

"A man is
great by
deeds, not by
birth"

-Chanakya

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**NEW MOON DAY ANOMALY: ROLE OF CULTURE AND
INSTITUTIONS IN INDIA**

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New moon day anomaly: Role of culture and institutions in India

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Abstract

Supposedly, the socio-cultural ecosystems of a nation tend to be deeply influenced by normative beliefs of a society per se. Thus, there's an expectation that capital-market based trading decision-making processes would also be influenced by such beliefs. On the other hand, cross-country investments and global flow of foreign capital are guided in their decision-making by rational investment managers along with arbitrage traders who've little dependence on such beliefs. This study, set in an Indian context, looks into the 'new moon day' effect over thirty-three year-period, focusing primarily on two stock exchanges that are driven by different investor profiles. It identifies 'calendar day' returns on stock exchange, driven by native investors; and 'trading day' returns on another stock exchange, driven by big institutional investors. In doing so, we value-add to the existing 'capital market anomalies' literature from both institutional and cultural perspectives.

Key Words

Capital Market Anomalies; New Moon Day; Abstinence hypothesis; Duality of minds; Calendar Day Effect; India; Trading Day Effect;

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