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IMPACT OF STOCK MARKET WHICH AFFECTS GENERAL PUBLIC DURING PANDEMIC SITUATION

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Abstract: The objective of the project is to find the impact of stock market which affect general public during the pandemic situation. The main objectives of this paper is to access the relationship between the various aspect related to stock market handled by the general public during pandemic crisis and also to study the impact of income earnings from stock market by general public before and after the Covid 19 situation. The type of research is a descriptive research and the information that are collected from the public with the help of questionnaire. The sampling technique, which is used in this study, is cluster sampling. The data were analysed by using SPSS software and the following tools were used such as correlation analysis and chi square analysis. this paper highlights the relationship between stock market and general public The important findings of this paper is that there should be sufficient knowledge to do online trading in stock market efficiently. There is an interconnection with the knowledge and the income earned from stock market (returns). This paper also identifies from where does high returns are incurred.

Keywords: stock market, public, income, online trading, knowledge, pandemic situation

I. INTRODUCTION

On 11 March, 2020, the World Health Organization (WHO) officially declared the coronavirus (COVID-19) outbreak to be a global pandemic. As of 27 March, 2020, the number of confirmed cases surpassed 500,000, and it continues to rise. Over 170 countries are affected, with the US has the most confirmed cases. The outbreak has had clear significant economic impacts. In the short-term, as many countries adopt strict quarantine policies, their economic activities are significantly limited. The longer-term consequences of this pandemic may arise from mass unemployment and business failures. Some industries, such as tourism and aviation, will certainly face hardships.

While the exact global economic impacts are not yet clear, financial markets have already responded with dramatic movements. In March 2020, the stock market hit the circuit breaker mechanism four times in ten days. Central banks and authorities responded immediately by throwing their policy instruments into the market. Although most stock markets have recently begun rebounding, a great deal of uncertainty remains as the pandemic continues.

The Stock Market has a history of crash and recovery The worldwide Stock market has a history of crash and recovery and the Indian Stock Market is no different from that. Sensex plunged 53 per cent in one year in “Harshad Mehta Scam” (1992) but recovered 127 per cent in 1.5 years. During the “Asian Crisis” (1996) Sensex dipped 40 per cent in four years but recovered 115 per cent in one year. During “Tech Bubble” (2000) Sensex crashed 56 per cent in 1.5 years but recovered 138 per cent in 2.5 years. When the US faced the “Real Estate – Lehman” crisis (2008) Sensex crashed 61 per cent in a year but recovered 157 per cent in 1.5 years. The current market has crashed around 30 per cent in less than three months. Due to COVID-19, no one knows when the economy will be back on track. Some Experts even compare this meltdown of economies with the “Great Depression” of the 20th Century. The “Great Depression” started in 1929 and lasted until the late 1930s. Between 1929 and 1932, worldwide Gross Domestic Product (GDP) fell by an estimated 15 per cent. By comparison, worldwide GDP fell by less than 1 per cent from 2008 to 2009 during the Great Recession.

On the one hand, the dynamic of stock markets during the COVID-19 pandemic is not completely accidental. It was not the situation of countries before the crisis that influenced the reaction of stock markets, but rather the health policies implemented during the crisis to limit the transmission of the virus and the macroeconomic policies aiming to support companies. On the other hand, fundamentals only explain a (very) small part of the stock market variations. Just like Krugman and Shiller have claimed, it is hard to deny that the link between stock prices and fundamentals have been anything other than loose.

Stock Market in India :

Indian Stock market is also known as National Stock Exchange (NSE) of India limited. It is the leading stock exchange of the country. This market is located in business capital of India at Mumbai. It was established in 1992 as the first demutualized electronic exchange in the country. National Stock Exchange was the first exchange of India to provide a modern, fully automated screen-based electronic trading system which offered easy business facility to the investors spread across the length and breadth of the country.

