the Bombay Stock Exchange and New York Stock Exchange for the period of April 1979 to July 1990. The parametric and non parametric tests were applied. The study found a few similarities and dissimilarities in both stock exchanges. The weekend effect was observed in both exchanges but in a limited sense for BSE. The daily returns patterns were detected for the selected stock markets. The BSE and NYSE had found more segmented rather than integrated. The higher mean returns were earned in the December month against other months of the year. Similarly, the fourth week of a month had exhibited higher returns. The mean returns on Friday were observed more as compared to other days of the week. The seasonality in the stock market was confirmed and extra benefits can be taken by trading on different days, weeks or months.

Recep (2004) observed whether the calendar anomalies were still alive in Istanbul stock market. The day of the week effect, turn of the month effect, turn of the year effect, holiday effect and intra month effect were studied through descriptive statistics, f-test, Levene test, Kruskal Wallis test and dummy variable regression model. The daily closing values of the stock along with traded volume were selected for the period of January 1988 to January 1999. The author had found the low and negative returns in the first part of the week (from Monday to Tuesday) and positive returns in the second half of the week (from Wednesday to Friday) in the case of day of the week anomaly. In turn of the month effect, the first part of the month means the first fifteen days of the month exhibited the significant and positive returns as compared to second half. The holiday effect, intraday effect and January effect were also

found significant during the study. In holiday effect, the large number of stocks found to be sold before the holiday days with significant returns against the post holiday days. The existence of calendar anomalies in the ISE was finally confirmed in the research work.

Vulic (2009) tried to predict the Montenegro stock exchange by detecting serial dependence of stock returns. The various anomalies, i.e. January effect, Monday effect, holiday effect and turn of the month were studied. The study found that turn of the month anomaly had an impact on the growth and performance of the stock market. Henceforth, the Montenegro Stock Exchange was not found weak form efficient.

Garg et al. (2010) examined the presence of seasonal anomalies in the U.S and Indian stock markets. The five anomalies i.e. turn of the month effect, semi-monthly effect, monthly effect, Monday effect and Friday effect has been chosen. The sample period was from January 1998 to December 2007, it was divided into two sub periods: January 1998 to December 2001 and January 2002 to December 2007. The S&P 500 and BSE were taken as a proxy to obtain the results. The stock's daily closing prices were changed into compounded daily percentage to avoid the effect of extreme index values. The parametric and non-parametric tests namely t-test, Anova and Kruskal Wallis were employed. The semi monthly effect and turn of the month effect have been found in both the markets. The Monday effect was present in the Indian market only. The month effect and Friday effect did not exist in any stock markets.

Amarnani & Vaidya (2014) studied the existence of calendar anomalies in the Indian stock market. The BSE Sensex and NSE Nifty were considered for the study. The daily returns were calculated from the daily closing prices during the period of 1993 to 2013. The dummy variable regression model along with Anova test was applied to find the presence of day of the week effect, month of the year effect and turn of the month effect. The day of the week effect was found in Nifty but not in Sensex. The negative returns were observed on Monday in Nifty only. Contrary, the month of the year effect was not seen in both indices. The lowest returns in the month of March due to tax-loss selling effect were not found. But, the presence of turn of the month effect was significantly confirmed in BSE Sensex and NSE Nifty. The study has reported that the seasonality exists in the Indian stock market.

Sharma et al. (2014) examined the existence of the weekend effect, turn of the month effect, turn of the year effect- both in terms of volume and price and stock split effect in Indian capital market. To analyze the results, the average mean index values of BSE were tabulated for the selected five years. It was found that weekend effect actually exists in the market and turn of the month effect and turn of the year effect also minimally visible but statistically didn't exist. The five companies were selected to prove the stock split effect. This effect was not proven except in the case of Jindal Steel.

Seif et al. (2015) tested the seasonality existence in the stock returns of nine emerging stock markets. The stock markets of Brazil, Poland, Czech Republic, Hungary, Malaysia, Mexico, Taiwan, South Africa and Turkey were selected. The existence of five anomalies month of the year, January effect, day of the week effect, holiday effect and 44th week effect have been tested in the selected markets. The daily, weekly and monthly returns were calculated and denominated in U.S Dollar and local currency. The descriptive statistics, ordinary least square method and GARCH model have been employed. The study admitted the strong evidence of higher returns in December. Similarly, the 44th week effect was found in eight stock markets except the one. The day of the week effect was also confirmed in six out of nine stock markets and holiday effect in seven stock markets. In fact, the effect of post holiday was found more prevalent than the pre holiday effect. The study did not support the presence of other January effect in any selected stock market. This might be caused by the least participation of institutional investors in the trading.

