

How Exit Polls Devastated Indian Economy

Jawhar Sircar



The 4th of June will be remembered in the history of stock markets in India for the biggest single-day fall in share prices in 4 years. The benchmark stock indexes, Sensex and Nifty, crashed by almost 6 per cent on this day when the election results to the 18th Lok Sabha started revealing that the ruling Bharatiya Janata Party may not be headed towards an absolute majority on its own.

This game of linking elections to the stock market is part of a deliberate plan and as a result of this, it is estimated that some 20 to 30 lakh crores may have been lost by the participants in the stock market, depending on what period we are analysing. To understand how this happened, we need to see how the stock market was deliberately pumped up by certain brokers and companies through manipulation of prices that were disproportionate to the real value of the shares involved. This is not unusual and the important stock exchanges are supposed to monitor the situation to put an end to artificially raised prices. The SEBI, too, has an important role in acting as a strict referee and showing the yellow and red cards to those players who do foul play.

Unfortunately, during the last 8 years, SEBI started looking the other way when companies that are close to the Prime Minister indulged in 'circular trading' and other questionable practices in the stock market. In fact, in 2017 and 2018, SEBI amended its strict regulations about the source and ownership of foreign funds entering the Indian market, as a result of which the origin and owners of huge amounts of "foreign investments" that were made in the Adani companies could not be questioned. A foreign financial company, Hindenburg, openly charged that Adanis were recycling Indian black money from foreign shores to send back into their Indian companies, through this route. A very well-known market analyst, Debasis Basu of Mumbai wrote in May 2023 that "Adani shares were insanely rigged" under the very nose of SEBI, without getting caught. The price of Adani Green went up by more than 5000% in 3 years, Adani Total Gas's price shot up by 3800% and Adani Enterprises' share prices rocketed up by 2200% — both in 2 and a half years.

On 23rd May this year, while the election fever was in full swing, PM Narendra Modi told the Economic Times that the stock market would hit new heights as BJP would get record seats. The stock market followed his advice and lakhs of crore rupees were invested into shares. Then, Home Minister Amit Shah and Foreign Minister Jaishankar also made similar claims that pushed up the stock market to record highs. The real game was played on Saturday 1st June, as soon as polling ended. Several poll analyst agencies jumped into the market in a preplanned manner giving the so-called results of the exit polls for 534 Lok Sabha seats of all seven phases, within a suspiciously short time — all of which predicted a massive victory for Modi and his alliance. Everyone was swayed by these predictions, more so because most of the pollsters were well-known and almost all gave more or less the same exit poll results. The Godi media went into a deliriously high mood, as exit polls

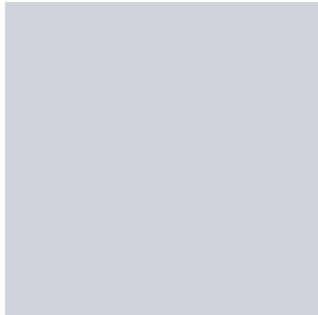
predicted “with solid numbers” for a third consecutive term for the Modi government. Sunday the 2nd of June was a day of great celebration for the business community and it was restless for the market to open the next day. The TV and print media, most of which are anyway beholden to Modi or terrified of his vindictiveness, blared the BJP’s unstoppable victory. At the same time, deep demoralisation set in among large sections of Indians, who knew in their hearts that the Opposition had done very well indeed.

In that cacophony of Modi-Modi-Modi, some of us went public on 2nd June and questioned the exit poll [predictions](#). I mentioned on social media that these exit polls conducted by “Godi Pollsters” (many were owned by Godi Media) were part of Modi’s cunning plan to prepare the ground for unrest in case he lost. We warned that he was playing around dangerously with the stock market. Many people agreed with this but our voices were drowned under the clamour. No one wanted to look at smaller but more reliable agencies like Dainik Bhaskar, Malayalam Manorama, Edina and Rudra, as their poll surveys contradicted the big exit pollsters, by predicting big losses for NDA in many states.

As expected, on Monday 3rd June, the benchmark indices Sensex and Nifty surged more than 3 per cent — without waiting for the counting of votes the next day. The stock market made its largest single-day gain in 3 years and closed at record highs, which boosted investors’ wealth by Rs 13.78 lakh crore. The Sensex surged 3.75 per cent, to reach an all-time intra-day record peak of 76,739. The prospects of abundant profits under Modi’s pro-capitalist policies drove the huge upswing. Much was made of BJP’s outright victory in two very lowly populated states, Sikkim and Arunachal.

But, on Tuesday 4th June, as soon as counting trends became clear, even the big pro-Modi had to report that the ruling BJP may fall short of a clear majority in the Lok Sabha elections. This set gloom in the markets but hopes were kept alive by Modi-bhakts. By noon, the wiser elements started selling their shares and a market crash started taking place, as rarely seen. The market capitalisation of some 5400 companies in the Bombay Stock Exchange fell from ₹44.6 lakh crore on 3rd June to ₹39.5 lakh crores the next day. The one-day loss is more than double the annual budget of an average state. B

Money is never lost — it travels from one pocket to the other and we need to find out where these lakhs of crores went and who took it.



has been an IAS for 41 years, served as Secretary in Central Govt & CEO, Prasar Bharati. Now Rajya Sabha MP