PERFORMANCE OF INDIAN CAPITAL MARKET DURING COVID-19 PANDEMIC PERIOD

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ABSTRACT

This paper critically evaluates the performance of Indian capital market during Covid period. It measures the impact of covid on the various segments of capital markets such as equity and debt market. Performance of Indian equity market assessed through the following parameters viz., volume and value of various types of public issues announced by Indian firms, risk and return of major stock indices, investments in mutual funds. On the other hand, performance of Indian debt market is examined through volume and value of debt issues by Indian firms.

KEY WORDS: *Capital market, Equity Market, Debt Market, Covid*

INTRODUCTION

In the final weeks of 2019, as the globe prepared to greet the year 2020, the Novel coronavirus was detected first in Wuhan, China. It quickly spread from person to person, town to town, country to country, and across the globe. WHO says that COVID -19 is associated with a large family of Coronavirus which causes respiratory infections like Common cold, Fever, which may lead to Severe Respiratory problems.

Many studies tell that the Coronavirus is very infectious, and they also explain the reason for the fast spread of that disease from one person to another, country to countries and all over the world. On January 2020, WHO officially declared that the COVID -19 infectious as a Universal health emergency. 220 countries around the world are affected by coronavirus and has infected million and millions of people. The number of people affected by this virus is more than 25,60,00,000 and 51,40,000 deaths have been recorded.

Around the world many countries have taken various Meticulous constraint measures to bring control over the spread of the virus which has critically affected the economic activities all over the world. At the beginning of April 2020, more than 150 countries around the globe implemented lockdown restrictions which affected the people's social and economic activities badly.

The International Monetary Fund's June 2022 World Economic Outlook (WEO) projected that the global economy growth will be 4.9 percent in 2020, and 1.9 percent below the April 2020 forecast. The COVID – 19 has showed more negative hit during the first half of 2020 than expected, and in 2021 global growth was projected at 5.4 percent. According to October 2021 World Economic Outlook (WEO) the global economy growth is predicted at 5.9 percent in 2021 and 4.9 percent in 2022 which is 0.1 percent lower than 2021 than the July forecast. The fast spread of Delta and other new viruses have increased the uncertainty of when the pandemic will get over.

In addition, the COVID – 19 has also affected the various segments of Capital market all over the world. This created an unusual level of risk, which made investors to suffer losses. To provide clear understanding of how the pandemic has affected the various segments of capital markets such as equity and debt market. We are analyzing the performance of Indian equity market assessed through the following parameter viz., volume and value of various types of public issues announced by Indian firms, risk and return of major stock indices, investments in mutual funds.

The Global output of 2020 shrunk strongly by 3.3% with all regions comparing with the 2.8% growth level in 2019. Leading economies were

exclusively hit hard by Covid and prolonged lockdown. According to International Monetary Fund estimation, the output of leading economies contracted by 4.7% in 2020 as compared to the growth of 1.6% during 2019. The new markets and developing economies saw their growth rate declining from 3.6% in 2019 to 2.2% in 2020.

The number of non-IPO listings expanded by 21.1% in 2020, dominantly driven by APAC- Asia-Pacific region where 86% of the non-IPO listings took place. After the slowing trading activity in 2019, the year 2020 witnessed levels of value and volume traded in securities markets. The value traded raised by 53.7% while the volume traded raised by 56%. Because of high uncertain market condition unsettled to the pandemic, there was a heavy reliance on derivative products, which drove the global exchange traded derivatives volume to their record levels.

LITERATURE REVIEW

The impact of COVID- 19 on the financial market furthermore because the stock exchange has been subject to several empirical studies both in advanced and emerging economies. Existing literature found diverse leads to these regards. COVID- 19 crashes the whole global share. Indian stock exchange also experienced sharp volatility because of the collapse of the worldwide financial market. Again, fall in foreign portfolio investments also reduces the return of the Indian stock exchange.

Trade of NSE and BSE were at their highest levels hitting peaks of 12,362 and 42,273, respectively showing favourable exchange conditions. After the outbreak of the COVID- 19, the securities market came under fear as BSE Sensex and NSE Nifty fell by 38%. It results in a 27.31% loss of the entire stock exchange from the start of this year.

