

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

Submitted in partial fulfillment of the requirements for the award of

Master of Business Administration

by

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SCHOOL OF BUSINESS ADMINISTRATION

SATHYABAMA

**INSTITUTE OF SCIENCE AND TECHNOLOGY
(DEEMED TO BE UNIVERSITY)**

**Accredited with Grade "A" by NAAC | 12B Status by UGC | Approved by AICTE
Jeppiaar Nagar, RAJIV GANDHI SALAI, CHENNAI - 600 119**

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BONAFIDE CERTIFICATE

This is to certify that this Project Report is the bonafide work of Maria Sarah A (39410111) who carried out the project entitled "A study on the stock market conditions before and after the outbreak of the COVID-19 pandemic" under my supervision from January 2021 to April 2021.

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DECLARATION

I, **MARIA SARAH A (39410111)** hereby declare that the Project Report entitled **“A study on the stock market conditions before and after the outbreak of the COVID – 19 pandemic”** done by me under the guidance of **Dr. D. VELUMONI, MBA, M.Phil., Ph.D.**, is submitted in partial fulfillment of the requirements for the award of Master of Business Administration degree.

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ABSTRACT

Stock Market is a place where shares of public listed companies are traded. The primary market is where companies float shares to the general public in an initial public offering (IPO) to raise capital.

Once new securities have been sold in the primary market, they are traded in the secondary market—where one investor buys shares from another investor at the prevailing market price or at whatever price both the buyer and seller agree upon. The secondary market or the stock exchanges are regulated by the regulatory authority. In India, the secondary and primary markets are governed by the Security and Exchange Board of India (SEBI).

A stock exchange facilitates stock brokers to trade company stocks and other securities. A stock may be bought or sold only if it is listed on an exchange. Thus, it is the meeting place of the stock buyers and sellers. India's premier stock exchanges are the Bombay Stock Exchange and the National Stock Exchange. The stock market serves two very important purposes. The first is to provide capital to companies that they can use to fund and expand their businesses. The secondary purpose the stock market serves is to give investors – those who purchase stocks – the opportunity to share in the profits of publicly-traded companies. The COVID-19 rapid outbreak and the rigorous containment measures implemented worldwide have severely affected the level of global economic activities. 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.

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CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

Stock market is an important part of the economy of a country. The stock market plays a pivotal role in the growth of the industry and commerce of the country that eventually affects the economy of the country to a great extent. That is reason that the government, industry and even the central banks of the country keep a close watch on the happenings of the stock market. The stock market is important from both the industry's point of view as well as the investor's point of view.

Whenever a company wants to raise funds for further expansion or settling up a new business venture, they have to either take a loan from a financial organization or they have to issue shares through the stock market. In fact the stock market is the primary source for any company to raise funds for business expansions. If a company wants to raise some capital for the business it can issue shares of the company that is basically part ownership of the company.

To issue shares for the investors to invest in the stocks a company needs to get listed to a stocks exchange and through the primary market of the stock exchange they can issue the shares and get the funds for business requirements. This is the primary function of the stock exchange and thus they play the most important role of supporting the growth of the industry and commerce in the country. That is the reason that a rising stock market is the sign of a developing industrial sector and a growing economy of the country. The secondary function of the stock market is that the market plays the role of a common platform for the buyers and sellers of these stocks that are listed at the stock market.

1.2 STOCK MARKET

The stock market refers to the collection of markets an

exchanges where regular activities of buying, selling, and issuance of shares of publicly-held companies take place. Such financial activities are conducted through institutionalized formal exchanges or over-the-counter (OTC) marketplaces which operate under a defined set of regulations. There can be multiple stock trading venues in a country or a region which allow transactions in stocks and other forms of securities. While both terms - stock market and stock exchange - are used interchangeably, the latter term is generally a subset of the former. If one says that she trades in the stock market, it means that she buys and sells shares/equities on one (or more) of the stock exchange(s) that are part of the overall stock market. The leading stock exchanges in the U.S. include the New York Stock Exchange (NYSE), Nasdaq, and the Chicago Board Options Exchange (CBOE). These leading national exchanges, along with several other exchanges operating in the country, form the stock market of the U.S. Though it is called a stock market or equity market and is primarily known for trading stocks/equities, other financial securities - like exchange traded funds (ETF), corporate bonds and derivatives based on stocks, commodities, currencies, and bonds - are also traded in the stock markets.

1.2.1 UNDERSTANDING THE STOCKMARKET

While today it is possible to purchase almost everything online, there is usually a designated market for every commodity. For instance, people drive to city outskirts and farmlands to purchase Christmas trees, visit the local timber market to buy wood and other necessary material for home furniture and renovations, and go to stores like Walmart for their regular grocery supplies.

Such dedicated markets serve as a platform where numerous buyers and sellers meet, interact and transact. Since the number of market participants is huge, one is assured of a fair price. For example, if there is only one seller of Christmas trees in the entire city, he will have the liberty to charge any price he pleases as the buyers won't have anywhere else to go. If the number of tree sellers is large in a common

marketplace, they will have to compete against each other to attract buyers. The buyers will be spoiled for choice with low- or optimum-pricing making it a fair market with price transparency. Even while shopping online, buyers compare prices offered by different sellers on the same shopping portal or across different portals to get the best deals, forcing the various online sellers to offer the best price.

A stock market is a similar designated market for trading various kinds of securities in a controlled, secure and managed environment. Since the stock market brings together hundreds of thousands of market participants who wish to buy and sell shares, it ensures fair pricing practices and transparency in transactions. While earlier stock markets used to issue and deal in paper-based physical share certificates, the modern-day computer-aided stock markets operate electronically.

1.2.2 IMPORTANCE OF THE STOCKMARKET

In a nutshell, stock markets provide a secure and regulated environment where market participants can transact in shares and other eligible financial instruments with confidence with zero- to low-operational risk. Operating under the defined rules as stated by the regulator, the stock markets act as primary markets and as secondary markets.

As a primary market, the stock market allows companies to issue and sell their shares to the common public for the first time through the process of initial public offerings (IPO). This activity helps companies raise necessary capital from investors. It essentially means that a company divides itself into a number of shares (say, 20 million shares) and sells a part of those shares (say, 5 million shares) to common public at a price (say, \$10 per share).

To facilitate this process, a company needs a marketplace where these shares can be sold. This marketplace is provided by the stock market. If everything goes as per the plans, the company will successfully sell the 5 million shares at a price of \$10 per share and collect \$50 million

worth of funds. Investors will get the company shares which they can expect to hold for their preferred duration, in anticipation of rising in share price and any potential income in the form of dividend payments. The stock exchange acts as a facilitator for this capital raising process and receives a fee for its services from the company and its financial partners. The stock exchange shoulders the responsibility of ensuring price transparency, liquidity, price discovery and fair dealings in such trading activities. As almost all major stock markets across the globe now operate electronically, the exchange maintains trading systems that efficiently manage the buy and sell orders from various market participants. They perform the price matching function to facilitate trade execution at a price fair to both buyers and sellers.

