Measuring Indian Economic Progress : An Analysis of National Leadership Through Stock Market Performance

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Abstract

India is among the most favoured nations in the world for investments because of sustainability, even as uncertainty prevails largely across the global financial markets. As India continues to maintain cordial investment policies towards FII investments, financial markets in India can attain greater heights in comparison to foreign financial markets. This qualitative-analytical and quasi-quantitative study uses stock returns during the regime of four Indian Prime Ministers. The study concentrated on the performance of the stock market under present and past leaders of India with special reference to volatility in the stock market and business opportunities in India. Furthermore, the variables were measured by using descriptive statistics, Markov regime switching model, and economic conditions. This study revealed that political leadership and policy go hand in hand; balance between borrowings and investments is a must for a strong economy, and the study found that FDI is important for strengthening the Indian currency.

Keywords: **sustainability, uncertainty, stock returns, market performance and business opportunities**

JEL Classification : G01, G12, G23, O16

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Economics being the backbone of any nation, its determinants such as policies, business performance, market variations, and indices have a strong bearing in the ever continuous timeline. India, which joined the bandwagon well early at the invitation of LPG (liberalization, privatization, and globalization) had some of the inherent designs of its economy well laid to adapt suitably to it. In spite of aggressive self-centric drive of economy and international policies by the hegemony of developed nations with the mighty USD spearheading all economies and sometimes determining the fate of many economies of nations, the Indian environment of commerce, industry, and management remained fairly resilient throughout even as there were slant and biases through subjective considerations of the mighty developed nations over extending loans, making investments, and even in granting their own recognitions and identities.

For instance, as a most favoured nation or permanent normal trade relations (MFN /NTR status, aka China in military for quite some years, as needed for this study), the Indian economic performance seldom showed signs of panic (unlike during the financial emergency of 1991) and continued to be upright if not upbeat in its own way (refer to Table 1).

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Table 1. Economic Performance During the Period of Study

India's FYPs (9th to 12th)	GDP Growth Rate Percentage (WB report)	Inflation	GNI in PPP dollars
1997	4	4.49	1,710
2002	3.8	3.20	2,240
2007	9.8	5.51	3,640
2012	4.7	9.30	5,080

Source : World Bank Statistics (n.d.)

In fact, sustenance of market economy was a requirement and not a luxury for India even at the dawn of the new millennium. Sustainability, according to the Brundtland Report (1987), is :

> Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It contains within it two key concepts: (a) the concept of needs, in particular the essential needs of the world's poor, to which overriding priority should be given; and (b) the idea of limitations imposed by the state of technology and social organization on the environment's ability to meet present and future needs. (p. 41)

Business sustainability requires firms to adhere to the principles of sustainable development. World Council for Economic Development (WCED) also conforms to the above definition. So, for the industrial development to be sustainable, it must address important issues at the macro level, such as: economic efficiency (innovation, prosperity, and productivity) ; social equity (poverty, community, health and wellness, human rights) ; and environmental accountability (climate change, land use, biodiversity). Economic subsistence also forms the basis for sustainability.

At the World Economic Forum-2014, President of the World Bank, Mr. Jim Yong Kim highlighted that, "Financial regulators need to lead,…..Sooner rather than later, they must address the systemic risk…. in their economies. Start now by enforcing disclosure of climate risk and requiring companies and financial institutions to assess their exposure to climate-related impacts" (p.4).

While the Greek crisis (2009) of short-term debt instruments resulted in accumulation of debt and pointed to bad policy or governance ; the recent devaluation of China's currency (2015) showed unpredictable-market diktats ; 1997's minicrash of the global stock market was due to economic crisis in Asia with a crash majorly in S.E. Asia ; London and the U.S. European Debt crisis of 2009 resulted in multi-year debt crisis affecting majorly European nations. Also, the crisis of S. Africa's 'bond bubble' (2009) reduced the yield of 10-year old government bonds. Even in the gulf, the government owned entities faced similar debt crisis. The deep economic recession of 2008 largely affected only the U.S. and the UK. Japan's stimulus crisis in 2014, which surprised the markets ($1.4 trillion stimulus and bond buying programme), in proportion to GDP was twice that of the U.S. Federal Reserve.