The stock of another sectors like hospitality, tourism, and entertainment has been dropped by over 40% because of transport restrictions. There's various literature available on the impact of COVID- 19 on different sectors like health, agriculture, industry, trade, and commerce, but a limited specific study has been conducted on its impact on the exchange of the emerging economy. The securities market plays a vital role within the economy.

As India is one among the dominant parts of the emerging economy, this paper tries to interpret the impact of COVID-19 on the Indian stock exchange

Rashmi Chaudhary, Priti Bakhshi and Hemendra Gupta, in their article, "The performance of the Indian exchange during COVID-19" investigates that it's a world crisis and unaccustomed all the countries across the globe. It affects all levels of individuals lower income, class, and high-class

people, through financial furthermore as health aspects. thanks to the Pandemic, the govt. takes various measures like social separation, restrictions in crossing borders, international travel, gatherings to prevent the spread. Many businesses find yourself in loss thanks to lockdown. India's GDP also decreased thus it reflects the autumn within the stock exchange. Investors are having the fear of investing in stocks thanks to the economic conditions.

Janga Bahadur Hamal and Rishi Raj Gautam, In their article, "Stock Volatility and Performance" describes global securities market volatility, exchange returns, and the way investors might invest in stocks during an endemic. Evaluating the varied stock markets throughout the world, together with market predictability indicators. The BSE Sensex stocks price on a usual of diverse sector indexes and compared to global indices. Some industries, like health care, information technology, and pharmaceuticals, earn excellent returns. Government should explain about the economic conditions and information's associated with the stock exchange to the investors, it'll boost the boldness of investors on the securities market

STOCK MARKET RESPONSE DURING COVID-19 LOCKDOWN PERIOD IN INDIA

Mohammad Noor ALAM showed that the market reacted positively round the present lockdown period whereas pre-lockdown period investor panicked and it got reflected in negative ARR. thanks to lockdown ordered by the Indian government that crashed the world economy by increasing unemployment and major come by oil prices etc.

How does exchange react to the nationwide lockdown?
He took reference of market efficiency hypothesis where he made an attempt to look at the impact of lockdown on securities market and effect on the typical Abnormal Returns (ARR) of varied stocks. The author also took reference of
1. Ramelli and wagner- International trade and financial policies of the firm
2. Adda- Spreading of infection is sensitive to economic condition
3. Hang- Dynamics of stock market in China
4. Nguyen and Pham- Search based sentiments and Vietnamese stock market return
5. Lee and Brahmasere- Relationship between macroeconomic variable and stock market of korea
6. Gormsen and Koijen- Dividend and GDP growth of Italy

7. Baker et al- developments in recent stock market behaviour and compared with previous virus outbreaks
8. Ozili and Arun- Impact of COVID19 in global economy

The sample of 31 companies and also the cumulative average abnormal returns (CAAR) round the date of stocks within the sample. A comparison of pre-lockdown, and present lockdown period AAR% returns and T statistics are calculated and compared.The study finds the evidence of a positive AR round the present lockdown period and confirms that the lockdown incorporates a positive impact on the securities market performance until true improves within the Indian context

COVID-19 PANDEMIC AND ECONOMIC PERFORMANCES OF THE STATES IN INDIA

The study on the economic impacts of Covid-19 using state-level data in India. The author taking into consideration all Indian States Growth performance, Sectoral compositions of the economy, fiscal position, health care and public health capabilities. He made an analysis by considering the differences in economic performance i.e., GSDP growth, percent and located that both the info reflect varying economic performance across the states.

The research also involved differences in sectoral composition, fiscal position and health care and public health capabilities. The author also find a serious difference in spread of virus and its containment. He made panel multivariate analysis and located the state experiencing higher and lower economic loses by considering various factor as mentioned above.

The results from the multivariate analysis are greatly useful in brief and long-term recovery of State economies in India.

Badam Nadeem Ashraf employ the daily COVID-19 confirmed cases and deaths and stock exchange returns data from 64 countries. From this

paper, Stock markets' reaction to COVID-19: Cases or fatalities? Firstly, we all know that the response of stock markets to increased cases is negative. Moreover, the stocks' negative reaction is robust during the first days and between 40 to 60 days of the confirmed cases Finally, the response of stocks to COVID-19 is quick and varies with severity of the outbreak.