A listed company may also offer new, additional shares through other offerings at a later stage, like through rights issue or through follow-on offers. They may even buyback or delist their shares. The stock exchange facilitates such transactions. The stock exchange often creates and maintains various market-level and sector-specific indicators, like the S&P 500 index or Nasdaq 100 index, which provide a measure to track the movement of the overall market. Other methods include the Stochastic Oscillator and Stochastic Momentum Index.

The stock exchanges also maintain all company news, announcements, and financial reporting, which can be usually accessed on their official websites. A stock exchange also supports various other corporate-level, transaction-related activities. For instance, profitable companies may reward investors by paying dividends which usually comes from a part of the company's earnings. The exchange maintains all such information and may support its processing to a certain extent.

1.2.3 FUNCTIONS OF THE STOCKMARKET

A stock market primarily serves the following functions:

➤ **Fair Dealing in Securities Transactions:** Depending on the standard rules of demand and supply, the stock exchange needs to ensure that all interested market participants have instant access to data for all buy and sell orders thereby helping in the fair and transparent pricing of securities. Additionally, it should also perform efficient matching of appropriate buy and sell orders.

➤ **Efficient Price Discovery:** Stock markets need to support an efficient mechanism for price discovery, which refers to the act of deciding the proper price of a security and is usually performed by assessing market supply and demand and other factors associated with the transactions.

➤ **Liquidity Maintenance:** While getting the number of buyers and sellers for a particular financial security are out of control for the stock market, it needs to ensure that whosoever is qualified and willing to trade gets instant access to place orders which should get executed at the fair price.

➤ **Security and Validity of Transactions:** While more participants are important for efficient working of a market, the same market needs to ensure that all participants are verified and remain compliant with the necessary rules and regulations, leaving no room for default by any of the parties. Additionally, it should ensure that all associated entities operating in the market must also adhere to the rules, and work within the legal framework given by the regulator.

➤ **Support All Eligible Types of Participants:** A marketplace is made by a variety of participants, which include market makers, investors, traders, speculators, and hedgers. All these participants

operate in the stock market with different roles and functions. For instance, an investor may buy stocks and hold them for long term spanning many years, while a trader may enter and exit a position within seconds. A market maker provides necessary liquidity in the market, while a hedger may like to trade in derivatives for mitigating the risk involved in investments. The stock market should ensure that all such participants are able to operate seamlessly fulfilling their desired roles to ensure the market continues to operate efficiently.

➤ **Investor Protection:** Along with wealthy and institutional investors, a very large number of small investors are also served by the stock market for their small number of investments. These investors may have limited financial knowledge, and may not be fully aware of the pitfalls of investing in stocks and other listed instruments. The stock exchange must implement necessary measures to offer the necessary protection to such investors to shield them from financial loss and ensure customer trust. For instance, a stock exchange may categorize stocks in various segments depending on their risk profiles and allow limited or no trading by common investors in high-risk stocks. Exchanges often impose restrictions to prevent individuals with limited income and knowledge from getting into risky bets of derivatives.

➤ **Balanced Regulation:** Listed companies are largely regulated and their dealings are monitored by market regulators, like the Securities and Exchange Commission (SEC) of the U.S. Additionally, exchanges also mandate certain requirements – like, timely filing of quarterly financial reports and instant reporting of any relevant developments - to ensure all market participants become aware of corporate happenings. Failure to adhere to the regulations can lead to suspension of trading by the exchanges and other disciplinary measures.

1.2.4 REGULATIONS OF THE STOCKMARKET

A local financial regulator or competent monetary authority or institute is assigned the task of regulating the stock market of a country.

The Securities and Exchange Commission (SEC) is the regulatory body charged with overseeing the U.S. stock markets. The SEC is a federal agency that works independently of the government and political pressure. The mission of the SEC is stated as: "to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation.

1.3 WORKING OF THE STOCK MARKET

The stock market is an avenue where investors trade in shares, bonds, and derivatives. This trading is facilitated by stock exchanges, which can be thought of as markets that connect buyers and sellers. Four participants are involved in the trading of shares in the Indian stock market.

➤ **Securities and Exchange Board of India (SEBI):** SEBI is the regulator of stock markets in India and ensures that securities markets in India work in order. SEBI lays down regulatory frameworks where exchanges, companies, brokerages, and other participants have to abide by to protect investors' interests.

➤ **Stock exchanges:** The stock market is an avenue where investors trade in shares, bonds, and derivatives. This trading is facilitated by stock exchanges. In India, there are two primary stock exchanges on which companies are listed.

Bombay Stock Exchange (BSE) – Sensex is its index

National Stock Exchange (NSE) – Nifty is its Index

➤ **Stock brokers/brokerages:** A broker is an intermediary (person or a firm) that executes buy and sell orders for investors in return of a fee or a commission.

➤ **Investors and traders:** Stocks are units of a company's market value. Investors are individuals who purchase stocks to become part owners in the company. Trading involves buying or selling this equity. To

understand how to share market works, the next thing is to learn about primary and secondary markets

1.3.1 Primary Markets

The primary stock market provides an opportunity to issuers of stocks, especially corporates, to raise resources to meet their investment requirements and discharge some obligations and liabilities.

A company lists its shares in the primary market through an Initial Public Offering or IPO. Through an IPO, a company sells its shares for the first time to the public. An IPO opens for a particular period. Within this window, investors can bid for the shares and buy them at the issue price announced by the company. Once the subscription period is over, the shares are allotted to the bidders. The companies are then called public because they have given out their shares to the common public.

For this, companies need to pay a fee to the stock exchanges. They are also required to provide all important details of the company's financial information such as quarterly/annual reports, balance sheets, income statements, along with information on new projects or future objectives, etc. to the stock markets.

1.3.2 Secondary Market

The last step involves listing the company on the stock market, which means that the stock issued during the IPO can now freely be bought and sold. The secondary stock market is where shares of a company are traded after being initially offered to the public in the primary market. It is a market where buyers and sellers meet directly.

1.3.3 Trading in the Stock Market

Once listed on the stock exchanges, the stocks issued by companies can be traded in the secondary market to make profits or cut

losses. This buying and selling of stocks listed on the exchanges are done by stockbrokers /brokerage firms, that act as the middleman between investors and the stock exchange. Your broker passes on your buy order for shares to the stock exchange. The stock exchange searches for a sell order for the same share.