Flagship Index (FI) of National Stock Exchange, the CNX, Nifty generally is used extensively by investors in India and around the world as a barometer of the Indian Capital market. NSE was set up by a set of leading Indian financial institutions at the behest of the government of India to bring transparency to the Indian Capital Market. It is based on the recomendations laid out by the government committee. NSE has been also established with a diversified share holding comprising domestic investors include Life Insurance Corporation (LIC) of India, State Bank of India, IFCI Limited, IDFC Limited and Stock Holding Corporation of India Limited. On the other hand, the global key investors are Gagil FDI Limited, GS Strategic Investment Limited, SAIF IISE Investments Muritius Limited, Aranda Investments (Muritius Limited), Pte Limited and IP Opportunities Fund, etc. Hence, NSE is a first exchange in India to introduce electronic trading facility thus connecting together the investor base of the entire country. At present National Stock Exchange has about 2500VSTs and 3000 leased lines spread over 2000 plus cities across India. Mumbai Stock Exchange (BSE) is the oldest in India and operate in large majority of countries of the world.

II. OBJECTIVES OF THE STUDY

- To access the relationship between the various aspects related to stock market handled by the general public during pandemic crisis.
- To study the impact of income earnings from stock market by general public before and after the covid 19 situation

2.1 NEED OF THE STUDY

The need of this paper is to identify how stock market plays an influential role among various people of different background and to know how much are they aware about the stock market and its details.

2.2 SCOPE OF THE STUDY

The scope of the stock market is very wide and consists of variety of fields. Therefore, the scope is limited to find the impacts of stock market among the general public during the pandemic situation in Chennai zone and to know the hindrance faced by general public.

2.3 LIMITATIONS OF THE STUDY

- The period of study is limited to two to three months.
- The study is limited within Chennai.
- The interpretations of the study is based on the assumptions given by the respondents which are assumed to be true.
- The respondent in this study are only the general public, not the investors.
- The study has a limitation of time, place and resources.

III. REVIEW OF LITERATURE

Hashim Khan, The Impact of Stock Market on Economic Growth of India 2019. This article explores the link between stock market performance and the economic growth of India in terms of a simple theoretical literature framework. Indian economy is the third largest economy in the world in terms of purchasing power. It is going to touch new heights in coming years. As predicted by Goldman Sachs, the Global Investment Bank, by2035 India would be the third largest economy of the world just after US and China. It will grow to 60% of size of the US economy. This booming economy of today has to pass through many phases before it can achieve the current milestone of 9% GDP. Researchers hold diverse opinions regarding the importance of stock markets playing a significant role in economic development performing the following functions: by aggregating and mobilizing capital, profile enhancement, increases companies value, Consumption and the Wealth effect and reducing the cost of capital. The theoretical literature argues that stock markets are crucially linked to economic growth. The findings suggest a positive relationship between stock markets and economic growth, both in short run and long run .

I.

M. Raju, TrinleyPaldon, A Research on The Stock Market Volatility of BSE and NSE in Indian Economy,2019. In this paper, the Indian economy is energetically seemed, by all accounts, to be global markets post movement in the mid 90s. India is having economic movement over the most recent couple of years and as essentials be there gigantic hold are spouting into Indian market from over the world. By a long shot a gigantic piece of these outside assets are enormous giganticness players and their improvement in the market results in colossal frailty in stock markets. Indian economy is normally considered by inside use, yet after movement the shar Indian exchange as an essential piece of global exchange is expanding at a rich pace. India's economy has ended up being over USD 1 trillion and sorted out as the eleventh most crucial economy on earth. Unending Indian affiliations are getting related with passing on their things to global markets, raising assets by posting on remote stock exchange (London Stock exchange, NYSE and NASDAQ and so forward). In that limit, share regard updates of these affiliations will no vulnerability on the planet be influenced by the improvement in world economy. Starting now and into the not very hard to achieve this examination was endeavored to explore the Stock Market slightness of BSE and NSE in Indian economy as shown by the examination of Economic survey for the time of (2015 - 2018).The study implies that the recent financial crisis did not impact the behavior of Indian stock markets to a great extent. The results of the study might be useful for investors, corporate executives, portfolio managers and policy makers in framing business policies and for the appraisal and management of present portfolios.