3.   Methodology

Research Objective

To find out the impact of turn of the month and holiday anomaly on the performance of Indian capital market.

Scope of the Study

The scope of the study is limited to BSE 500 stock market index. A time span of ten years from April 2006 to March 2015 has been selected. The Global Financial Crisis which started from U.S economy in 2006 was the sole cause behind the selection of this period. The Indian Stock Market performs efficiently or not was tested during the period of this crisis. The study considered the manufacturing firms of BSE 500 only. The daily data of closing prices was used to attain the objective of the study. The two calendar anomalies i.e. turn of the month effect and holiday effect were studied. Since Saturday and Sunday were considered to be exceptional trading days in India. The stock market is non-operational on Saturday and Sunday of every week. Sometimes, it is operational on these days and then it is considered as exceptional trading days. For the present study, observations of these two days were not included. The daily observations were grouped on the basis of data required for the study.

Sample Size

The sample size of 150 manufacturing firms has been selected on the basis of higher closing prices of stocks on 31 March, 2015. All the manufacturing firms traded on BSE 500 were identified as per the classification given by National Industrial Classification (NIC), 2008. It was found that 258 firms belong to manufacturing industry. Out of these 258 firms, 124 firms fall in small cap, 46 firms in mid cap and 88 firms in large cap categories. Proportionately, 150 firms were picked: 72 from small cap, 27 from mid cap and 51 from large cap. The homogenous sample was chosen by taking the manufacturing firms only. The literature survey indicated that not many studies have been conducted on manufacturing sector.

Research Design and Sampling Technique

The research exhibits all the characteristics of descriptive study. So, the research design was descriptive in nature. The sampling technique was stratified. In this sampling technique, the strata's or groups were created from the universe or entire population and then sample was picked from the created strata's or groups. BSE has been selected as a sample from the Indian capital market and one index BSE 500 of BSE was the study. Further, 150 manufacturing firms of BSE 500 were chosen for the study. The three strata's - large cap, mid cap and small cap have been made and companies were taken from these strata's as per the need of the study.

Data Used and Collected

The secondary data was used for the entire study. Data regarding closing prices of stocks of the manufacturing firms was collected from the website of money control. The daily data of closing stock prices was used to study the existence of turn of the month and holiday anomaly in the Indian Stock Market.

Research Hypothesis

The following Null hypotheses were framed to fulfill the objective of the research.

Null Hypothesis (H_o) -   turn of the month anomaly is not present and has no impact on the performance of Indian Stock Market

Null Hypothesis (H_o) - holiday anomaly is not present and has no impact on the performance of Indian Stock Market

Statistical Tools used

An effort has been made to test the above observations by analyzing the stock market daily data with the help of Descriptive Statistics, Graphs, Kruskal Wallis Test and Dummy Variable Regression Model. A basic description and normality of return series was checked through descriptive statistics. After this, the non-parametric test - Kruskal Wallis and parametric test - Dummy Variable Regression were used to see the existence of the anomalies in the Indian Stock Market. Kruskal Wallis test was employed for analyzing the equality of mean returns of the different months of the year. Dummy Variable Regression Model was used to test the seasonality in the Indian Stock Market due to selected anomalies.

The daily returns from the closing prices of the stocks were calculated by using the following formula:

$R_t= In\ (Y_t/Y_{t-1})*100$

Here,

R_t = Daily return in the period t, In = natural logarithm, Y_t = closing value of a given index on current trading day (t), Y_{t-1} = closing value of a given index on preceding trading day.

4.   Turn of the Month (TOM) Effect

Descriptive Statistics

The descriptive statistics for the turn of month effect in BSE 500 from April 2006 to March 2015 were presented in Table 1, the first three days of the current month and last two days of the previous month were considered for the analysis of the TOM effect. Then these days were compared with the rest of the month days (ROM).