Uncertainty thus shows up anywhere in any corner of the globe, and since it is a post-globalized era, it reflects the sensitivities or vulnerabilities in economies and financial markets of even remote nations in more than one way. India has its credibility of sustaining even the cordiality in its investment policies, within or from outside. The pattern of allowing FDI or increase in caps steadily through the years in a rather conservative economy of India is an alibi to the fact.

The Table 2 shows FDI flows to India during and around the deep economic recession, which also reflects peak inflows during the very crisis year when other nations depended heavily on India for sustaining their economies.

Table 2. FDI Flows to India

Years	FDI flows (in Billion U.S. $)
1997	5.71
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2007	25.0
2008	**40.4**
2009	34.6
2010	23.7

Source : United Nations Conference on Trade and Development (UNCTAD), 2010

Literature Review

Some of the similar studies conducted both within and outside India have revealed different outcomes of the relationship between political happenings and stock market variations. However, while these studies were mostly quantitative in nature, the current study is both quasi-qualitative as well as quantitative in approach.

Apte (2001) incorporated negative returns suppresses on volatility in two ways: (a) in the same market, and (b) as spillovers across any two markets. Adjasi, Harvey, and Agyapong (2008) found that the relationship between stock market and macroeconomic variables were significant statistically. Furthermore, they suggested that volatility persisted in most of the macroeconomic variables.

On applying market-adjusted techniques, Chen, Bin, and Chen (2005) investigated the possible impact of various political events on Taiwan's stock performance. Taiwan's stock market often reacted to the occurrences of political incidents with a significant abnormal price performance. They found that price reactions to most of the political events were rather insignificant, implying those events be largely uninformative with only a few exceptions. The abnormal return behaviours were also frequently comparable between firms with small and large foreign institutional ownerships. Some considerable volatility shifts in portfolio returns, however, were observed after specific events occurred.

Dangol (2013), in a study of Nepalese market, observed that liberal democrats generated positive higher returns ; whereas, the Maoist-led governments earned highest negative returns. It was also found that the stock returns were lower during the governments led by leftists as well as the rightist forces (RPP). Lebland and Mukherjee (2004) used GARCH, Egarch, and Markov-switching models and estimated from all the statistical models supporting the key prediction that stock market volatility decreased when traders anticipated victory of the Democratic Party, and it was vice versa when the labour party of those times won.

Dopke and Pierdzioch (2004) established a number of interesting stylized facts about the link between stock market movements and the political processes in Germany. They found that unlike in the U.S., stock market returns in Germany tended to be higher under conservative than under liberal governments. Moreover, there was no evidence for political or election cycles in stock market returns. However, VAR-based evidence as well as evidence from popularity functions revealed that stock market returns had an impact on the popularity of German governments.

On applying EGARCH, Loomba (2014) found that India's stock market had a significant influence on the volatility of returns and arrival of bad news rather than good ones. The paper focused on changing investors' perception due to the mandate of voters towards BJP's Prime Ministerial candidate Shri Narendra Modi's win.

Santa-Clara and Valkanov (2003) found that under Democratic than Republican presidencies, the excess returns in the stock markets was higher. One of their conclusions was that the difference which came from higher real stock returns and lower real interest rates were statistically significant, and was robust in the sub-samples.

They also concluded that the divergence in returns through the political cycle hence remained difficult to explain.

Selvakumar (2015) focused upon the impact of election results while the UPA-II formed the alliance with some of the parties along with the backdrop scenes in the industries and the mood of the investors. He concluded that volatility persisted in BSE Sensex in the Indian stock market during the initial days due to the UPA-II's alliance and its after-effects.

Wang, Hung, Kao, and Shih (2011) stated that the stock market is an extremely sensitive and comprehensive indicator of the fluctuating political climate as well as investor confidence. They concluded that in an era of fierce media competition, the long-term influence of political behaviours on the Taiwan stock market is an important issue.

Statement of the Problem

Often in democracies, if successes are in pipeline, industrialists and businessmen take all the credit, but when failures are cascading down the lane, fingers are often pointed towards political leadership, particularly the people's head- the Prime Minister. However, market activities are abundantly discussed by financial experts and investors alike and are closely linked to political developments and statements made by the head of a state. Hence, the research question is :

✶ **Does a key leader of the nation play a significant role and causes improvements or impoverishment of a country's development or is it insignificant ?**

Objectives of the Study

To enlist business opportunities that were available or made available during the regimes of the recent past four Prime Ministers of India by way of :

(i) Measuring risk and hence variability of stock market returns during the regimes of the four PMs.