Kavita Chavali,Mohammad Alam,Shireen Rosario, Stock Market Response to Elections: An Event Study Method,2020. The research paper examines the influence of elections on the stock market. The study analyses whether the market reaction would be the same when a party wins and comes to power for the second consecutive time. The study employs Market Model Event study methodology. The sample period taken for the study is 2014 to 2019. A sample of 31 companies listed in Bombay Stock Exchange is selected at random for the purpose of the study. For the elections held in 2014, an event window of 82 days was taken with 39 days prior to the event and 42 days post event. The event (t0) being the declaration of the election results. For the elections held in 2019 an event window of 83 days was taken with 41 days prior to the event and 41 days post event. The results indicate that the market reacts positively with significantly positive Average Abnormal Returns. The findings of the study reveal that the impact on the market is not the same between any two elections even when the same party comes to power for the second time. The semi-strong form of efficient market hypothesis holds true in the context of emerging markets like India.

IV. RESEARCH METHOLOGY

Research Design: Descriptive design
Target Respondents: General public
Populations: Infinity
Sample Size : 126
Sample techniques: cluster sampling
Primary data: Questionnaire survey method
Secondary data: Journals Websites/search engines & Books
Tools for Analysis

- Percentage Analysis
- Karl Pearson Correlation
- Chi – Square Test

V. DATA ANALYSIS AND INTERPRETATION

5.1.1 Correlation

Null Hypothesis- There is no significant relationship between efficiency and knowledge in stock market.
Alternative Hypothesis- There is a significant relationship between efficiency and knowledge in stock market.

Table 5.1.1

		With online trading Indian stock market has become efficient.	After trading in stock market your knowledge has been increased.
With online trading Indian stock market has become efficient.	Pearson Correlation	1	.742**
	Sig. (2-tailed)		.000
	N	126	126
Aftr trading in stock market your knowledge has been increased.	Pearson Correlation	.742**	1
	Sig. (2-tailed)	.000	
	N	126	126
**. Correlation is significant at the 0.01 level (2-tailed).			

Inference: The significant value 0.01 > 0.000. Null hypothesis Ho is rejected and Alternative hypothesis H1 is accepted. Hence there is a relationship between efficiency and knowledge in stock market.

5.1.2 Correlations

Null Hypothesis- There is no significant relationship between efficiency and income earned in stock market.
Alternative Hypothesis- There is a significant difference between efficiency and income earned in stock

Table 5.1.2

		With online trading Indian stock market has become efficient.	Do you agree that stock market increased your income level.
With online trading Indian stock market has become efficient.	Pearson Correlation	1	.130
	Sig. (2-tailed)		.246
	N	126	126
Do you agree that stock market increased your income level.	Pearson Correlation	.130	1
	Sig. (2-tailed)	.246	
	N	126	126

Inference: The significant value 0.01 < 0.246. Null hypothesis Ho is accepted and Alternative hypothesis H1 is rejected. Hence there is no relationship between efficiency and income earned in stock market.

5.1.3 Correlations

Null Hypothesis- There is no significant relationship between knowledge and income earned in stock market

Alternative Hypothesis- There is a significant relationship between knowledge and income earned in stock market

Table 5.1.3

		Stock market increased your income level	After trading in stock market your knowledge has been increased.
Stock market increased your income level	Pearson Correlation	1	.032
	Sig. (2-tailed)		.767
	N	126	126
After trading in stock market your knowledge has been increased.	Pearson Correlation	.032	1
	Sig. (2-tailed)	.767	
	N	126	126

Inference: The significant value 0.01 < 0.767. Null hypothesis Ho is accepted and Alternative hypothesis H1 is rejected. Hence there is no relationship between knowledge and income earned in stock market.

5.2.1 CHI SQUARE

Null Hypothesis- There is no significant association between gender of the respondents and their perception on stock market after the covid crisis.

Alternative Hypothesis- There is a association between gender of the respondents and their perception on stock market after the covid crisis.

Table 5.2.1

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.058a	1	.809		
Continuity Correctionb	.000	1	.995		
Likelihood Ratio	.058	1	.809		
Fisher's Exact Test				1.000	.499
Linear-by-Linear Association	.058	1	.810		
N of Valid Cases	126				

Inference: The chi square value for 1 df is .809 . The p value is greater than .05(p>.809),the association between observed and expected frequencies is insignificant and therefore the null hypothesis is accepted. There is no association between gender and if the market is down due to Corona virus, will start growing once Corona virus is cleared.