Table 1: Descriptive Statistics

	Mean	Median	Maximum	Minimum	Std. Dev.	Skewness	Kurtosis	Jarque-Bera	Probability
TOM	100.17	100.32	105.05	44.94	2.65	-16.8	350.04	2735304	0
ROM	100.12	100.09	224.81	62.17	4.25	17.52	493.01	16933910	0

Source: Author's own work

The higher mean return of 100.17 was observed for turn of the month days against the rest of the month days. Similarly, the lower standard deviation (2.65) was observed for TOM days during the research period. The series was found negatively skewed with -16.80 value for TOM days and positively skewed with 17.52 for ROM days. The leptokurtic distribution was scrutinized. The Jarque-Bera p-values were found lesser than the critical value. The outcome of skewness, kurtosis and Jarque bear test claimed that the data was asymmetric and not normally distributed.

The higher returns were observed on Turn of the Month (TOM) days as compared to Rest of the Month (ROM) days during the research period could be seen from the below given graph.

Graph 1: Returns of Turn of the Month Effect
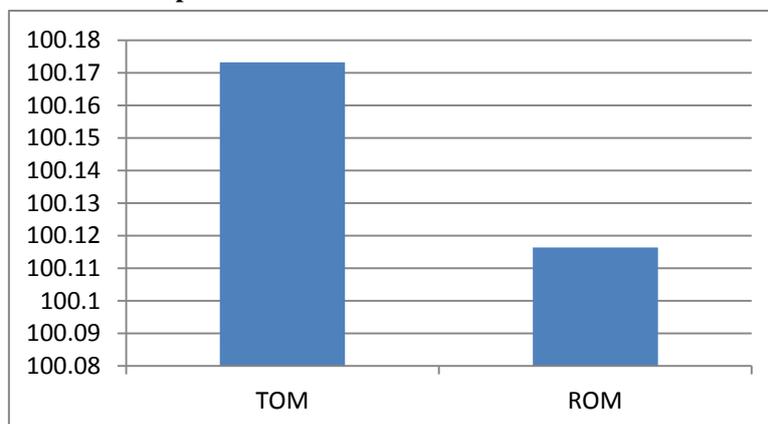
Kruskal Wallis test

The Kruskal Wallis test a non-parametric test was employed to find the presence of TOM effect in the Indian stock market from April 2006 to March 2015.

Null and alternative hypotheses were constructed as stated below:

Null Hypothesis (Ho): No significant difference between the mean returns of TOM & ROM

Alternative Hypothesis (Ha): Significant difference between the mean returns of TOM & ROM

Table 2: Results of Kruskal Wallis test

	Kruskal Wallis test		
	Ranks		
	Group	N	Mean Rank
Turn of the month effect	TOM	540	1230.18
	ROM	1684	1074.76
	Total	2224	

Soruce: Author's own work

Test Statisticsa,b	
	Turn_of_the_month
Chi-square	23.950
Df	1
Asymp. Sig.	.081

Soruce: Author's own work

Table number 2 shows the outcome of Kruskal Wallis test. It has been observed that the returns gained on TOM days were more as earned on ROM days. The mean rank of 1230.18 was found for TOM days and 1074.76 for ROM days. The turn of the month anomaly has been statistically accepted. The rejection of null hypothesis also confirmed the existence of this anomaly in the Indian stock market.

Dummy Variable Regression Model

The results of dummy variable regression model for the entire study period were given in the table 3. The turn of the month effect anomaly assumes that the returns on specific days of the month are higher than the rest of the month days. To prove its existence in the Indian stock market, the below mentioned model was constructed. Two hypotheses were used to check its existence in the Indian stock market, as given below:

Null Hypothesis (Ho): No Significant difference between the returns of TOM & ROM

Alternative Hypothesis (Ha): Significant difference between the returns of TOM & ROM

Table 3- Results of Dummy Variable Regression Model-TOM (2006-2015)

	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	100.116	.096		1047.386	.000
ROM	.057	.194	.006	.295	.768
R-Squared (.002)	F Stat(.087), Prob-F-Stat. (.768)			DW Value (2.195)	

Source: Author's own work

The positive coefficient value of .057 has been observed for ROM days. But, this value was found insignificant with p-value of .768 at 0.05 percent level of significance. It accepted the null hypothesis. The R-squared value of .002 was observed. The insignificant F-Statistics value (.087) was found which describes that the model was not a good fit. The problem of autocorrelation was not detected as calculated DW value (2.195) was found greater than 2. The results lead towards the conclusion to neglify the presence of TOM effect in the Indian Stock Market. Hence, the Indian Stock Market was observed weak form efficient.