Once a seller and a buyer are found and fixed, a price is agreed to finalize the transaction. Post that the stock exchange communicates to your broker that your order has been confirmed. This message is then passed on to you by the broker. Meanwhile, the stock exchange also confirms the details of the buyers and the sellers of shares to ensure the parties don't default. It then facilitates the actual transfer of ownership of shares from sellers to buyers. This process is called the settlement cycle. Earlier, it used to take weeks to settle stock trades. But now, this has been brought down to T+2 days. For example, if you trade a stock today, you will get your shares deposited in your Demat/trading account by the day after tomorrow (i.e., within two working days). The stock exchange also ensures that the trade of stocks is honoured during the settlement. If the settlement cycle doesn't happen in T+2 days, the sanctity of the stock market is lost, because it means trades may not be upheld. Stockbrokers identify their clients by a unique code assigned to an investor. After the transaction is done by an investor, the stockbroker issues him/her a contract note which provides details of the transaction such as time and date of the stock trade. Apart from the purchase price of a stock, an investor is also supposed to pay brokerage fees, stamp duty, and securities transaction tax. In case of a sale transaction, these costs are reduced from the sale proceeds, and then the remaining amount is paid to the investor. At the broker and stock exchange levels, there are multiple entities/parties involved in the communication chain like brokerage order department, exchange floor traders, etc. But the stock trading process has become electronic today. So, the process of matching buyers and sellers is done online and as a result, trading happens within minutes.

1.3.4 Pricing of Shares in the Stock Market

The key to making money in the stock market is to learn how to properly value a company and its share price in the context of the Indian economy and the firm's operating sector. For example, Let's say you bought a notebook for ₹100. The next day, a friend of yours offered you to sell it for ₹150 to him. So, what's the price of the notebook then? It is from ₹150. You can encash ₹150 by selling the notebook to him. But you choose to reject his offer hoping that your other friends may bid more than ₹150. The very next day 3 of your friends offer you ₹200, ₹250 and ₹300 for the notebook respectively. Now, what's the price of the notebook? It's ₹300 as this is the highest bid for your notebook. You now know that your possession is valuable and decide to reject the current offers, hoping for a higher bid tomorrow. However, the next day, a fellow student brings a better-quality notebook to school with shinier pages. Your friends are now attracted to this notebook more than yours and this leads to a dip in the value of your notebook. Now only a handful of people are willing to pay for your notebook and that too at the last quoted price i.e. ₹300. This is exactly how demand and supply affect the price of a share in the stock market. When the students were optimistic and ready to pay higher cash than its current price, the price appreciated. When a lesser number of students wanted your notebook, the price fell down. In other words, when the demand for shares is more than supply, price rises. When the demand for shares is less than supply, price falls.

The Indian stock exchanges, BSE and NSE, have algorithms that determine the price of stocks on the basis of volume traded and these prices change pretty fast. So, this is how the stock market works in India. There is definitely more to it however this is a good starting point to develop further understanding.

1.4 NEED FOR STUDY

There are a variety of factors that can influence the stock market conditions and its functioning; some of these factors include-

- The investors' knowledge about the stock market.
- The investors' perception about the stock market.
- The regulations of the stock market.
- The risk factors involved during periods of crisis.
- Financial stability of the stock market.

The stock market is an asset to the country as it is an important factor which indicates the financial growth and stability of the nation.

1.5 SCOPE OF THE STUDY

- The research analyses the rise and fall of the stock market before and after the outbreak of the pandemic.
- Defines and analyses the investors' point of view about the functioning of the stock market before and after the outbreak of the pandemic.
- Gains insights into the regulations of the stock market.

1.6 OBJECTIVES OF THE STUDY

1.6.1 Primary objective:

- To study the Stock Market conditions before and after the outbreak of the COVID – 19 pandemic.

1.6.2 Secondary objective:

- To understand how the Indian stock market is run, particularly as it pertains to the stocks of pre and post COVID-19.
- To analyze the effects on performance of the stock market from the views of investors post COVID-19 spike in India.
- To make concrete and justifiable conclusions and recommendations based on the findings of the study.
- To prepare a clear perspective of stock market conditions and changes it has gone through in its regulations after the pandemic.

1.7 LIMITATIONS OF THE STUDY

Following are the limitations of the study:

- The analysis of the present study has been carried out based on the information collected through questionnaire. The responds from the respondents may not be accurate.
- Due to time constrict only 138 numbers of respondents were considered.
- The result fully depends on the information given by the respondents and might be biased.

CHAPTER 2

REVIEW OF LITERATURE

Avijit Banerjee (1998) reviewed Fundamental Analysis and Technical Analysis in order to analyze the worthiness of the individual securities needed to be acquired for portfolio construction. Here, technical analysis detects the most appropriate time to buy or sell the stock. It aims to completely avoid the pitfalls of wrong timing in the investment decisions. He also stated that the modern portfolio literature has suggested that 'beta' value P as the most acceptable measure of risk of scrip. The securities having low P should be selected for constructing a proper portfolio in order to minimize the risks.

Arun Jethmalani (1999) has reviewed the existence and measurement of risk involved in investing in corporate securities of shares and debentures. He stated that risk is usually determined, based on the likely variance of returns. It is comparably more difficult to compare 80 risks within the same class of investments. He is of the opinion that the investors accept the risk measurement made by the credit rating agencies, but it was questioned after the Asian crisis. He concluded his article by commenting that risk is not measurable or quantifiable. But risk is calculated on the basis of historic volatility. Returns are proportional to the risks, and investments should be based on the investors' ability to bear the risks, he advised.

Bhanu Pant and Dr. T.R. Bishnoy (2001) states that the behavior of the daily and weekly returns of live Indian stock market indices for random walk during April 1996 to June 2001 did not follow random walk.

Barber and Odean (2001) studied that internet is the major source of information for young investors while investing. He also states that many

young investors also started investing through online trading. They usually prefer investing in stocks with high return value as well.

Yartey (2008) in his study for the emerging economies has found that macroeconomic factors such as income level, gross domestic investment, banking sector development, private capital flows, and stock market liquidity are some of the most important determinants of stock market development in emerging market countries. He also found that political risk, law and order, and bureaucratic quality are important determinants of stock market development because they enhance the viability of external finance.

Aduda, Masila, and Onsongo (2012) studied the determinants of development in the Nairobi Stock Exchange using Secondary data for the period 2005-2009. They found that, macroeconomic factors such as stock market liquidity, institutional quality, income per capita, domestic savings and bank development are important determinants of stock market development in the Nairobi Stock Exchange. However, they could not find the relationship between stock market development and macroeconomic stability - inflation and private capital flows. They also demonstrated that Institutional quality represented by law and order and bureaucratic quality, democratic accountability and corruption index are important determinants of stock market development because they enhance the viability of external finance.

Joshi (2013) in his study found some of the major factors responsible for up-down movement in Indian stock market. He found that factors like Flow of Foreign Institutional Investors, Political Stability, Growth of Gross Domestic Product, Inflation, Liquidity and different interest rate and Global level factors are major factors responsible to create movement in the Indian stock market.

Juhi Ahuja (2012) presents a review of the Indian Capital Market & its structure. In the last decade, it has been observed that there has been a paradigm shift in Indian capital market. It has been noted that the application of many reforms & developments in Indian capital market has made the Indian capital market comparable with the international capital markets. Now, the market features a developed regulatory mechanism as well as modern market infrastructure with growing market capitalization, market liquidity and mobilization of resources. However, the market has witnessed its worst time with the recent global financial crisis that originated from the US sub-prime mortgage market and spread over to the entire world as a contagion. The stock market of India delivered a sluggish performance.

