



Covid-19 and its Impact on Stock Market in India

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ABSTRACT

stock market is a marketplace where consumers can purchase and sell publicly-traded company shares. It provides a platform that allows for a smooth stock exchange. In simple words, if A wants to sell 11 shares of Reliance Industries, the stock market will assist him in finding a buyer eager to purchase Reliance Industries. It is vital to note, however, that only a registered middleman, known as a stockbroker, can trade in the stock market. The electronic medium is used to buy and sell shares. The Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) are the two primary stock exchanges in India, where the majority of trades are conducted. Apart from these two markets, there are a few more regional stock exchanges, such as the Bangalore Stock Exchange and the Madras Stock Exchange, but they no longer play a significant role. This study mainly postulated on the Covid-19 and its impact on stock market in India.

Keywords: Covid - 19, stock market, BSE, NSE,

INTRODUCTION

The stock market is a set of markets and exchanges where regular operations such as buying, selling, and issuance of publicly-traded company shares take place. Such financial transactions happen on structured official exchanges or over-the-counter (OTC) marketplaces that are governed by a set of rules. In a country or region, there may be many stock trading venues that allow transactions in stocks and other securities. The stock market, sometimes known as the equity market, is mostly known for trading stocks/equities, but it also trades other financial assets such as exchange-traded funds (ETF), corporate bonds, and derivatives based on stocks, commodities, currencies, and bonds. While the phrases stock market and stock exchange are sometimes used interchangeably, the latter is usually considered a subset of the former.

When someone says they trade in the stock market, they are referring to buying and selling shares/equities on one (or more) of the stock exchanges that make up the entire stock market. **The New York Stock Exchange (NYSE), the National Association of Securities Dealers Automated Quotation (NASDAQ), and The Chicago Board Options Exchange (CBOE)** are the three most important stock exchanges in the United States. The stock market of the United States is made up of these big national exchanges as well as a number of other exchanges that operate in the country.

The stock market is a marketplace where consumers can purchase and sell publicly-traded company shares. It provides a platform that allows for a smooth stock exchange. In simple words, if A wants to sell 11 shares of Reliance Industries, the stock market will assist him in finding a buyer eager to purchase Reliance Industries. It is vital to note, however, that only a registered middleman, known as a stockbroker, can trade in the stock market. The electronic medium is used to buy and sell shares. The **Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE)** are the two primary stock exchanges in India, where the majority of

trades are conducted. Apart from these two markets, there are a few more regional stock exchanges, such as the Bangalore Stock Exchange and the Madras Stock Exchange, but they no longer play a significant role.

METHODOLOGY

This study mainly postulated on the Covid-19 and its impact on stock market in India. Generally, the study is about how the Covid-19 affected the Indian Stock Market and its consequences and forecasted the future trends among various sectors using historical data. The study is purely based on secondary data from National Stock Exchange and Bombay Stock Exchange websites. Historical Data of CNX Auto, CNX IT, CNX Metal, CNX FMCG, CNX PSE, CNX Energy, CNX MNC were taken under consideration for analysis. The major tools like linear regression, trend analysis, Compound Annual Growth Rate, moving average were selected for the analysis. The data and its analysis were represented with two tabular forms and one graphical representation.

ANALYSIS AND INTERPRETATION

1] Historical Data of CNX AUTO:

The below mentioned table represents the historical prices, trend, moving average, compound annual growth rate of CNX Auto for the year 2011-2022.

Table 1: CNX Auto Data (2011-2022)

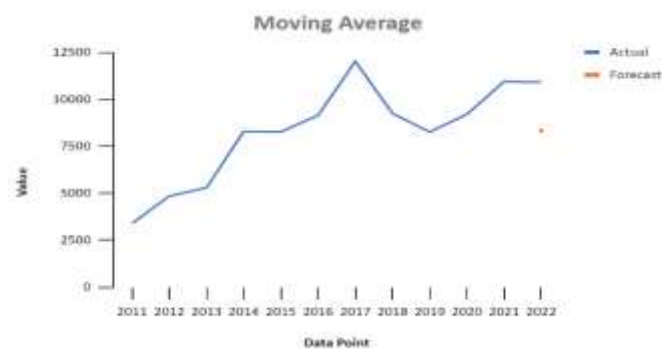
SI No	Year	Price
1	2011	3390.55
2	2012	4830.55
3	2013	5285.00
4	2014	8281.20
5	2015	8254.75
6	2016	9141.75
7	2017	12009.70
8	2018	9235.55
9	2019	8248.30
10	2020	9193.50
11	2021	10936.90
12	2022	10894.30

