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# Designing Investment Strategies around Calendar Anomalies in India

**Divya R. Patel**[*]
*Vanita Vishram Women's University, Surat, India*

**Jimmy M. Kapadia**
*S. R. Luthra Institute of Management*
*Sarvajanik University, Surat, India*

**Abstract:** The major factor for any economy to flourish is the mobilization of the funds and the efficiency of the capital market. The stock market, being part of the capital market may have weak form, semi-strong form or strong form of efficiency. The higher the efficiency the lesser is the chance of earning abnormal returns from the stock market. However, calendar anomalies defy efficiency as their presence may indicate that past patterns can be leveraged to earn abnormal returns. One calendar anomaly which draws special interest is usually based on pattern of returns around the festivals of the nation. This paper aims to test the existence of Holiday Effect in Nifty 50 and BSE Sensex. For the purpose of the study daily closing prices of the two benchmark indices of India, i.e., Nifty 50 and BSE Sensex are collected over a period of 10 years. Festival dates have been collected from official Government calendars. The major festivals based on the culture considered in this study are Holi, Muhurram, Ganesh Chaturthi, Navratri, Diwali, *among others*. The Wilcoxon signed rank test was applied to seven days pre-holiday returns and seven days post-holiday returns. However, results show that there is absence of Holiday effect in Nifty 50 and BSE Sensex in the last ten years. Based on the analysis of holiday effect in Nifty 50 and BSE Sensex during major festivals of India from 2016 to 2025, it can be said that there is an absence of the calendar anomaly in the two indices from 2016 to 2025.

**Keywords**: Calendar Anomalies, Abnormal Returns, Indian Stock Market, Efficient Markets**,** Holiday Effect

[*] Corresponding author.