



A STUDY ON THE STOCK MARKET CONDITIONS BEFORE AND AFTER THE OUTBREAK OF COVID-19 PANDEMIC

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ABSTRACT

Stock Market is a platform where shares of investors listed companies are traded. The primary market is where companies issue shares to the general public in an initial public offering (IPO) to upraise capital. A stock market helps stock brokers to trade company stocks and other securities. Often trading in the Indian stock market takes place on the Bombay Stock Exchange and the National Stock Exchange. The COVID-19 pandemic outbreak and the hard containment measures executed worldwide have badly afflicted the level of global economic condition. To provide an understanding of how the coronavirus health crisis has affected the stock markets, this study investigates the impact of the COVID-19 outbreak on the major stock market indices.

Key Words- Stock market, Investors, Stocks.

INTRODUCTION

The Stock market plays a vital role in the growth of the industry and economy of the country to a great extent. The stock market is the primary source for any company to upraise funds for business growth. To issue shares for the investors to invest in the stock market a company needs to get included to a stocks exchange and through the primary market of the stock exchange they can issue the shares and get the capitalize for business needs. That is the cause that a uprising stock market is the indication of a developing industrial zone and a growing economy of the country.

REVIEW OF LITERATURE

Debakshi Bora and Daisy Basistha (2020) studied that the daily analysis of closing prices of indices such a study has attempted to make a comparative analysis of the return of the stock market in before the COVID-19 and during the COVID-19 situation. The GARCH model is used to capture the volatility of the indices.

Martin Klepek, Daniel Kvicala (2020) states that the first clear insight is the increase of transactions and revenue in COVID-19 period since the number of investors reached 80% and revenue reached 44% of values from 2019 in just 25% of time.

Habtamu Girma Demiessie (2020) studied that the impact of COVID- 19 pandemic unpredictability on the macroeconomic stability in Ethiopia in the short term period. The World Pandemic Uncertainty Index (WPUI) was used as a proxy variable to measure the COVID-19 Unpredictability disturbance effect.

Ayoub Rabhi (2020) states empirically the emerging Asian stock market has indeed been vulnerable to pandemics. Considering the Covid-19 outbreak as a case study, he worn the ARDL panel data approach to investigate the impact of the daily Covid-19 confirmed cases along with a behavioral part based on a provocation of fear event related to news about Covid-19 deaths.

Collins C. Ngwakwe (2020) evaluated the extent and direction of the differential effect of COVID-19 pandemic on select world stock index. The data on stock value performance were gathered for fifty days before and fifty days within the Coronavirus epidemic and the data was analyzed using the paired t-test of difference in mean stock values at the alpha level of 0.05 (5%).

OBJECTIVE OF THE STUDY

To analyze the effects on performance of the stock market from the views of investors post COVID-19 spike in India.