We contribute to the current quickly growing literature on the performance of capital of India market during Covid – 19 pandemic period. Our study attempts to answer the subsequent question: what's performance of New Delhi market during Covid – 19 pandemic during the amount from April 1,2020 to June 26,2020.

RESEARCH METHODOLOGY

To seek out the performance of New Delhi market during Covid – 19 pandemic period, we are using Daily Index value of Nifty50, Bank Nifty, Pharma Nifty, Auto Nifty, IT Nifty from NSE from the date of 1.3.20 to 1.11.21. From which we've got calculated the Monthly return for the amount. After analyzing the information we've got prepared graphs for those data's.

The formula which we've adopted to seek out the Monthly return for the amount is:

Return formula – (Present Index close value – Previous day's index close value) / Previous day's index close value.

A exchange index could be a statistical measure which shows changes going down within the stock exchange. to make an index, some similar varieties of stocks are chosen from amongst the securities already listed on the exchange and grouped together. The damage of a stock is that the price at which the share closes at the tip of trading hours of the stock exchange. The terms of a stock could be a point of reference for you to know how a share behaves.

DATA ANALYSIS AND DISCUSSION

1. NIFTY 50

NIFTY 50				NIFTY 50			
S NO	YEAR	MONTH	MONTHLY AVERAGE RETURN	S NO	YEAR	MONTH	MONTHLY AVERAGE RETURN
1	2020	MARCH	-1.16	11	2021	JANUARY	-0.12
2		APRIL	0.80	12		FEBRUARY	0.33
3		MAY	-0.13	13		MARCH	0.06
4		JUNE	0.34	14		APRIL	-0.01
5		JULY	0.32	15		MAY	0.32
6		AUGUST	0.14	16		JUNE	0.04
7		SEPTEMBER	-0.05	17		JULY	0.01
8		OCTOBER	0.17	18		AUGUST	0.40
9		NOVEMBER	0.54	19		SEPTEMBER	0.14
10		DECEMBER	0.35	20		OCTOBER	0.02

Table 1.1
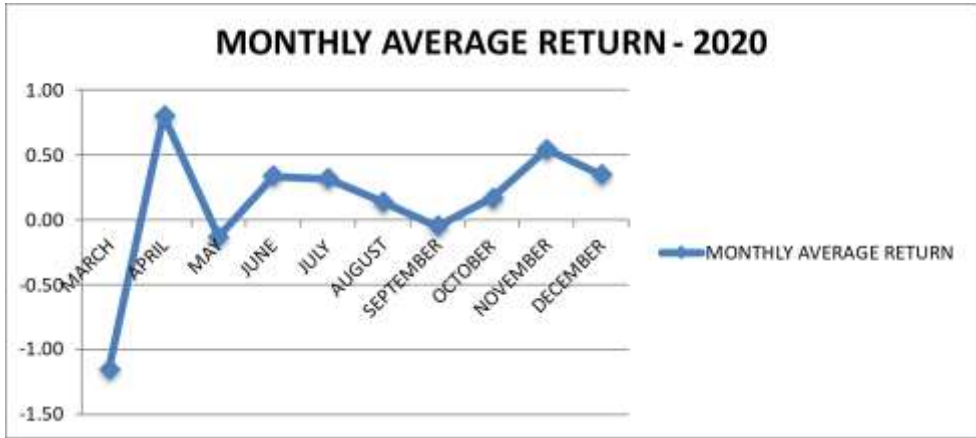
Graph 1.1(a)
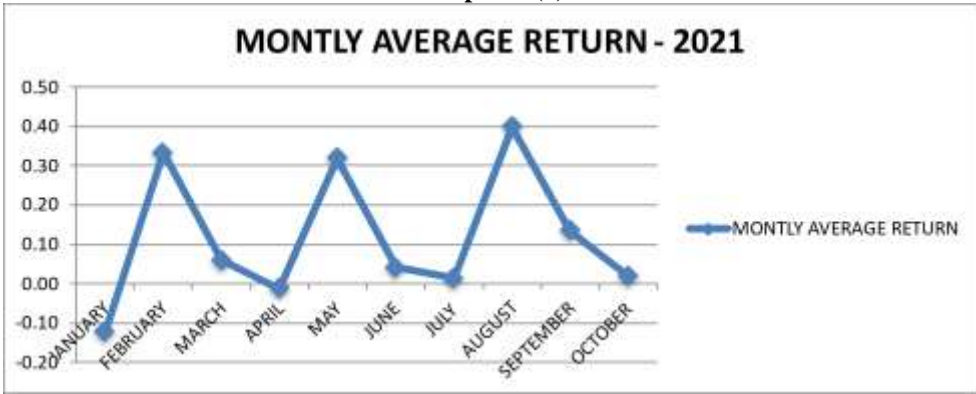
Graph 1.1(b)

In 2020 there was a fall in average return during the months of March, May, September. The data clearly shows that there was a negative return. Whereas in 2021 the returns are fluctuating a lot during February, May, August the average monthly returns were high.