Heteroskedasticity test

To check the existence of heteroskedasticity problem in the data, the Breusch-Pagan-Godfrey test was used. The Null hypothesis and Alternative hypothesis were made as given below:

H_0: There is homoskedacity

H_a: There is heteroskedacity

Table 4: Results of Heteroskedasticity test

F-statistic	0.084329	Prob. F(1,537)	0.7716
Obs*R-squared	0.08463	Prob. Chi-Square(1)	0.7711
Scaled explained SS	9.406176	Prob. Chi-Square(1)	0.0022

Source: Author's own work

The prob. F-value (0.7716) was found greater than the critical value of 0.05 percent. It accepted the null hypothesis and confirmed the non-existence of heteroskedasticity problem in the return series.

The EMH states that the everyday of a month gives the same returns to the investors. The market is efficient in which returns are equally distributed and no-one can earn abnormal profits by using the past data. But, this assumption of EMH is violated by turn of the month effect which claims high returns on TOM days against ROM days. The existence of TOM effect was tested by several researchers like Garg, et al (2010), Gajdosova, et al (2011), Nageswari, P (2011), Bankoti, N (2012) and Amarnani & Vaidya (2014), etc. The current study also checked the same with reference to 150 Manufacturing Firms of BSE 500. The TOM effect was not seen in the Indian stock market after the results of descriptive statistics, Kruskal Wallis and dummy variable regression analysis. The same results were exhibited by the studies of Nageswari, P (2011) and Bankoti, N (2012). But, the study of Bankoti, N (2012) claimed the presence of TOM effect for aggregate stocks and mid cap companies, not for large cap, small cap and individual stocks. The returns on TOM days and ROM days were observed same. The investors are not suggested to make their investment plans as per TOM effect.

5. Holiday Effect

According to this anomaly, the returns on pre-holiday days are always better than the returns earned after holiday days and the other days of the month. This behavior provokes the investors to take benefit of abnormal returns on the specific day before the holidays. This effect was first identified by Fields (1934). The holiday effect is arguably one of the oldest and most consistent of all seasonal regularities (Bankoti, N, 2012). The holiday effect was also studied by other researchers like Bildik, R (2004), Vulic, B (2009), Nageswari, P (2011).

To check the holiday effect, the trading days were divided into three parts: Pre holiday days, Post holiday days and Rest of the days. Pre holiday is a day which has atleast one preceding day as trading day and atleast one succeeding day as holiday. Post holiday day has atleast one preceding day as holiday and atleast one succeeding day as trading day. Rest of the day is that day which has both preceding and succeeding day as trading day.

Most of the companies are used to of spreading negative news on holiday days and positive news on week days is the most important reason of holiday effect. However, the investors also choose conservative approach for trading after the re-opening of market after holiday. But, they are found to be more active in trading before holiday. This effect could be attributed to imperfections of the stock markets such as higher transaction costs, taxes and psychology of the Indian investors (Khanna, V, 2016).

Descriptive Statistics

Table indicates the results of descriptive statistics calculated to check the existence of holiday anomaly in the Indian stock market during the study period of 2006 to 2015.

Table 5: Descriptive Statistics of Holiday effect

|	Mean	Median	Maximum	Minimum	Std. Dev.	Skewness	Kurtosis	Jarque-Bera	Probability
Pre holiday effect	99.28	99.84	105.94	44.48	6.13	-8.24	74.45	19716.82	0
Post holiday effect	99.75	99.70	106.35	95.19	1.53	0.86	6.47	54.22	0

Source: Computed from the data taken from Moneycontrol

The maximum trading returns were exhibited by rest of the days with mean value of 99.96. It rejected the assumption of holiday anomaly which states that the returns on pre-holiday days are found to be higher as compared to post holiday days and the rest of the days. The mean value of 99.28 was calculated for Pre-holiday days and 99.75 for post holiday days. The returns on post holiday days were observed more than the returns on post holiday days.