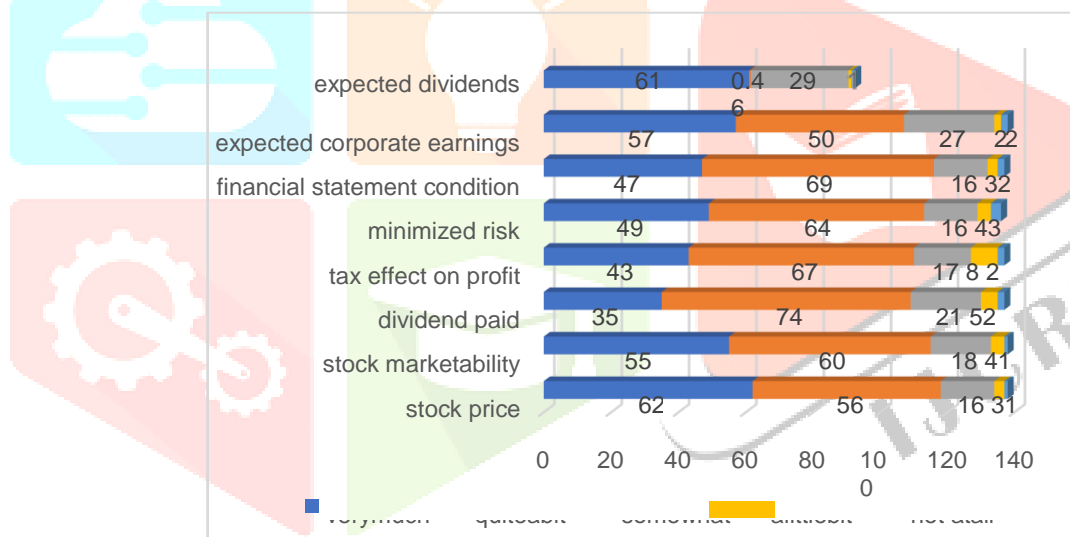
RESEARCH METHODOLOGY

Descriptive research design is carried out in this study. The sampling technique adopted in the study was convenient sampling method. Primary data were collected directly from the respondents through questionnaire and secondary data were collected from the published records, journals and websites. A sample size of 138 employees has been taken in this study. Tools used for analysis are simple percentage analysis, bar chart, pie chart, Chi-Square test in SPSS tool, Anova in SPSS tool.

DATA ANALYSIS

I. Factors influencing investment decision of respondents

Particulars	Very much	Quite a bit	Somewhat	A little bit	Not at all	Total
Stock price	62	56	16	3	1	138
Stock marketability	55	60	18	4	1	138
Dividend paid	35	74	21	5	2	138
Tax effect on profit	43	67	17	8	2	138
Minimized risk	49	64	16	4	3	138
Financial statement condition	47	69	16	3	2	138
Expected corporate earnings	57	50	27	2	2	138
Expected dividends	61	46	29	1	1	138



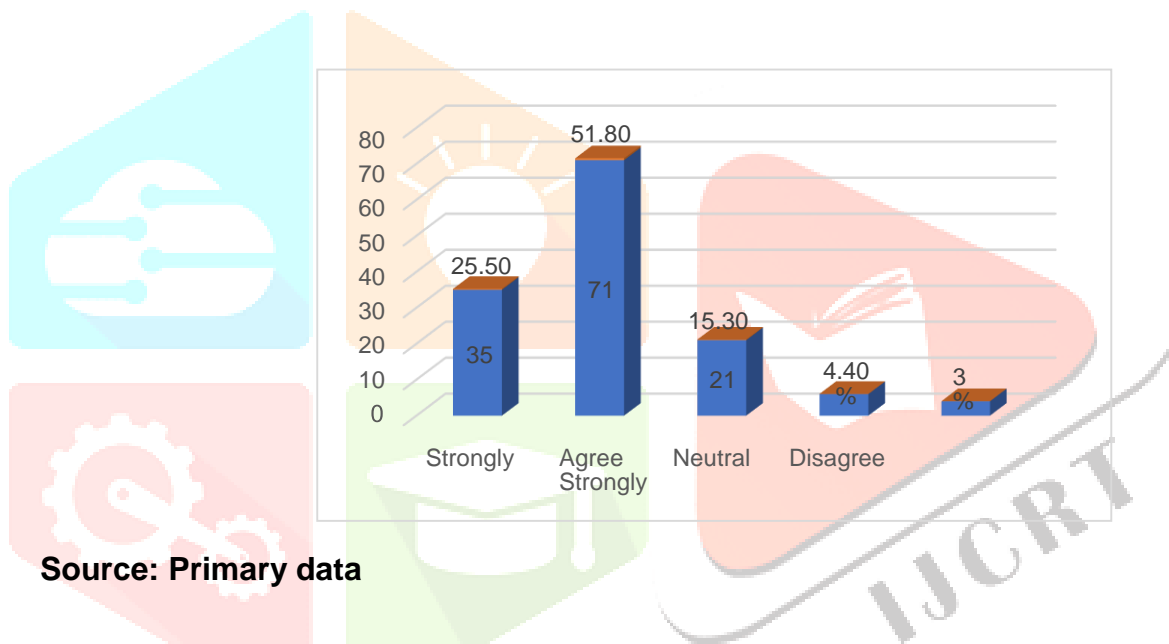
Source: Primary data

Inference:

It is clear that factors like expected corporate earnings, financial statement condition, minimized risk, tax effect on profit, dividend paid, stock marketability and stock price have influenced the investment decisions of the stock market

II. Respondents' level of agreement when asked if the stock market is a wise option after the outbreak of the COVID-19 pandemic.