2. BANK NIFTY

S NO	YEAR	MONTH	MONTHLY AVERAGE RETURN	S NO	YEAR	MONTH	MONTHLY AVERAGE RETURN
	BANK NIFTY				BANK NIFTY		
1	2020	MARCH	-1.86	11	2021	JANUARY	-0.10
2		APRIL	0.74	12		FEBRUARY	0.68
3		MAY	-0.52	13		MARCH	-0.20
4		JUNE	0.49	14		APRIL	-0.06
5		JULY	0.07	15		MAY	0.41
6		AUGUST	0.46	16		JUNE	-0.09
7		SEPTEMBER	-0.45	17		JULY	-0.02
8		OCTOBER	0.53	18		AUGUST	0.25
9		NOVEMBER	1.09	19		SEPTEMBER	0.13
10		DECEMBER	0.26	20		OCTOBER	0.23

Table 1.2
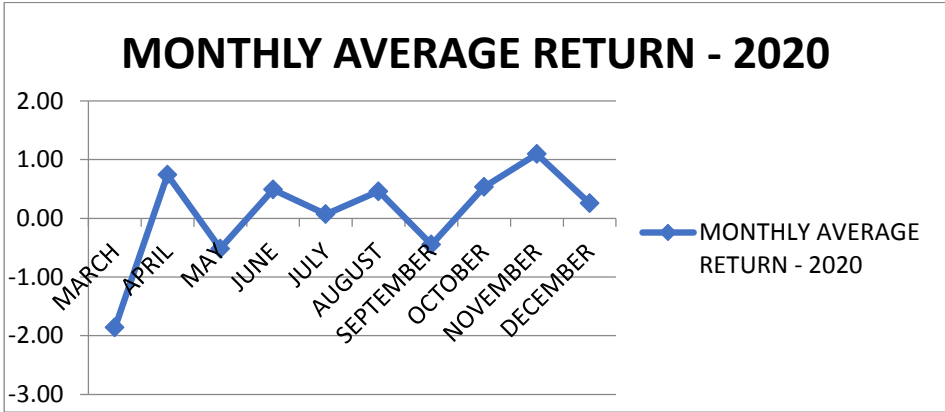
Graph 1.2(a)
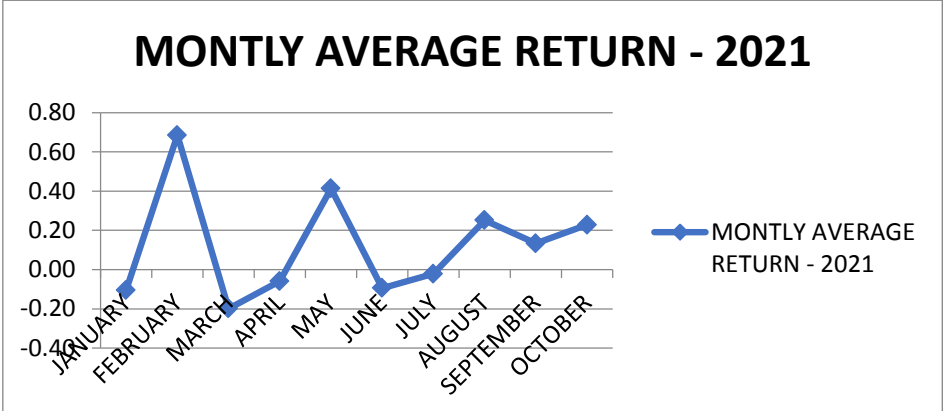
Graph 1.2(b)