5.2.2 CHI SQUARE

Null Hypothesis- There is no significant association between gender of the respondents and the covid 19 outbreak has vigorous effects on the stock market.

Alternative Hypothesis- There is a significant association between gender of the respondents and the covid 19 outbreak has vigorous effects on the stock market.

Table 5.2.2

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.004[a]	1	.953		
Continuity Correction[b]	.000	1	1.000		
Likelihood Ratio	.004	1	.953		
Fisher's Exact Test				1.000	.574
Linear-by-Linear Association	.003	1	.953		
N of Valid Cases	126				

Inference: The chi square value for 1 df is .004. The p value is greater than .05(p>.05),the association between observed and expected frequencies is insignificant and therefore the null hypothesis is accepted. There is no association between gender and the vigorous effect on stock market due to covid 19 outbreak.

5.2.3 CORRELATION

Null Hypothesis- There is no significant relationship between the income earned by the respondents and the profit incurred from stock market.

Alternative Hypothesis- There is a significant relationship between the income earned by the respondents and the profit earned from stock market.

Table 5.2.3

		Annual income	How much is the profit that you incur from stock market?
Annual income	Pearson Correlation	1	.343**
	Sig. (2-tailed)		.002
	N	126	126
How much is the profit that you incur from stock market?	Pearson Correlation	.343**	1
	Sig. (2-tailed)	.002	
	N	126	126

**. Correlation is significant at the 0.01 level (2-tailed).

Inference: The significant value 0.01 >.002. Null hypothesis Ho is rejected and Alternative hypothesis H1 is accepted. Hence there is a relationship between the income earned by the respondents and the profit earned incurred from stock market.

5.2.4 Correlations

Null Hypothesis- There is no significant relationship between the income earned by the respondents and the profit incurred from their investments other that stock market(other investors).

Alternative Hypothesis- There is a significant relationship between the income earned by the respondents and the profit incurred from their investments other that stock market(other investors).

Table 5.2.4

		Annual income	How much return do you get from your investment Annually
Annual income	Pearson Correlation	1	.094
	Sig. (2-tailed)		.390
	N	126	126
How much return do you get from your investment annually?	Pearson Correlation	.094	1
	Sig. (2-tailed)	.390	
	N	126	126

Inference: The significant value 0.01 < 0.390. Null hypothesis Ho is accepted and Alternative hypothesis H1 is rejected. Hence there is no relationship between the income earned by the respondents and the profit incurred from their investments other that stock market(other investors).

VI. FINDINGS

- From the study we come to know about the relationship between stock market and general public using correlation analysis and chi square analysis.
- The correlation test shows that the efficiency of online trading in stock market and knowledge in stock market are interrelated. This shows that there should be sufficient knowledge to do online trading in stock market efficiently.
- It clearly explains the efficiency in stock market does not have any relationship with the returns got back from the investments made in stock market.
- There is an interconnection with the knowledge and the income earned from stock market(returns). When the investors in stock market has enough knowledge about the stock markets it will increase the possibilities of earning more from stock markets
- With the help of the chi square table we could know the association between the gender of the respondents and their perception on stock market after the covid crisis and the vigorous effect currently faced by stock market. This help us to know whether the respondent are willing to continue doing various practices in stock markets.
- The correlation test shows that the relation between the income and the return on investments from both investors on stock market and other investment options. By this we could know from where does high returns are incurred.

VII. SUGGESTION

- Stock market should be made open without the help of brokerages.
- The myth of stock market as gambling should be broken by giving a necessary proofs.
- A very few amount of money can be made to invest at initial stages of investments.
- Investor in stock market should always avoid having the herd mentality ,it will lose your hard-earned money in stock markets.
- Proper research should always be undertaken before investing in stocks. Investors generally go by the name of a company or the industry they belong to. This is, however, not the right way of putting one's money into the stock market.
- The investors who put in money systematically, in the right shares and held on to their investments patiently have been seen generating outstanding returns. Hence, it is prudent to have patience and follow a disciplined investment approach besides keeping a long-term broad picture in mind.
- Diversification of portfolio across asset classes and instruments is the key factor to earn optimum returns on investments with minimum risk. Level of diversification depends on each investor's risk taking capacity.
- We are living in a global village. Any important event happening in any part of the world has an impact on our financial markets. Hence we need to constantly monitor our portfolio and keep affecting the desired changes in it.
- Due to the general lack of guarantees or securities along with the probability of getting duped of their hard-earned money, most common Indians stay away from the stock.