Debakshi Bora and Daisy Basistha (2020) performed the daily analysis of closing prices of indices such as Nifty and Sensex and the study examines the volatility of these indices over the period 3rd September 2019 to 10th July 2020. The study has attempted to make a comparative analysis of the return of the stock market in pre-COVID-19 and during the COVID-19 situation. The GARCH model is used to capture the volatility of the indices. Findings in the study reveal that the stock market in India has experienced volatility during the pandemic period. While comparing the results with that of the pre-COVID-19 period, they found that the return on the indices is higher in the pre-COVID-19 period than during COVID-19. The return of both the stock market reached the bottom line during the first lockdown period itself, which is from 24th March to 6th April.

Divisha Arya (2016) states that the study of Consumer Behavior has become very essential in order to study the stock market. Consumers are the kings of markets. Without consumers no business organization can run. Consumer behavior involves the psychological processes that consumers go through in recognizing needs, finding ways to solve these needs, making purchase decisions, interpret information, make plans, and implement these plans. Consumers often buy products not because

of their attributes but rather because of the ultimate benefits that these attributes provide, in turn leading to the growth in the stock market.

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. From the investor's purchase behavior point of view there was a 55% decrease of an average amount of money spent by the customer and hence an average purchase value increased by 26%. Also, results show a 43% decrease of an average number of transactions per investor. Although the investors' purchase behavior significantly changed during COVID-19 period, the Pareto ratio moved by more than few percentage points just in one case of its application. It is said that around 20% of most frequent investors generated 36% of total transactions during the COVID-19 period compared to 56% in 2019. The decrease is in the correlation with the decrease of the average amount of transactions per investor. Moreover, they compared a 12-month period with 3-month period and since the period length could influence the investor to repeat purchase behavior, the results could be distorted. There was a lockdown during COVID-19 period which led to an increase in time investors spent at home, so that they had more time to observe and buy.

Yuliya Zaloznova, Oksana Pankova, Yaroslav Ostafiichuk (2020) states that the use of Big Data in the real sector of the economy will allow the labour market to get a cloud representation in the form of an online labour exchange, similar to the stock market. This opens up new previously unavailable opportunities to concentrate information of such a level that can be the basis for creating effective tools to monitor the labour market dynamics, to identify needs and demand for specific professional skills (for example, on a territorial or sectoral basis). The key point is to develop and use algorithms and artificial intelligence systems to analyse the labour market data in order to provide effective policies and decision making.

Ozkan Ozturk, Muhammet Yunus Sisman, Hakan Uslu, Ferhat Citak (2020) states that the Novel Coronavirus (COVID-19) has brought a few uncertainties to all countries in the world, causing human suffering and economic downturn that are unprecedented in recent history. This paper is the first empirical research that analyses the effects of the outbreak on the Turkish stock market. They employed a fixed-effect model with daily data to explore the economic impact of the global pandemic at the sectoral level. Findings showed that sectoral indices were affected by the number of cases reported in Turkey than the number of cases in Europe and in the world. Furthermore, the most adversely affected sectors were metal products, machinery and sports, insurance and banking sectors. Despite the substantial economic downturn, food-beverage, the wholesale and retail trade and the real estate investment sectors have been the less affected industries from the outbreak.

Habtamu Girma Demeissie (2020) investigated the impact of COVID-19 pandemic uncertainty shock on the macroeconomic stability in Ethiopia in the short run period. The World Pandemic Uncertainty Index (WPUI) was used as a proxy variable to measure the COVID-19 Uncertainty shock effect. The pandemic effect on core macroeconomic variables like investment, employment, prices (both food & nonfood prices), import, export and fiscal policy indicators were estimated and forecasted using the Dynamic Stochastic General Equilibrium (DSGE) Model. The role of the fiscal policy in mitigating the shock effect of coronavirus pandemic on macroeconomic stability is also investigated. The findings of the study reveals that the COVID-19 impact lasts at least three years to shake the economy of the country.

Radu Ciobanu, Robert Sova, Adriana Florina Popa (2020) states that the purpose of this study was to analyze the impact of FDI inflows on GDP growth and to analyze if the COVID-19 crisis can impact the CEE economies growth perspective even more than in the current situation. He confirms that attracting foreign capital is beneficial for an economy

despite the views considering that they may affect the local market. The emergence of foreign companies helps the host country to develop on several levels. The adoption of new technologies and new managerial ideas involving human capital, the flows of foreign capital bringing economic benefits, the banking activity development in order to support the financing required by market, governments being forced to adjust legislative measures, and foreign trade being improved.

Ayoub Rabhi (2020) states empirically the emerging Asian stock market has indeed been vulnerable to pandemics. Taking the Covid-19 virus as a case study, he used the ARDL panel data approach to investigate the impact of the daily Covid-19 confirmed cases along with a behavioral component based on a triggering fear event related to news about Covid-19 deaths. The results indicate that both the reported daily growth of Covid-19 confirmed cases along with the triggering fear event related to news about death, affected the Asian stock markets performance negatively and other variables such as oil price, gold price, exchange rates, and the US stock market were also found to be determinants of the Asian stock markets during the studied period.

Ruiying Jin, Jing Nanand Bill William Robovsky (2020) refers to the use of the internet for commodity trading business activities, the realization of consumers online shopping, and online transactions between merchants. The difference between E-commerce and traditional transaction models is that the transaction activities are supported by the information network platforms and do not require the two parties to meet. During the outbreak, this new trading model reduces the circulation and concentration of people, guaranteeing the wellness of both sides of the trade. E-commerce has gained new growth points and provided solutions for the traditional enterprises seriously affected by the epidemic. In order to assess the impact of the epidemic on the development of E-commerce, this paper takes the Chinese market as an example and takes the Spring Festival as a turning point to analyze it from a macro perspective. Meanwhile, the mathematical model of cash flow prediction is established

to explore the relationship between the maintenance time of enterprise capital flow and the company scale in a micro perspective, hoping to provide insights for the transformation line of traditional enterprises in the long run.

Naoyuki Yoshino, Hiroaki Miyamoto & Muhammad Zubair Mumtaz (2020) This article discusses how monetary and fiscal policy can work during the coronavirus shock and how to deal with the structural problem of population aging in Japan. The sudden drop in stock prices in many countries reflects a decline in market sentiment. Money is shifting from riskier assets to safer assets which causes stock prices to drop further. Massive fiscal support by issuing government bonds is needed to retain confidence in the market.

Claus Michelsen, Guido Baldi, Geraldine Dany-Knedlik, Hella Engerer, Stefan Gebauer, Konstantin Kholodilin, Sandra Paschand Malte Rieth (2020) states that the coronavirus pandemic caused a global market crash in the first half of 2020. Following a massive slump of around four percent in the first quarter, global GDP decreased in second by five percent. Lower rates of new infections, together with the far-reaching monetary and fiscal policy measures to dampen the economic impact of the pandemic, ensure that production and the trust of consumers and firms will slowly return. Notably, China's quick economic recovery is inspiring hope. As long as the rate of new infections does not continue to rise, global production in the third quarter is likely to increase markedly. DIW Berlin calculates that global production will shrink by 4.0 percent in 2020. During the forecast period, the global economy is likely to grow at quite strong rates of 5.8 percent in 2021 and 4.0 percent in 2022. However, risks still exist: if infection rates grow substantially again, a significant increase in insolvencies, combined with a rise in loan defaults, could destabilize the financial markets and ultimately threaten the solvency of some states.