In 2020 there was slighter fluctuations during March, May, September the data shows that there was a negative monthly return. Whereas in 2021 only in February and May month there was higher return and almost all months has negative return.
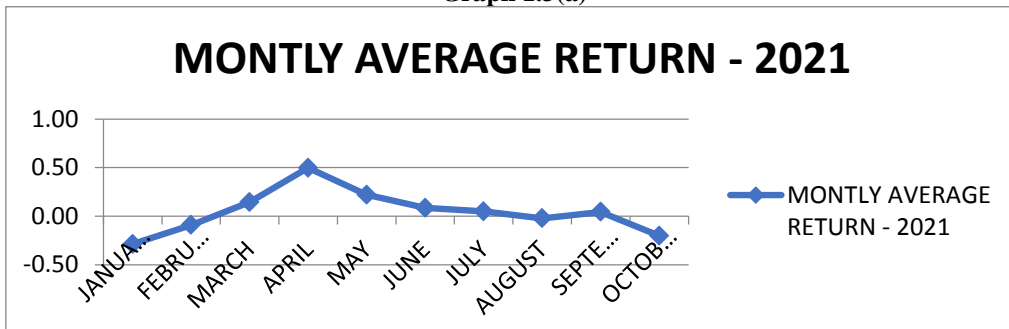
3. PHARMA NIFTY

S NO	YEAR	MONTH	MONTHLY AVERAGE RETURN	S NO	YEAR	MONTH	MONTHLY AVERAGE RETURN
	PHARMA NIFTY				PHARMA NIFTY		
1	2020	MARCH	-0.17	11	2021	JANUARY	-0.29
2		APRIL	1.51	12		FEBRUARY	-0.09
3		MAY	0.25	13		MARCH	0.14
4		JUNE	0.11	14		APRIL	0.50
5		JULY	0.49	15		MAY	0.22
6		AUGUST	-0.01	16		JUNE	0.08
7		SEPTEMBER	0.30	17		JULY	0.05
8		OCTOBER	-0.21	18		AUGUST	-0.02
9		NOVEMBER	0.27	19		SEPTEMBER	0.04
10		DECEMBER	0.40	20		OCTOBER	-0.20

**Table 1.3**
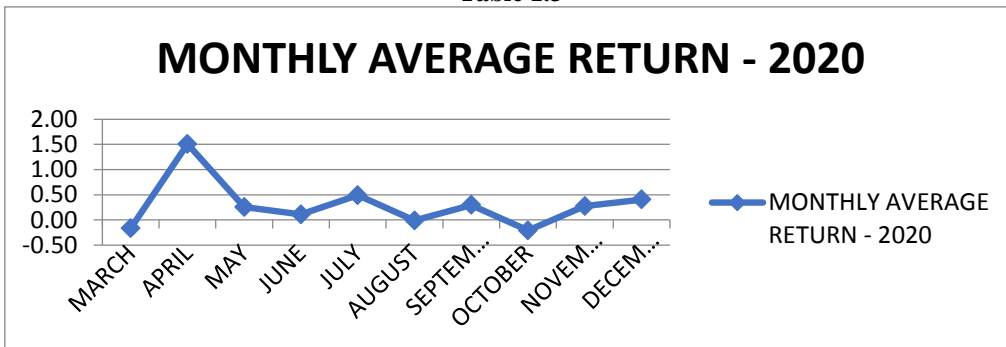
Graph 1.3(a)

Graph 1.3(b)

In 2020 the return was high only during the April month and March August October month had a negative return. Whereas in 2021 the return was high during the April month and in this year the Pharma nifty had a stable return.

4. AUTO NIFTY

S NO	YEAR	MONTH	MONTHLY AVERAGE RETURN	S NO	YEAR	MONTH	MONTHLY AVERAGE RETURN
	AUTO NIFTY				AUTO NIFTY		
1	2020	MARCH	-1.73	11	2021	JANUARY	0.34
2		APRIL	1.32	12		FEBRUARY	0.20
3		MAY	0.31	13		MARCH	-0.14
4		JUNE	0.36	14		APRIL	-0.10
5		JULY	0.36	15		MAY	0.43
6		AUGUST	0.36	16		JUNE	0.05
7		SEPTEMBER	0.05	17		JULY	-0.25
8		OCTOBER	-0.08	18		AUGUST	0.00
9		NOVEMBER	0.69	19		SEPTEMBER	0.26
10		DECEMBER	0.16	20		OCTOBER	0.33