(ii) Measuring the performance of macro-economic variables.

(iii) Analyze the business opportunities through various policy matters.

Finally, the outcome of policies that favoured or ill-favoured the stock market performance is inferred. Indian market pundits have always placed much consideration on the nuances of governance and leadership as major factors of economic growth. This study attempts to re-establish the practice and emphasize on the continued heritage of measuring as per the above objectives.

Methodology

The design here is a balance of qualitative observations and quantitative measure through simple sampling of almost 17 months of stay in chair of Prime Ministers, thereby reflecting their performances. The multiple measuring variables such as WPI, IIP, Sensex, FII, forex reserve, and USD provide consolidated and concrete evidences of performances of PMs.

The following steps were followed for analysis and interpretation :

(i) Basic Data : The data includes daily and monthly logged Sensex returns ; closing return of U.S. dollar (USD), growth rate of industrial production (IIP) ; whole sale price index (WPI) ; foreign institutional investors (FII) and Forex reserves.

Table 3. Comparison of BSE Sensex with Macroeconomic Indicators During Last Four Prime Ministers

Prime Minister	Abbreviation	Party / Coalition	In office
Inder Kumar Gujral	**IKG**	Janata Dal	April 21, 1997 - March 19, 1998
Atal Bihari Vajpayee	**ABVP**	NDA	October 13, 1999 - May 19, 2004
Manmohan Singh	**MMS**	UPA	UPA I: May 22, 2004 - 2009 & UPA II 2009- May 26,2014
Narendra Damodardas Modi	**NAMO**	NDA	May 26, 2014 - Till date

Source : PMIndia (n.d.)

(ii) Sensex Index Returns *($Sensex_{Rt}$)*

Daily rate of return = $(Pt / P_{t-1})*100$
where,
Pt is the closing index of the day, and
P_{t-1} is the closing index of yesterday.

Variables were synchronized and matched with the dependent variable : BSE Sensex. The study was conducted in relation to governance of four Prime Ministers and the period of study is divided into four periods starting from April 1997 to October 2015. The data were analyzed using MS Excel & Eviews.

The abbreviations used are listed in the Table 3 and are followed henceforth throughout the paper.

(iii) Econometric Tests : Descriptive statistics and Markov-switching model.

Analysis and Results

The Table 4 represents market returns and volatility (i.e. variability) of the Sensex during the four Prime Ministers. It can be noticed that highest index returns were observed during the tenure of MMS-I. Skewness and kurtosis explain the symmetry and shape of the above distribution as the skewness has the values that are negatively skewed. In case of kurtosis, it is greater than 2 in case of MMS-I during the whole period, and it is positive to the extent of 23.7%, which demonstrates its response from the impacts of the contemporary current affairs. Also, the volatility in case of IKG (JD-S) stands first for the entire period and for MMS-I, it stands second in case of the whole period as the standard deviation is high.

The above statistical results show that during MMS-I, the market remained uptrend, reflecting an optimistic economy. Also, positive news/information made investors keen and responsive. During IKG (JD-S), the market was apprehensive ; investors were doubting their favourable returns and during MMS-I, in spite of uptrend of the

Table 4. Returns and Risks for Entire Period of IKG, ABVP, MMS-I and II

Political parties	JDs	NDA-I	UPA-I	UPA-II
	IKG	ABVP	MMS- I	MMS- II
	April 1997 - March 1998	Nov1999 - Apr 2004	Jun 2004 - May 2009	Jun2009 - May2014
Sensex Return	(0.2727)	0.548844	1.535466	1.01879
Std. Dev.	8.379268	6.495015	7.319017	4.187786
Skewness	0.433445	(0.208446)	(0.8436)	0.029736402
Kurtosis	(0.43433)	2.452514	2.370082	0.483509968

Note: Data source is BSE Sensex

Table 5. Return and Volatility for First 17 Months of ABVP ; MMS-I, II ; and NAMO