Marcello Messori (2020) studied the close cooperation between the European institutions and member states for the implementation of expansionary fiscal policies, we have stressed the necessary discretionary nature of these policies. Conversely, until recently, many economists have recommended rules-based policies. We are aware that it is almost never appropriate to move the pendulum between rules and discretion too violently. Still, the impact of the coronavirus pandemic has led to a situation that is so serious and peculiar as to create one (albeit risky) exception.

Zaky Machmuddah, St.Dwiarto Utomo, Entot Suhartono, Shujahat Ali and Wajahat Ali Ghulam (2020) states that the coronavirus pandemic has spread all over the world, affecting both the health and economic sectors. The aim of this research was to observe stock prices of customer goods before and after the COVID-19 pandemic using event study and the comparison test. The sample included data of daily closing stock prices and volume of stock trade during the three months before (-90 days) and after (+90 days) the occurrence of the COVID-19 pandemic ongoing, totaling 2670 observation data both before and after the COVID-19 pandemic, for a total of 5340. The research findings indicate a significant difference between the daily closing stock price and volume of stock trade before and after the COVID-19 pandemic. The current research has both theoretical and the findings strengthen the efficient market hypothesis, which states that the more complete the provided information, the more efficient the market. The practical implication is that investors should be careful when choosing to invest. Investors should choose customer goods sector companies that provide products that are much needed by customers, for example, pharmacy, food, beverages, etc.

Marlene Amstad, Giulio Cornelli, Leonardo Gambacorta and

Dora Xia (2020) states that the effect of the CRA index on stock market prices depends on institutional characteristics that affect investors' ability to withstand the pandemic. First, we find that the (negative) CRA effect is larger for more financially developed countries, whose markets are more integrated and efficient and have a broader investor base. The left-hand panel of Graph 3 shows the negative correlation between the country-specific CRA index effect on equity prices and a financial development index.

Malcolm Baker, Jeffrey Wurgler (2007) Real investors and markets are too complicated to be neatly summarized by a few selected biases and trading frictions. The "top down" approach to behavioral finance focuses on the measurement of reduced form, aggregate sentiment and traces its effects to stock returns. It builds on the two broader and more irrefutable assumptions of behavioral finance -- sentiment and the limits to arbitrage -- to explain which stocks are likely to be most affected by sentiment. In particular, stocks of low capitalization, younger, unprofitable, high volatility, non-dividend paying, growth companies, or stocks of firms in financial distress, are likely to be disproportionately sensitive to broad waves of investor sentiment.

Cosmin-Octavian Cepoi (2020) offers novel empirical evidence on the relationship between COVID-19 related news and stock market returns

Across the top six most affected countries by the pandemic. By employing a panel quantile regression model, I show that the stock markets present asymmetric dependencies with COVID-19 related information such as fake news, media coverage, or contagion. The result suggests the need for more intensive use of proper communication channels to mitigate COVID-19 related financial turmoil.

Dinh Hoang Bach Phan & Paresh Kumar Narayan (2020) states that with the COVID-19 taking its toll on humans, as reflected in the number of people infected by, and deaths from COVID-19, countries responded by locking down economic activity and peoples' movement, imposing travel bans, and implementing stimulus packages to cushion the unprecedented slowdown in economic activity and loss of jobs. This article provides a commentary on how the most active financial indicator – namely, the stock price – reacted in real time to different stages in COVID-19's evolution. They have concluded that as with any unexpected news, markets over-react and as more information becomes available and people understand the ramifications more broadly the market corrects itself.

Scott R. Baker, Nicholas Bloom, Steven J. Davis, Kyle Kost, Marco Sammon, Tasaneeya Viratyosin (2020) evaluate potential explanations for the unprecedented stock market reaction to the COVID-19 pandemic. The evidence we suggest that government restrictions on commercial activity and voluntary social distancing, operating with powerful effects in a service-oriented economy, are the main reasons the U.S. stock market reacted so much more forcefully to COVID-19 than to previous pandemics.

CHAPTER 3 RESEARCH METHODOLOGY

3.1 INTRODUCTION

Research methodology is the specific procedures or techniques used to identify, select, process, and analyze information about a topic. In a research paper, the methodology section allows the reader to critically evaluate a study's overall validity and reliability. It shows the path through which researchers formulate their problem and objective and present their result from the data obtained during the study period. This research methodology chapter also shows the research methods that were used during the research process.

3.2 RESEARCH DESIGN

A research design is considered as the framework or plan for a study that guides as well as helps the data collection and analysis of data. The research design is intended to provide an appropriate framework for a study.

3.2.1 Descriptive Research Design

Descriptive research is a study designed to depict the participants in an accurate way. More simply put, descriptive research is all about describing people who take part in the study.

3.3 SAMPLING TECHNIQUE

The sampling technique adopted was convenient sampling method

3.3.1 Convenience sampling method

Convenience sampling method is used in this. Convenience sampling is a type of non-profitability sampling that involves the sample being drawn from that part of the population that is close to hand.

3.4 SOURCES OF DATA

The data were collected from both primary and secondary sources.

3.4.1 Primary data

Collected directly from the respondents with the help of questionnaire.

3.4.1.1 Questionnaire

The questionnaire tried to capture the responses of the employees mainly on the key deliverables, derived from the survey conducted, and a few questions have been included to gauge the level of satisfaction and to gain insight into motivation among employees.

3.4.2 Secondary data

Secondary data are the data which already exists. The secondary data were also collected from published records, journals and websites for this study.

3.5 STRUCTURE OF QUESTIONNAIRE

There are two broad types of questions open ended or open questions, and closed ended or closed questions. Open questions

enable respondents to answer as they wish. Closed questions provide respondents with a list of options from which they choose.

3.6 SAMPLE SIZE

A sample size of 138 investors has been taken in this study.

3.7 PERIOD OF STUDY

The period of study is from January 2021 to March 2021 which is a three months of study.

3.8 ANALYTICAL TOOLS

Tools used for analysis are simple percentage analysis, bar chart, pie chart, Chi-square test in SPSS tool, Anova in SPSS tool.

3.8.1 Percentage analysis

Percentage analysis is the method to represent raw streams of data as a percentage for better understanding of collected data. Percentage analysis is applied to create a contingency table from the frequency distribution and represent the collected data for better understanding.

3.8.2 Anova

It is a collection of statistical models and their associated estimation procedures (such as the “variation” among and between groups) used to analyze the differences among group means in a sample.