VIII. CONCLUSION

India is a huge population country that have ranges of people. Everyone try to save and expand their income by many ways. Most of the people go for a safer side i.e the one which gives a standard income. Many of the people aren't willing to take risk like stock market as it is unstable. Only the ones with good knowledge and exposure invest in stock market and gains profit.

Since the outbreak of the COVID-19 pandemic, stock markets around the world have experienced unprecedented declines amid high uncertainty. In this paper, has chosen search terms are specific to the coronavirus crisis and correspond to stock market and it performance . How does stock market helps the general public to generate income in these hard times. All these is been addressed in this paper.

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ANNEXURE

QUESTIONNAIRE

A STUDY ON STOCK MARKET WHICH IMPACTS GENERAL PUBLIC DURING PANDEMIC SITUATION

1.Name______________________________

2.Age

a. <18 b. 18 – 30 c. 31 – 40 d. 41-50 e. 50+

3.Occupation

a. Student b. Salaried c. Business d. Professional e. Other

4.Annual income

a. 0-2.5L b. 2.6L-5L c. 5.1L - 7.5L d. 7.6L-10L e. >10L

5.Do you invest in stock market?

a. Yes (if yes please do answer questions from 8-18) b. No (if no please do answer from 19-24)

6.Do you think that the essential commodities that you buy is influenced by the stock market.

a. Strongly Agree b. Agree c. Maybe d. Disagree e. Strongly disagree

7. What essential commodities do you think that are influenced by the stock market?

a. Grains b. Gold c. Oil d. Natural gas e.others

SECTION-2: *IF YOU INVEST IN STOCK MARKET*

8. What is your monthly investment amount during the month of February?before

a. 0 -10k b. 11k -20k c. 21k - 50k d. 50k -1lac e. > 1lac

7. What is the current amount now you have allocated to invest in stock market in October?after

a. 0-10k b. 11k -20k c. 21k -50k d. 50k -1lac e. > 1lac

8. Which type of share you prefer to buy during this pandemic crisis?current

a. Low risk b. High risk c. Medium risk

9. How many times do you trade annually (during normal time)?before

10. a. 1-5 b. 6-10 c. 10-20 d. 20-50 e. >50

11. Is there any change in trading activities during pandemic situation?current

a. Yes b. No

12. How much is the profit that you incur from stock market?before

a. -5k to 0 b. 0 to 5k c. 5k to 10k d. 10k -20k e. >20k

13. How was your interest on stock markets before the outbreak of covid pandemic?(linear scale)before

1. Very involved (interested) 2. Involved 3. Neutral 4. least involved 5. no involvement

13. Now are you interested in doing stock market?current
a. Yes b. No c. Maybe
14. If the market is down due to Coronavirus, will it start growing once Coronavirus is cleared. Do you agree with this statement. (linear scale)after
1. Strongly agree 2. Agree 3. Neutral 4. Disagree 5. Strongly disagree
15. Are you earning income from the stock market in this pandemic situation?current
a. Yes b. No c. Maybe
16. Are you afraid to invest in stock market in this pandemic crisis?current
a. Yes b. No c. Sometimes

SECTION-3: ***IF YOU DON'T INVEST IN STOCK MARKET***

17. What to you concentrate more when you invest (multiple choice grid)
1. Safety 2. Flexibility 3. Good return 4. Tax benefits 5. Fringe benefits like credit Cards etc {row, questions}
a. Highly important b. Important c. Not sure d. Unimportant{column, options} 20.Do you know about stock market?
a. Yes b. No
21. Do you prefer to invest in stock market?
a. Yes b. No c. Maybe
22. Does the change in stock market influence the day-to-day activities?
a. Yes b. No c. Maybe
23. What are the reasons do you think that you are afraid to invest at this crisis?
a. Lack of knowledge or guidance b. Not willing to take the risk c. Common investing myth d. Lack of capital e. Unwillingness
24. If not in stock market, then what type of investments do you make?
a. On Gold b. On FD or RD c. On Post office d. On Chit funds e.others