Political parties	NDA-I	UPA-I	UPA-II	NDA-II
	ABVP	MMS- I	MMS- II	NAMO
	Nov 1999-March 2001	Jun 2004- Oct 2005	Jun 2009- Oct2010	Jun 2014- Oct 2015
Sensex Return	-0.60891	2.807071	2.714793	0.623525
Std. Dev.	7.840049	4.166807	4.551008	3.485834
Skewness	-0.32458	-1.19916	0.109873	-0.40342
Kurtosis	-0.80388	0.875599	1.250605	-0.20953

Note: Data source is BSE Sensex

Table 6. Average Percentage of Economic Indicators for Initial Periods of Different Regimes

	FII (%)	FX RESERVES (%)	IIP (%)	USD (%)	WPI (%)
			IKG(JD-S)		
Average	-44.9452	1.279966	0.784034	0.84296	0.045797
			ABVP (NDA)		
Average	-50.3371	1.795082	1.240091	0.41722102	-3.08431
			MMS-I (UPA)		
Average	67.92589	1.053993	1.028518	-0.05158	0.489199
			MMS-II (UPA)		
Average	64.91058	0.414142	0.964383	-0.506	-1.97266
			NAMO (NDA)		
Average	-91.3946	1.260823	-0.31713	0.549741	-0.17079

Note: Data source is RBI and NSDL

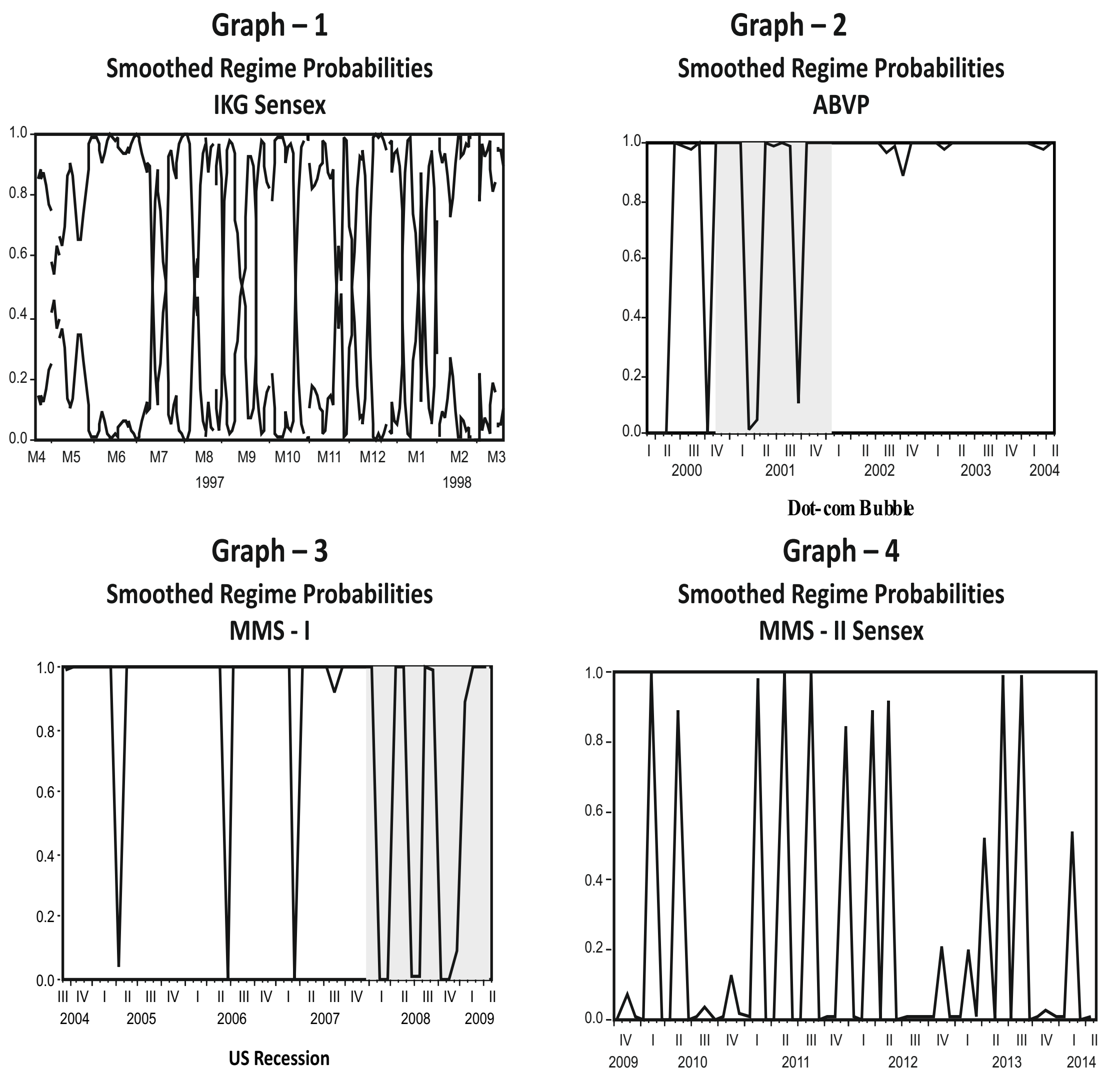
market and with keen investors, investments had high risks. Higher the risk, the higher are the returns.