Particulars	No of respondents	Percentage
Strongly Agree	35	25.50%
Agree	71	51.80%
Neutral	21	15.30%
Disagree	6	4.40%
Strongly disagree	4	3%



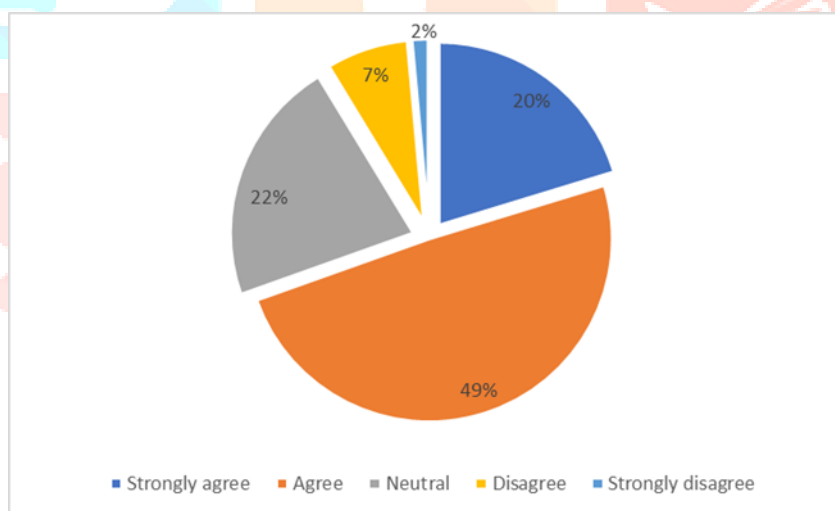
Source: Primary data

Inference:

Majority (51.8%) of the respondents agree that it is a wise option to invest in the stock market even after the outbreak of the pandemic.

III. Respondents' level of agreement when asked if the stock market has taken a fall after the outbreak of the COVID-19 pandemic.

Particulars	Number of Respondents	Percentage
Strongly agree	28	20.5%
Agree	68	49.20%
Neutral	30	22%
Disagree	10	7.60%
Strongly disagree	2	0.8%



Source: Primary data

Inference:

Majority (49%) of the respondents agree that the stock market has taken a fall after the outbreak of the COVID-19 pandemic.

IV. Chi-Square test

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	22.060 ^a	20	.337
Likelihood Ratio	24.669	20	.214
N of Valid Cases	139		

Inference: Since p value is higher than 0.05, we accept the alternate hypothesis and reject the null hypothesis. Therefore, there is an association between age group and their opinion on whether they consider investing in the stock market as a wise option even after the outbreak of the pandemic.

V. ANOVA

The table below shows the association between annual income of the investors and their change in perception about their investment in stock market after the outbreak of the COVID pandemic.

ANOVA					
Which category of annual income do you fall under?					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	17.305	5	3.461	2.066	.074
Within Groups	222.782	133	1.675		
Total	240.086	138			

Source : Primary data

Inference: Here the significance level is 0.074, which is above 0.05 therefore, there is no significant relationship between annual income of the investors and their change in perception about their investment in stock market after the outbreak of the COVID pandemic.

CONCLUSION:

Investment process will be successful only when the investors make a correct prediction about the movements of the stocks in the stock market. There is no fool proof way to successfully predict market behavior, which is why there is still no consensus on market theories. An understanding of the different concepts of the stock market helps us with the best possibility of making a better investment. This study suggested that the price of any stock is not affected as much by the company's performance or the general political climate so much as by the interactivity of supply and demand. There are a finite number of stocks and investors. There might be more people who need to invest than there are stocks available, or vice versa. In this way, the communication between the contribution of stocks and investment by the investors regulates whether the value goes down, in the case of excessive supply, or up, in the case of excessive demand.

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