3.8.3 Chi-square

A statistical test of significance which is used to compare observed frequencies with expected frequencies. The chi-square test is used for analyzing data where one has counted the frequency (number of cases correspondents) in different categories.

CHAPTER 4

DATA ANALYSIS AND INTERPRETATION

PERCENTAGE ANALYSIS

Table 4.1: Gender of the respondents

Particulars	Number of respondents	Percentage
Male	122	88%
Female	16	11.6%
Total	138	100%

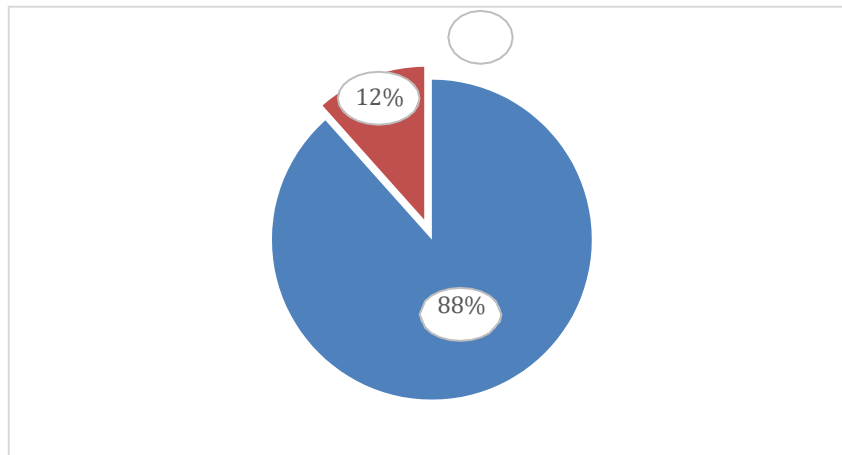


CHART 4.1: Gender of the respondents

Interpretation:

From the above table it is interpreted that the number of female respondents is 88% and male respondents is 12%.

Inference:

Majority (88%) of the respondents are male.

TABLE 4.2:Age of the respondents

Particulars	Number of respondents	Percentage
18-25	27	20%
26-35	43	31.2%
36-45	40	29%
46-55	20	14.5%
Above 55	8	5.8%
Total	138	100%

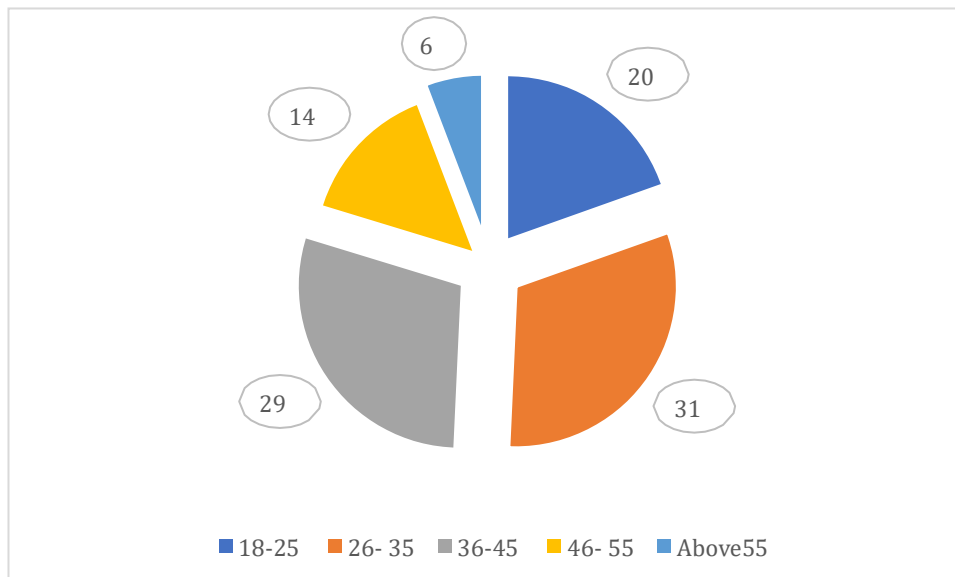


CHART 4.2:Age of the respondents

Interpretation:

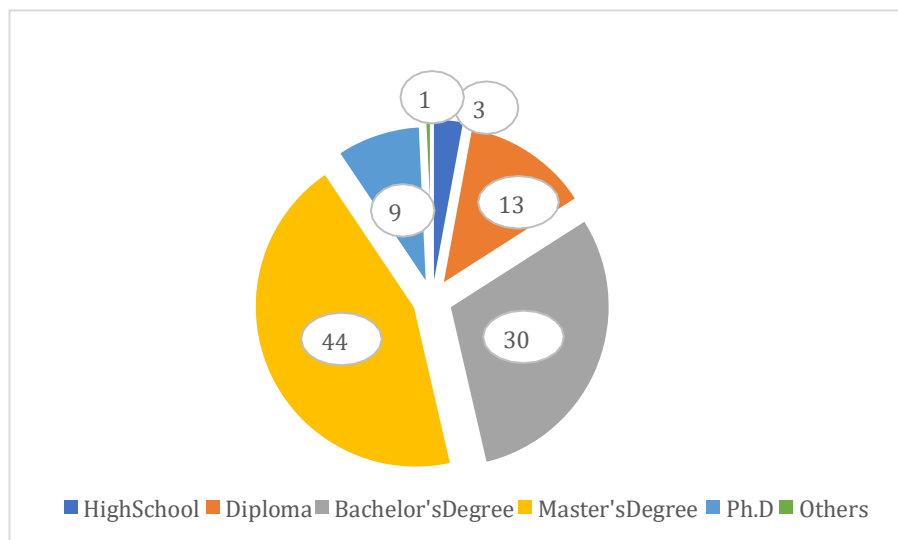
From the above table it is interpreted that the number of respondents between 18 to 25 is 20%, 26 to 35 is 31%, 36 to 45 is 29%, 46 to 55 is 14% and above 55 is 6%

Inference:

Majority (31%) of the respondents fall in the age category of 26 to 35 years.

Table 4.3: Highest qualification of respondents

Particulars	Number of respondents	Percentage
High School	4	3%
Diploma	18	13%
Bachelor's Degree	42	30.4%
Master's Degree	61	44.2%
Ph.D.	12	8.70%
Others	1	1%
Total	138	100%

**Chart 4.3: Highest qualification of the respondents****Interpretation:**

From the above table it is interpreted that the number of respondents who have finished High school is 3%, Diploma is 13%, Bachelor's degree is 30%, Master's degree is 44%, Ph.D. is 9%, others is 1%.

Inference:

Majority (44%) of the respondents have completed their Master's Degree.