From the Table 5, which represents returns and volatility of the Sensex during the first 17 months of leadership, it can be noticed that highest index returns were observed during the tenure of MMS-I followed by MMS-II. Skewness has a long tail to the left and the values are negatively skewed. The positive kurtosis of MMS-I during the first 17 months period demonstrates the market's response to the impacts of the then prevailing current affairs. In case of volatility, ABVP stands first and MMS-I and II stand second as the standard deviation is high. The statistical results reveal the factual scene of the economy that in the initial stages of Dr. Singh's government, the factor of his leadership as an economist played a key role in being a Prime Minister. However, the findings also reveal that more than leadership, statesmanship and personality also mattered. Atalji is seen as a slightly better statesman than Dr. Singh.

From the Table 6, it can be noticed that the average flow of FIIs was more in case of MMS-I and MMS-II. Other macro economic variables such as increase in FX reserves can be ranked as : (a) ABVP (b) IKG, and (c) NAMO. It can be noticed that ABVP had highest industrial output and MMS-I, II, and NAMO show decreasing trends. Also, rupee got depreciated more during IKG and NAMO. Inflation during ABVP, MMS-II, and NAMO were found to be negative, which reflects a healthy economy.

Due to the above results, in the actual economic scenario of the nation, the economic indicators show that there was typical initial euphoria of foreign investors, with an enthusiasm demonstrating their faith in Dr. Singh as an economist. Surprisingly, Dr. Singh's tenures had lowest foreign exchange reserves but only had a vibrant market, that is, all currency was in movement, giving less importance to any unforeseen economic eventualities. It can be observed that only non-Congress regimes emphasized more on FX reserves. Going with the trend of LPG, Atalji's

Figures 1-4. Showing Markov Regime Switching Model- Entire Period



Note: Processed data from BSE Sensex

government boosted industrial output and Dr. Singh's government seemed to only continue the policy of the previous government on this factor. Governments under IKG and Namo have not injected enough dollars into the market ; hence, the demand for dollar increased, leading rupee to depreciate. It is evident from the Figures 1, 2, 3, and 4 that the stock returns got affected in 2000 : 01 to 2001 : 04 ; 2008 : 01 to 2009:02 ; and 2008:04 to 2014: 02 due to dotcom bubble, global recession, and internal scams due to uptrends of the economy, respectively.

Government of India (GoI) : Policies vs Business Opportunities

(1) The Gujral Doctrine : The Gujral Doctrine is a set of five principles to guide the conduct of foreign relations with India's immediate neighbours Nepal, Bangladesh, and Sri Lanka. However, this did very little for the growth of the economy. Though financial experts had a big picture about how the JD-S led coalition should frame new policies, a comparatively narrow period of Gujral regime missed on the opportunities in spite of promiscuity of FDI. Even foreign businesses demonstrated apprehensiveness due to the existing coalition. No policy to curb price rise also added to raised inflation, thus diminishing the performance of the government.

(2) Atal Bihari Vajpayee (NDA-I) : With reference to Economic Policies, the regime initiated privatization of most state corporations, including the VSNL; established special export processing zones, information technology and industrial parks; initiated plans to establish Overseas Citizenship of India to enable NRIs to invest and do business freely in India; expanded efforts to encourage foreign investments, especially from Europe and USA.