Table 1.4

MONTHLY AVERAGE RETURN - 2020

Graph 1.4(a)

MONTLY AVERAGE RETURN - 2021
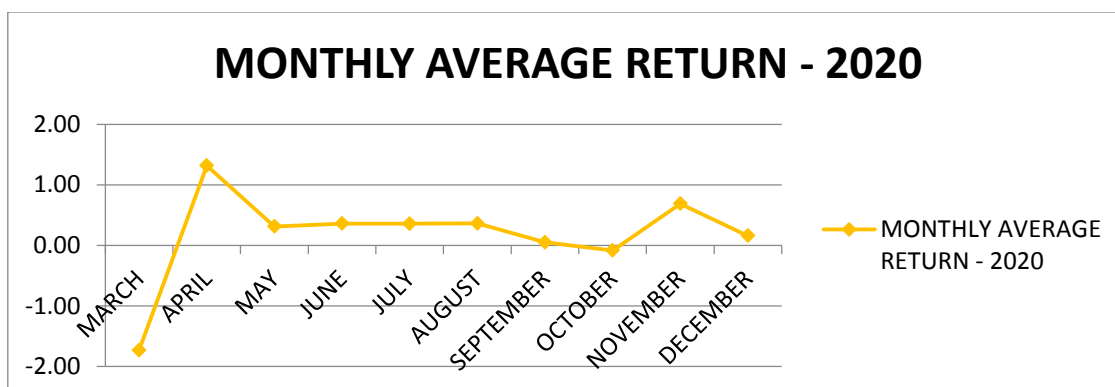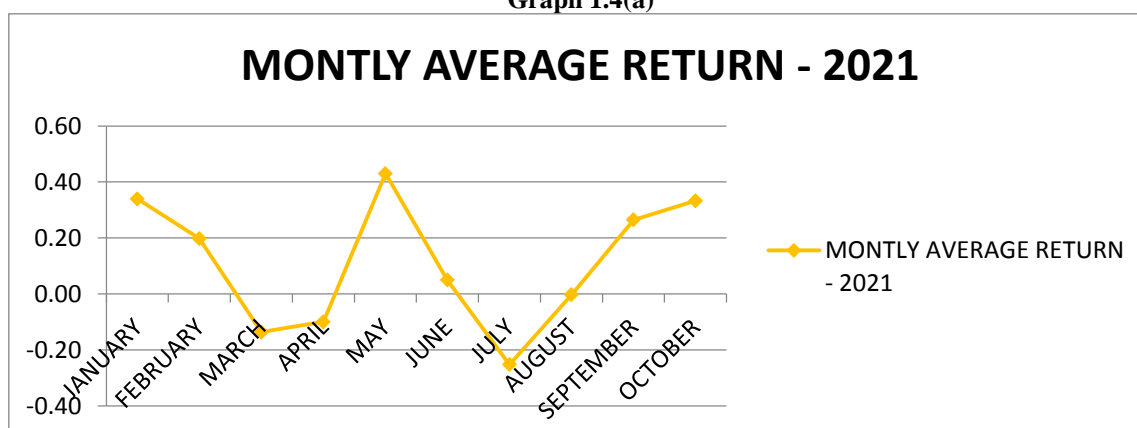
Graph 1.4 (b)

In 2020, March and October month had negative return and the return was high during the April month and from April till October it didn't raise, the return increased in the November month. In 2021, there was a fall in return after January month and again it raised in the month May. And again in June it had a great fall and was 0 during the August month and then raised in October.

5. IT NIFTY

S NO	YEAR	MONTH	MONTHLY AVERAGE RETURN	S NO	YEAR	MONTH	MONTHLY AVERAGE RETURN
1	2020	MARCH	-0.83	11	2021	JANUARY	0.10
2		APRIL	0.61	12		FEBRUARY	-0.06
3		MAY	-0.02	13		MARCH	0.31
4		JUNE	0.24	14		APRIL	-0.03
5		JULY	0.90	15		MAY	0.28
6		AUGUST	-0.04	16		JUNE	0.34
7		SEPTEMBER	0.50	17		JULY	0.21
8		OCTOBER	0.24	18		AUGUST	0.60
9		NOVEMBER	0.21	19		SEPTEMBER	0.07
10		DECEMBER	0.50	20		OCTOBER	-0.08