The pre-holiday period exhibited the highest median value of 99.84. The maximum value was found in the case of rest of the days and followed by post-holiday and pre-holiday days. The standard deviation was highest on rest of the days which shows that this period was more volatile compared to pre and post holiday days. The least standard deviation was recorded for post holiday days. It is to be noted that higher returns on post holiday days were earned with low risk. The period before holidays and after holidays was observed negatively skewed with value of -8.24 and positively skewed with 0.86. It indicates that the data was deviated from normal distribution and volatility exists here.

The leptokurtic distribution was found in all the cases as the Kurtosis values were observed greater than 3. Again, it shows that the data was not normally distributed because the problem of outlier existed. The Jarque-Bera values were found lesser than 5 % level of significance. It claims that the data was not symmetric and normally distributed. The past asymmetric data is not constructive for forecasting the future. It is not advisable to take the calculated mean values or past values for predicting the future returns

Graph 2: Returns on pre holiday days, post holiday days and rest of the days
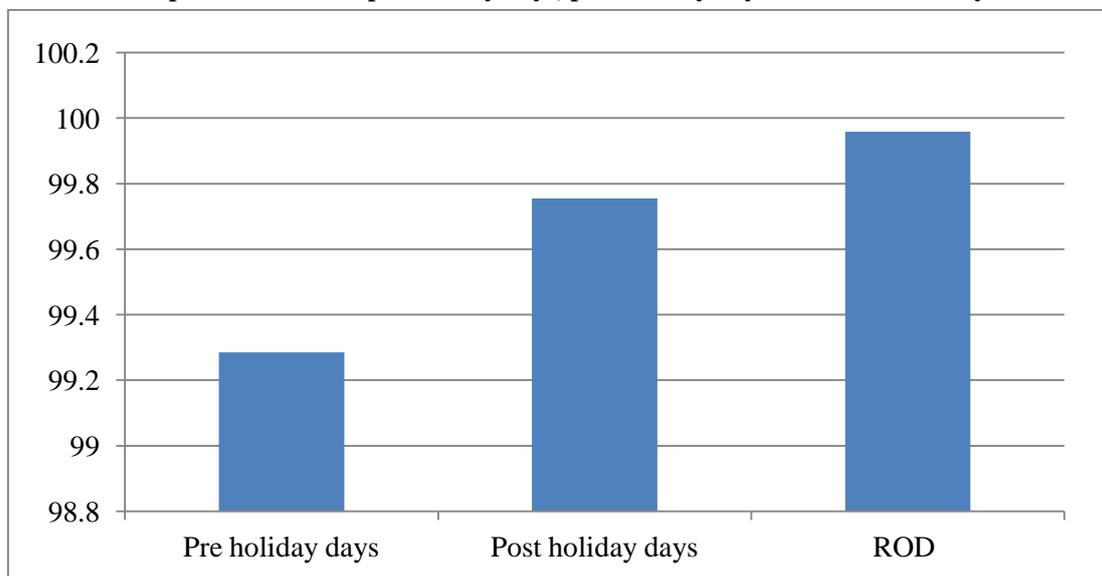
The above graph presents the pictorial representation of returns earned on pre-holiday days, post-holiday days and rest of the days. The higher returns were noted for ROD, next for post holiday days and pre holiday days.

Kruskal Wallis test

The results of Kruskal Wallis test employed to check the existence of holiday effect during the period of April 2006 to March 2015 are presented in table number 6. Null hypothesis was used to prove the existence of this anomaly in the Indian stock market. The hypothesis is:

Null Hypothesis (Ho): There is no significant difference in the mean returns of pre holiday, post holiday and other days

Table 6: Kruskal Wallis Test of Holiday effect

Ranks			
	Group	**N**	**Mean Rank**
Holiday effect	Pre-holiday days	114	1257.62
	Post-holiday days	114	1268.52
	Rest of the days	2002	1098.69
	Total	2230	

	Holiday effect
Chi-square	13.356
Df	2
Asymp. Sig.	.07

Source: Computed from the data taken from Moneycontrol

Table 6 shows the different mean ranks for pre-holiday days, post-holiday days and rest of the days during the research period. The highest mean rank (1268.52) was found for post-holiday days followed by pre-holiday days with 1257.62 and rest of the days with 1098.69.

The Null hypothesis has been accepted as the calculated asymptotic value (.07) was found greater than the significance value (.05). Though, the seasonality has been confirmed, but the anomaly was not actually proven. According to the outcome, the stock market was not performing differently on different days-pre holiday, post holiday and rest of the days. It generated almost the same results for all the selected sub periods. The investors cannot earn abnormal gains on specific days by exploiting the market.