In the area of Foreign Policy, his government improved India's ties with China, established strategic and military cooperation with Israel ; U.S. President Bill Clinton became the first American president to visit India since Jimmy Carter. USA and India ended the Cold War-era and expanded trade and cooperation on strategic issues. Lahore Declaration committed the two neighbour nations to resolve bilateral disputes through dialogue and concurrently boost trade. However, the success was soon diminished by the outbreak of the Kargil War. Agra summit failed to produce results and was overshadowed by the 2001-2002 India-Pakistan standoff.

In the areas of Security and Home Affairs, Pokhran-II nuclear tests (May 1998) resulted in the imposition of limited sanctions by USA, UK, Canada, etc. By 2001, most of these sanctions had been lifted. POTA as a policy saw mixed response, but remained. Gujarat violence (2002) was severely criticized. Mr. Vajpayee also officially condemned the violence.

(3) Dr. Manmohan Singh (MMS -I & II) : While Dr. Singh was the Finance Minister, as per the advice of International Monetary Fund, in 1991, the government freed India from the Licence Raj, which was the source of slow economic growth and corruption in the Indian economy for decades, and liberalized the Indian economy, allowing it to speed up development dramatically.

When Dr. Singh was the Prime Minister, under economic policies, his government continued to encourage growth in the Indian market and the Indian economic growth rate was 8 - 9%. India achieved its highest GDP growth rate of 9% in 2007 and became the second fastest growing major economy in the world. His reforms were also in the banking, financial sectors, and public sector companies ; farmers were relieved of their debts, and efforts were directed towards pro-industry policies as well (2005). His government introduced the value added tax (VAT), replacing sales tax. In 2007 and early 2008, the global problem of inflation impacted India. National Rural Health Mission (2005) mobilized half a million community health workers. His government continued the Sarva Shiksha Abhiyan programme.

With reference to Security and Home Affairs, MMS-I strengthened anti-terror laws with amendments to Unlawful Activities (Prevention) Act (UAPA). Unique Identification Authority of India was established, thereby increasing national security and facilitating e-governance. Dr. Singh's administration initiated a massive reconstruction effort in Kashmir ; however, it was unsuccessful in reducing terrorism in North East India. Among legislations, the important National Rural Employment Guarantee Act (NREGA) and the Right to Information Act – 2005 were passed during his tenure.

Dr. Singh continued the pragmatic Foreign Policy that was started by Mr. P.V. Narasimha Rao and continued by BJP's Shri Atal Bihari Vajpayee. India and the U.S. signed the agreement with Mr. Pranab Mukherjee representing India. Relations improved with Japan and European Union countries, like the United Kingdom, France, and Germany. Relations improved with other developing countries, particularly Brazil and South Africa. Israel now rivals Russia to become India's defence partner.

➯ **MMS-II - The 15th Lok-Sabha from 2009 to 2012 :** Governance only carried over policies, and no major issues were addressed and no attempts were made to improve policies. Report filed by the CAG in Indian Parliament (2012) stated that due to allocation of coal blocks to certain private companies without a bidding process, the nation suffered an estimated loss of ₹1.85 trillion (short scale) between 2005 to 2009 in which Manmohan Singh was the Coal Minister of India. Dr. Singh declined to appear before a Joint Parliamentary Committee -JPC (April 2013). As a whole, the 2G spectrum scam and Indian coal allocation scam diminished the rule of MMS-II.

(4) Shri Narendra Modi (NDA)-NAMO : Under Economic Policies, the Planning Commission got abolished and was replaced with a think tank called NITI Aayog. Mr. Modi increased infrastructure spending to expand the country's transportation infrastructure ; projects on roads, railways, energy, water, housing, health and sanitation, health care systems have been mooted. Flagship schemes have been introduced for developing 100 'smart cities,' 'smart villages' initiative, launched the Digital India program, and digital literacy also among the poor.

Under Foreign Direct Investment (FDI), relaxation of foreign equity caps in various sectors ; allowed 49% FDI in the defence sector and 100% in railways infrastructure and in medical devices sector. As of April 2015, FDI inflow in India increased by 48% since the launch of the "Make in India" initiative. India was ranking 15th in the world in 2013 in terms of FDI inflow, it rose up to the 9th position in 2014 and was poised to be the top destination for FDI in 2015 surpassing China and USA. It was reported that FDI in India had risen 61% since the previous year (May 2015). In November 2015, Mr. Modi's government eased FDI in 15 major sectors of the economy. The 'Make in India' initiative (September 2014), with an aim to encourage foreign companies to manufacture products in India, has the goal of turning India into a global manufacturing hub. PM Modi has met nearly 100 world class level CEOs.