Table 2: Forecasted Data of CNX Auto

SI No	Year	Price	Trend	Moving Average
1	2011	3390.55	594.97	#N/A
2	2012	4830.55	1191.14	#N/A
3	2013	5285.00	1787.31	#N/A
4	2014	8281.20	2383.47	#N/A
5	2015	8254.75	2979.64	#N/A
6	2016	9141.75	3575.81	#N/A
7	2017	12009.70	4171.98	#N/A
8	2018	9235.55	4768.14	#N/A
9	2019	8248.30	5364.31	#N/A
10	2020	9193.50	5960.48	#N/A
11	2021	10936.90	6556.64	#N/A
12	2022	10894.30	7152.81	8308.50
13	2023	-	7748.98	8755.59
14	2024	-	8345.14	9148.10
15	2025	-	8941.31	9577.33
16	2026	-	9537.48	9739.34
17	2027	-	10133.65	9951.43
18	2028	-	10729.81	10086.38

19	2029	-	11325.98	9701.71
20	2030	-	11922.15	9818.25
21	2031	-	12518.31	10341.57
22	2032	-	13114.48	10915.60
23	2033	-	13710.65	10894.30
24	2034	-	14306.81	-
25	2035	-	14902.98	-
26	2036	-	15499.15	-
27	2037	-	16095.32	-
28	2038	-	16691.48	-
29	2039	-	17287.65	-
30	2040	-	17883.82	-

CAGR – 0.1119



This table shows the trend and moving average of CNX Auto Index from 2011-2040. The data shows a drastic fall in the price during the 2019 from 9235.55 to 8248.30. This depicts a downward trend in the CNX Auto Index but trend doesn't last long as it gets recovered eventually. The Estimated Compound Annual Growth Rate of CNX Auto is Positive with 0.11.

2] Historical Data of CNX IT:

The below mentioned table represents the historical prices, trend, moving average, compound annual growth rate of CNX IT for the year 2011-2022.

Table 3: CNX IT Data (2011-2022)

Sl No	Year	Price
1	2011	6139.00
2	2012	6024.95
3	2013	9517.85
4	2014	11216.30
5	2015	11212.55
6	2016	10399.25
7	2017	11665.75
8	2018	14440.30
9	2019	15652.40
10	2020	24251.35

11	2021	38701.00
12	2022	31138.80

Table 4: Forecasted Data of CNX IT

Sl No	Year	Price	Trend	Moving Average
1	2011	6139.00	2461.27	#N/A
2	2012	6024.95	4927.51	#N/A
3	2013	9517.85	7393.75	#N/A
4	2014	11216.30	9859.99	#N/A
5	2015	11212.55	12326.23	#N/A
6	2016	10399.25	14792.47	#N/A
7	2017	11665.75	17258.71	#N/A
8	2018	14440.30	19724.95	#N/A
9	2019	15652.40	22191.19	#N/A
10	2020	24251.35	24657.43	#N/A
11	2021	38701.00	27123.67	#N/A
12	2022	31138.80	29589.91	15863.29
13	2023	-	32056.15	16747.32
14	2024	-	34522.39	17819.56
15	2025	-	36988.63	18741.97
16	2026	-	39454.87	19682.68
17	2027	-	41921.11	20892.69
18	2028	-	44387.35	22641.60
19	2029	-	46853.59	24836.77
20	2030	-	49319.83	27435.89
21	2031	-	51786.07	31363.72
22	2032	-	54252.31	34919.90
23	2033	-	56718.55	31138.80
24	2034	-	59184.79	-

25	2035	-	61651.03	-
26	2036	-	64117.27	-
27	2037	-	66583.51	-
28	2038	-	69049.75	-
29	2039	-	71515.99	-
30	2040	-	73982.23	-

CAGR: 0.1590



This table shows the trend and moving average of CNX IT Index from 2011-2040. The table doesn't show any massive negative effects on the price. During the year 2020 the price has increased immensely from 15652.40 to 24251.35. This depicts an upward trend as it is shown in the below graph. The Estimated Compound Annual Growth Rate of CNX IT is Positive with 0.15.