Dummy Variable Regression

The following table depicts the results of dummy variable regression model used to find the holiday effect. To check whether this anomaly exists in the Indian stock market, the below mentioned hypothesis was created:

Null Hypothesis (Ho): There is no significant difference between the returns of pre holiday days, post holiday days and other days

Table 7: Dummy Variable Regression of Holiday effect

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	**Std. Error**	**Beta**		
Pre holiday (Constant)	.280	.367		.273	.412
Post holiday	.014	.519	.001	.026	.979
Rest of days	-.162	.377	-.013	-.429	.668
R-Squared (.000)	F Stat(.190), Prob.-F-Stat (.827)			DW Stat (2.577)	

Source: Computed from the data taken from Moneycontrol

The dummy variable regression model was employed to see the impact of holiday's effect on the performance of Indian stock market. The results of the same can be checked from table 7. The positive coefficient value of .014 with insignificant p-value (.979) was found for post-holiday period. The negative coefficient value (-.162) and insignificant p-value (.668) was observed for rest of the days. The study found that the returns on pre holiday days, post holiday days and rest of the days were not statistically different.

The r-squared value was .000 as given in the table. It explains the variation caused by the independent variables, i.e. post-holiday and rest of the day. The model is good to fit or not was tested through F-statistic. It was found insignificant with p-value of .827. To check the problem of autocorrelation, the Durbin Watson test was employed and its value was 2.577. The value itself conveys the message that the autocorrelation problem did not exist here as

the value was more than 2. The results conclude that the holiday effect was not present in the Indian Stock Market.

Heteroskedasticity test

The Breusch-Pagan-Godfrey test was employed to see the existence of a Heteroskedasticity problem in the data. The Null hypothesis was created to check the same as stated below:

H_0 : There is homoskedasticity

Table 8: Breusch-Pagan-Godfrey Test of Holiday effect

F-statistic	0.299207	Prob. F(2,110)		0.742
Obs*R-squared	0.611408	Prob. Chi-Square(2)		0.7366
Scaled explained SS	0.753508	Prob. Chi-Square(2)		0.6861

Source: Computed from the data taken from Moneycontrol

From the above table, it can be concluded that heteroskedasticity did not exist in this case. The p-value of 0.742 was found to be greater than critical value of 0.05 percent. It accepted the Null hypothesis which states that there is homoskedasticity. The error term was found constant which shows that the random disturbance or noise created by independent variables in the dependent variable was same.

Holidays are those trading days which directly precede a day where the market is closed, but would normally be open for trading (Khanna, V, 2016). The returns before holidays are always assumed to be higher compared to the returns after holidays. The stock markets behave efficient and returns of all days are equal is assumed by EMH theory. But, the holiday effect refutes the existence of this situation in the market. The present research has tested its presence in the Indian stock market for the period of 2006 to 2015. The study did not find holiday effect and market was observed efficient. Though, the seasonality in the returns of three divided periods was seen, but, not exactly the holiday effect. The results of this study were found similar with the results of Nageswari, P (2011) and Bankoti, N (2012). These studies did not find any considerable effect of holidays in stock returns.

6. Conclusion

The existence of two calendar anomalies has been verified in the research work. In the two cases, seasonality was confirmed, but not as presumed by the theory of the anomalies like higher returns on turn of the month days and pre holiday days. The Indian Stock Market was observed weak form efficient with the results of the applied research techniques. No doubt, the higher returns were found for Turn of the month days and Rest of the days but statistically proven insignificant. It denotes that the returns earned on different days and months were almost same. The major variation in the returns of different days and months was not confirmed during the study.

The market participants cannot get extra profits by making their trading strategies as per the anomalous behavior of the market. They would not be able to earn abnormal profits by analyzing the past trends of stock prices on different days or months. The market was found efficient in which past information for future investment is not required, because the market has already adjusted with that information and behaved efficiently.

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About the Authors:

Gurloveleen Kaur, (PhD) has wide interest in the trading and other services of stock market. She finished her research work in testing the weak form of efficiency and its validity after the post global financial crisis in India. She had good repute in the research publications. Her research work got citations. She is guiding the students for their research work.