With reference to Defence policies, NDA-II increased defence spending to modernize and expand the Indian Armed Forces. Introduction of One Rank, One Pension was done in September 2015. International diplomacy is on with the SAARC countries ; Chinese President Xi Jinping visited India; Mr. Modi has visited nearly 30 nations in just above a year, including the United Nations General Assembly. Foreign policy (Modi Doctrine) adopts exclusive modulated policy which includes neighbourhood first with Asian, South Asian, South East Asia, Middle Eastern, & Act East policies. Defence ties and participation happened in India-Africa Forum Summit, Multilateral Engagements, BRICS Summit, Shanghai Cooperation Organization Summit, ASEAN Regional Forum, East Asia Summit, G-20 Leaders' Summit, Asia Pacific Economic Cooperation; these steps coupled with judicious Domestic policies have also added to the agenda of Modi's NDA. Enactment of the Black Money Act (May 2015) aimed at curbing black money, or undisclosed foreign assets and income and impose a tax and penalty on such income are among the policies of NDA –II.

To reform ideas, GoMs (Group of Ministers) and EgoMs (Empowered Groups of Ministers) have been constituted to expedite the process of decision making and to usher in greater accountability in the system. Policy of 'minimum government, maximum governance' has been adopted. Diesel deregulation and gas price reform, insurance reform, coal and mining reforms for reducing imports have been adopted ; NITI Aayog, repeal of obsolete laws, New National Education Policy, Skill India, Pradhan Mantri Kaushal Vikas Yojana (PMKVY) scheme, and the Skill Loan Scheme have also been initiated.

For reforms in the Energy and Power generation sectors, additional electricity generation (+26,463 MW) resulted in growth of 10.8% over the previous year. Rise in per capita consumption of power (+1010 Kwh) happened, which was 5.5% more over the previous period. An additional 5215 villages got connected to the power grid.

With respect to Environment friendly schemes, nearly 770 million light bulbs in India with more energy efficient light emitting diodes (LEDs) by 2018 are being replaced. Smart grid, National Smart Grid Mission (NSGM) at state and national levels have been taken up. Under Infrastructure, national highways, urban renewal-Atal Mission for Rejuvenation and Urban Transformation (AMRUT) scheme, metro rail, and healthcare-Tuberculosis eradication are on record.

In addressing the Social issues, Rajya Sabha has passed 'The Rights of Transgender Persons Bill – 2014' guaranteeing the rights to transgender persons along with 2% reservation in government jobs. Visa policy for overseas Indian citizens and PIO, the E-rickshaws and e-carts are also among the addressed schemes. With respect to Women's rights, *Beti Bachao, Beti Padhao* (Save the girl child, educate the girl child) scheme is initiated. Financial inclusion is planned under the Pradhan Mantri Jan-Dhan Yojana (PMJDY). Under other welfare schemes, welfare and subsidies for poverty have been implemented, for instance, the LPG subsidy-PaHaL and Housing- envisions affordable housing for the poor. The government has identified 305 cities and towns in nine states to begin construction of houses for the urban poor. Government services, attendance of government employees, citizen engagement, and digi-locker have also come under the monitoring of the Union government.

In 2013, India ranked 94 out of 177 countries in Transparency International's Corruption Perceptions Index. In 2014, India received an improved ranking of 85 on the CPI. Actions on Terrorism include counter-insurgency raid in Myanmar, Peace agreement with NSCN (IM), Peace talks with ULFA, and the Chhota Rajan extradition is in the pipeline.

➯ **Shortcomings :** In the first year, the Modi administration attempted to enact reforms to the insurance sector, the coal industry, mining and minerals, e-rickshaws, land acquisition, and the Citizenship Act, but agreed to drop most of its proposed amendments to the existing law. With the *Namami Gange* programme, the government has faced criticism for the slow pace of work on the project.

It is evident that the Modi Government has adopted increased microscopic approach for policies and plans. Also, it is observed that there has been a large increment in the number of plans and schemes by the government and changed nomenclature for existing ones coupled with government spending on wider publicity about them. Most plans are in the initial stages and need to pass the test of time for results or otherwise. However, measurements here are of policies and hence stand valid.