3] Historical Data of CNX MNC

The below mentioned table represents the historical prices, trend, moving average, compound annual growth rate of CNX MNC for the year 2011-2022.

Table 5: CNX MNC Data (2011-2022)

SI No	Year	Price
1	2011	4517.45
2	2012	5795.50
3	2013	6243.95
4	2014	8895.45
5	2015	9558.25
6	2016	9667.85
7	2017	14801.90
8	2018	13941.85
9	2019	13788.95
10	2020	15653.45
11	2021	19225.80
12	2022	18802.60

Table 6: Forecasted Data of CNX MNC

Sl No	Year	Price	Trend	Moving Average
1	2011	4517.45	1349.13	#N/A
2	2012	5795.50	2700.98	#N/A
3	2013	6243.95	4052.83	#N/A
4	2014	8895.45	5404.67	#N/A
5	2015	9558.25	6756.52	#N/A
6	2016	9667.85	8108.37	#N/A
7	2017	14801.90	9460.22	#N/A
8	2018	13941.85	10812.06	#N/A
9	2019	13788.95	12163.91	#N/A
10	2020	15653.45	13515.76	#N/A
11	2021	19225.80	14867.60	#N/A
12	2022	18802.60	16219.45	11741.08
13	2023	-	17571.30	12397.78
14	2024	-	18923.14	13058.01
15	2025	-	20274.99	13815.12
16	2026	-	21626.84	14430.08
17	2027	-	22978.69	15126.06
18	2028	-	24330.53	16035.76
19	2029	-	25682.38	16282.53
20	2030	-	27034.23	16867.70
21	2031	-	28386.07	17893.95
22	2032	-	29737.92	19014.20
23	2033	-	31089.77	18802.60
24	2034	-	32441.61	-
25	2035	-	33793.46	-
26	2036	-	35145.31	-
27	2037	-	36497.16	-
28	2038	-	37849.00	-

29	2039	-	39200.85	-
30	2040	-	40552.70	-

CAGR: 0.1384



This table shows the trend and moving average of CNX MNC Index from 2011-2040. The table doesn't show any negative effect on the price in 2019. During the year 2020 the price has increased from 13788.95 to 15653.45. This depicts an upward trend as it is shown in the below graph. The estimated CAGR of CNX MNC is Positive with 0.13.

CONCLUSION

This study attempted to ascertain the impact of COVID-19 on the various sectors of the Indian economy by drawing evidence from the sectoral indices (CNX IT, CNX Media, CNX MNC, CNX Auto, CNX PSE, CNX FMCG, CNX Metal). In this study we have used linear regression to determine the trend for the above-mentioned indices. These stock indices are arguably the most accurate representations of the Indian economy's various sectors.

The CNX Auto data shows that the price dropped dramatically in 2019 from 9235.55 to 8248.30. This depicts a downward trend in the CNX Auto Index, but the trend does not last long as it is eventually recovered. The CNX IT data shows no significant negative effects on the price. The price has risen dramatically from 15652.40 to 24251.35 by 2020.

The CNX MNC shows no negative impact on the price in 2019. The price has risen from 13788.95 to 15653.45 in the year 2020. The CNX Energy data shows no negative impact on the price in 2019. In 2021, the price of CNX Energy increased from 16922.50 to 22631.95. This shows that CNX energy is on the rise.

However, the FMCG and pharmaceutical sectors quickly recovered and produced positive mean daily returns. Due to the closure of the industries, global demand for oil, gas, and metals has slowed in the long term. This resulted in a drop in global oil prices, which had a disastrous impact on India's oil and gas sector as well as the metals sector. The risk of a sharp drop in loan growth and an increase in NPAs as COVID continues to wreak havoc on businesses is growing as the virus spreads.

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