Table 4.4: Category of profession

Particulars	Number of Respondents	Percentage
Student	10	7.2%
Public Sector Employee	26	18.8%
Private Sector Employee	61	44.2%
Entrepreneur	38	27.5%
Unemployed	3	2.2%
Total	138	100%

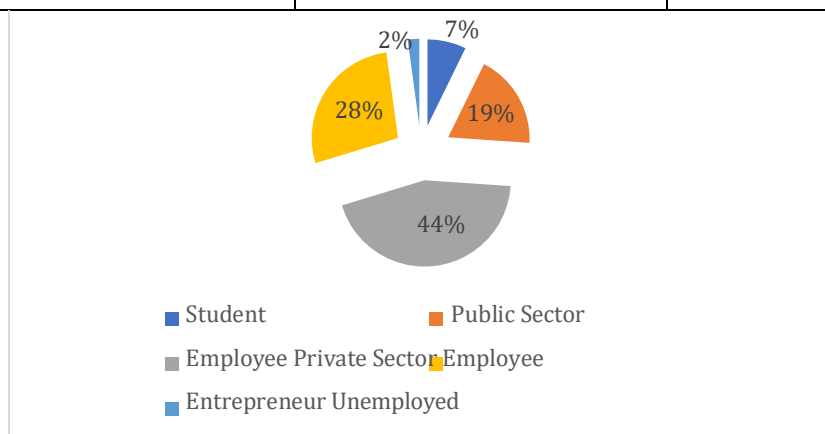


Chart 4.4:Category of profession

Interpretation:

From the above table it is clear that the percentage of students is 4%, public sector employees is 9%, private sector employees is 22%, entrepreneur is 14% and unemployed is 2%.

Inference:

Majority (22%) of the respondents are private sector employees.

Table 4.5: Category of annual income

Particulars	Number of respondents	Percentage
Less than 2 lakhs	50	36%
2-5 lakhs	62	45%
6-10 lakhs	21	15%
Above 10 lakhs	5	4%
Total	138	100%

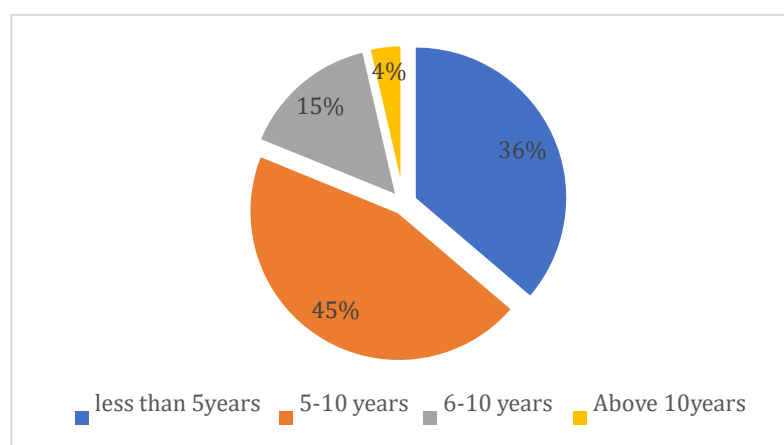


Chart 4.5: Category of annual income

Interpretation:

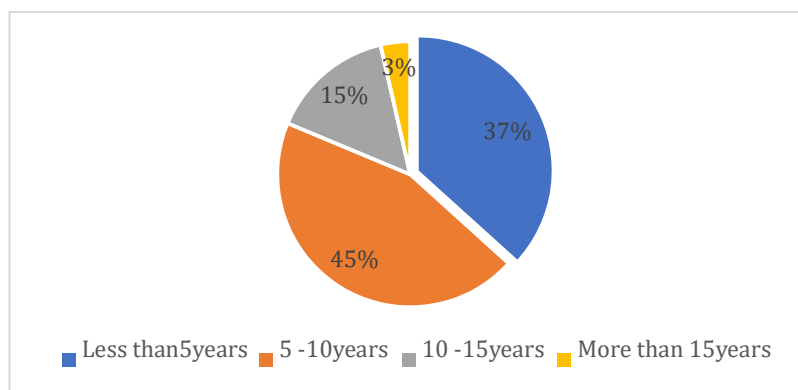
From the above chart it is clear that the percentage of annual income of respondents of less than 2 lakhs is 36%, 2-5 lakhs is 45%, 6-10 lakhs is 15% and above 10 lakhs is 4%.

Inference:

Majority (40%) of the respondents lie under the category of 6-10 lakhs per annum.

Table 4.6: Duration of investing in stock

Particulars	Number of respondents	Percentage
Less than 5 years	51	37%
5 – 10 years	62	45%
10 – 15 years	21	15%
More than 15 years	5	3%
Total	138	100%

**Chart 4.6: Duration of investing in stock****Interpretation:**

From the above chart, it is clear that 45% of the respondents have invested between 5 to 10 years, 37% of the respondents have invested for less than 5 years, 15% of the respondents have invested for 10 – 15 years and 3% of them have invested for more than 15years.

Inference:

Majority (45%) of the respondents have invested between 5 to 10 years.

Table 4.7:Initial knowledge about the stock market:

Particulars	Number of respondents	Percentage
Through educational institutions	20	15%
Through friends and family	32	23%
Through other investors	43	31%
Through dealers	17	12%
Through magazines or online advertisements	18	13%
Others	8	6%
Total	138	100%

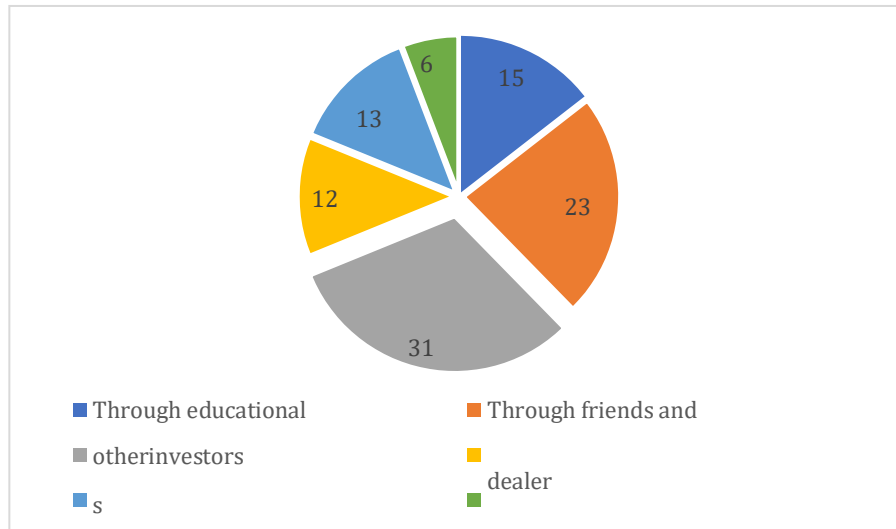


Chart4.7:Initial knowledge about the stock market

Interpretation:

From the above chart, it is clear that 31% of the respondents came to know about the stock market through other investors, 23% through friends and family, 15% through educational institutions, 13% through magazines and online advertisements, 12% through dealers and 6% through other ways.

Inference:

Majority (31%) of the respondents came to know about the stock market through other investors.