Table 1.5

MONTHLY AVERAGE RETURN- 2020

Graph 1.5(a)

MONTLY AVERAGE RETURN - 2021
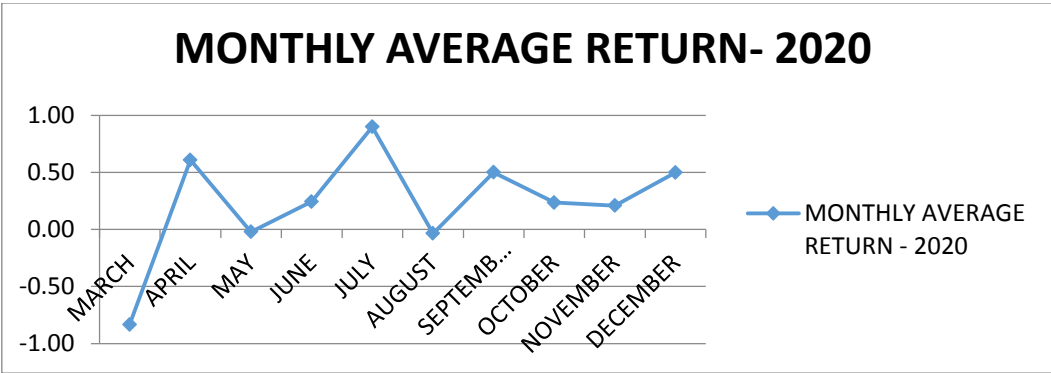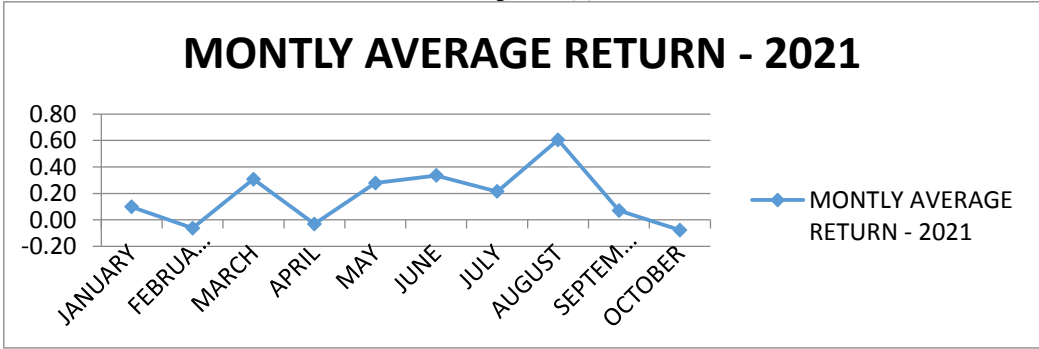
Graph 1.5(b)

In 2020, March month return were very low it was -0.83 and it rapidly increased during the month April. The returns where good during July, September and December. Whereas in 2021 the returns where high in August month and from May to September the returns were increasing till August and had a fall from September.

CONCLUSION

This paper critically evaluates the performance of Indian capital market during Covid period. It measures the impact of covid on the varied segments of capital markets like equity and debt market. Performance of Indian equity market assessed through the subsequent parameters viz., volume and value of varied varieties of public issues announced by Indian firms, risk and return of major stock indices, investments in mutual funds. On the opposite hand, performance of Indian debt market is examined through volume and value of debt issues by Indian firms.

Given the rapid and exponential spread of the COVID-19 in many regions of the planet and therefore the consequences of this unstoppable health crises on the economic activities and financial markets, a limited but growing number of studies have examined the impact of COVID-19 on the stock markets in many affected countries.

During this study to seek out the performance of national capital market during Covid – 19 pandemic period, we are using Daily Index value of Nifty50, Bank Nifty, Pharma Nifty, Auto Nifty, IT Nifty from NSE from the date of 1.3.20 to 1.11.21. From which we've got calculated the Monthly return for the amount. After analysing the information we've prepared graphs for those data's.

This study offers an initial analysis of how stock markets react to the COVID-19 outbreak in India. Finally, further research is required to assist understanding the adverse performance of Capital market during COVID-19 pandemic period additionally, further analysis is required to research the consequences of COVID-19 on the capital of India markets at the firm level and to spot the sectors that are mostly suffering from the pandemic.

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