Inferences

The following inferences emerge from the study :

(1) Variability of the Sensex during the four Prime Ministers showed that PM Dr. Singh under UPA-1 trended with top stock returns. Government information and policies were more easily flowing to citizens, perhaps also owing to the RTI Act of 2005.

(2) The market was highly unpredictable and showed signs of panic during IKG throughout, and became steady and predictable only after PM Dr. Singh took over.

(3) Volatility was high during the regimes of Mr. Vajpayee and Dr. Singh, however, it has shown signs of decreased volatility since Mr. Modi has taken over.

(4) Investors' returns were almost same during UPA-1 & 2 under Dr. Singh. However, the loyalty of investors was highest for Dr. Singh than it was for Mr. Vajpayee or Mr. Modi.

(5) Foreign investments also were very high during the rule of Dr. Singh as compared to any other PM.

(6) FX reserves were highest during the tenure of Mr. Vajpayee and similar trend is seen during the PM ship of Mr. Modi to show that the previous government withdrew much of the reserves.

(7) Industrial output was highest during Mr. Vajpayee's rule, but surprisingly shows decreasing trend till date ; hence, reflecting a fast movement from manufacturing economy to only service sector. This is an alarming trend since the human resources of India are enormous, for instance, unlike that of USA, where the services sector thrives.

(8) Value of rupee over dollar depreciated during Mr. Gujral's time, but was high during Mr. Vajpayee's as well as Dr. Singh's regime. Even with Mr. Modi's guard, rupee value is showing signs of depreciation owing to the apprehension of foreigners on the currently different type of guard at the Centre.

(9) Rate of Inflation showed signs of wobbling through the regimes of different Prime Ministers over timelines, however, it reflects clear positive signs of a healthy economy.

(10) Stock returns getting affected shows only the effect of outside economy variations than that of India itself. FII investments get withdrawn from India only to balance their portfolios. It also speaks about investors' withdrawal sentiments. High growth economy being reflected in Dr. Singh's UPA-II means the sentiment of investors was highly positive and hence, as money flowed in large quantum, promiscuity of scams increased.

Implications

This study has considered variability measured through market volatility which with a negative approach is successful in providing the performance picture of the economy. However, by considering a positive approach, the study successfully measures market performance through the years of regimes of the recent past four PMs. Together with these two quantitative approaches, this study has adopted the method of quasi-qualitative approach in analyzing business opportunities that prevailed during the years. Furthermore, sufficient number of measuring quantities such as WPI, IIP, Sensex, FII, and USD over BSE have been taken here to arrive at as neutral and nullified results under drastic deviations due to any one or two of them.

Conclusion and Recommendations

Overall, under this study, strong political leadership has emerged as one of the key factors in deciding the stability and growth of our country's economy. Only the policies combined with leadership bring in development rather than mere investments or transactions. A combination of internal investments and external borrowings alone is healthy for Indian economy and not otherwise. Not a leader alone, but long staying governments have chances of guaranteeing stability and growth to a country's economy. More preference should be given to FDI as the long term guarantee of FDI, in case of FII, they balance the portfolios, so movement of rupee over dollar is more in case of FII than in FDI, hence rupee remains strengthened. The current government should lay emphasis on the manufacturing sector apart from the services sector. Hence, schemes such as 'Make in India' should be realized well.

Limitations of the Study and the Way Forward

This study mainly focused on the first 17 months of all leaderships to arrive at the findings. Budgetary policy is not considered in the scope of the study as it varies from year to year and is more of an internal matter and also its effect on investments and market performance is minimum compared to market dynamics and investments. This study is not an exhaustive, 360o measure of performance of the Prime Ministers, but is a gross, uni-scopic quasi-qualitative measure of performance. However, it is of sufficient significance to ensure the morale of market players, policy makers, and the investors alike. The entire period of regimes was considered only to reflect different party leaderships for the prevailing market economy and not for the overall economic scenario. Impact of policy matters on economy have not been measured in this study. The basis of this study vested more on stock market orientations rather than primary economic indicators.

Due to the above limitations, there is immense scope for further research on the related issues, that is, policy impacts on stock markets, major economic indicators and the role of leadership in determining the progress of an economy.

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