Table 4.8:Reason for investing in stock market

Particular	Number of respondents	Percentage
To grow my money	78	56.2%
Since historically the stock market has gone up	65	47%
Power of	50	36%

compounding		
To save for retirement	44	32.1%
Easy to invest in	41	30%
In order to own a part of a company I love	48	35%
To learn about how the stock market works	54	39.4%
To have long term investments	73	53%

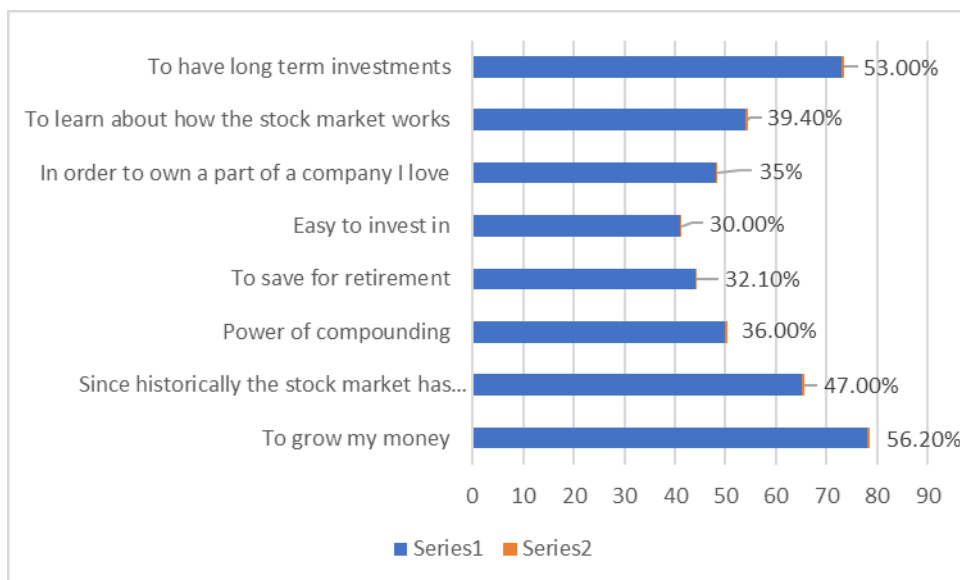


Chart 4.8:Reason for investing in stock market

Interpretation:

It is found that most of the investors have invested in the stock market in order to grow their money, to have long term investments, since

they found historically the stock market has gone up and because they wanted to know how the stock market works.

Inference:

Majority (56.20%) of the respondents have invested in the stock market in order to grow their money.

Table 4.9:Type of stock

Particulars	Number of respondents	Percentage
Common stock	88	62%
Preferred stock	50	38%

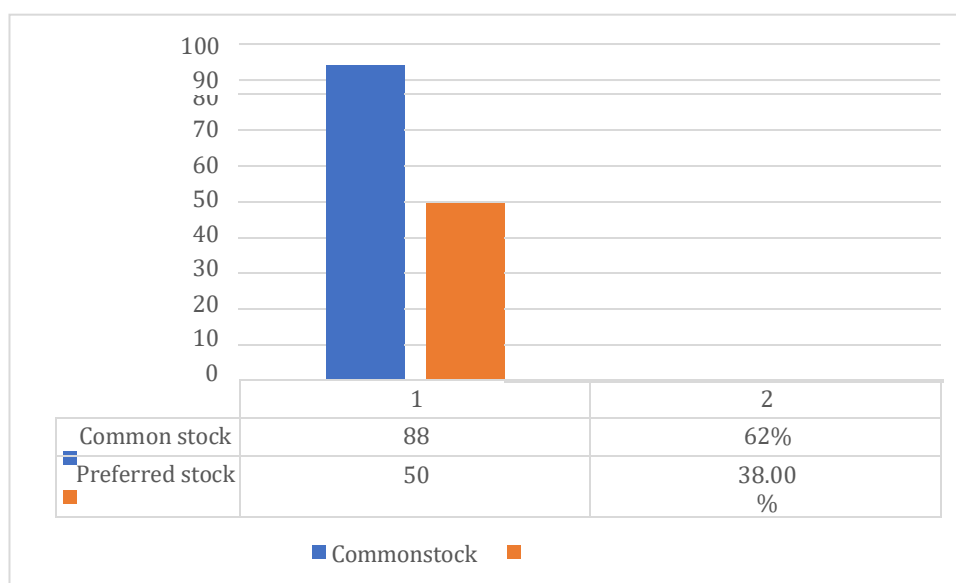


Chart 4.9:Type of stock

Interpretation:

From the above bar chart, it is clear that 62% of the respondents invest in common stock and 38% of the respondents invest in preferred stock.

Inference:

Majority (62%) of the respondents have invested in common stocks.

Table 4.10: Respondents' level of agreement in the benefit of investing in the stock market

Particulars	Number of respondents	Percentage
Strongly agree	35	25.2%
Agree	71	51.1%
Neutral	17	12.2%
Disagree	13	9.4%
Strongly Disagree	3	2%

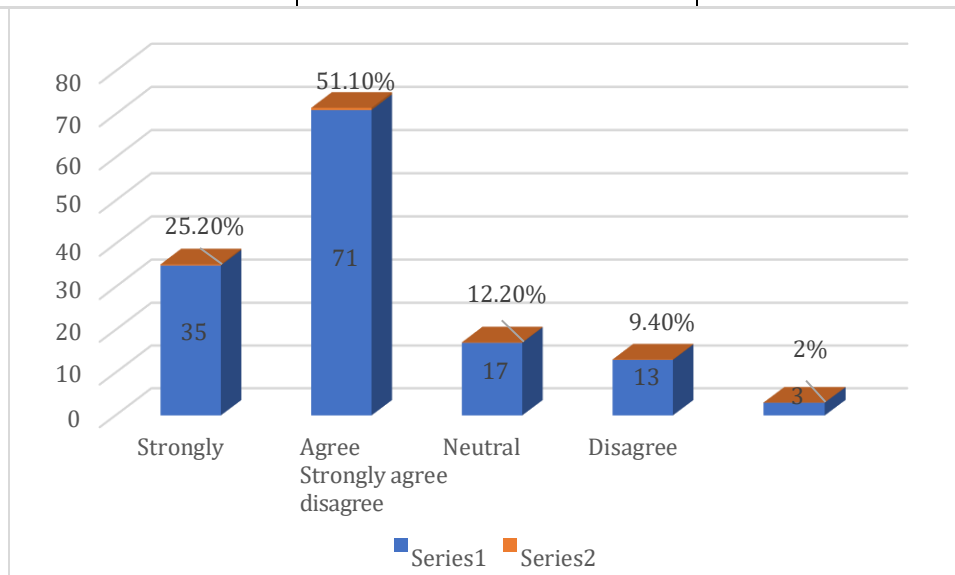


Chart 4.10: Respondents' level of agreement in the benefit of investing in stock markets

Interpretation:

It is found that most of the respondents agree that it is beneficial to invest in the stock market.

Inference:

Majority (51.1%) of the respondents agree that it is beneficial to invest in the stock market.

Table 4.11: Frequency of investing in stock market

Particulars	Number of respondents	Percentage
Less frequently	50	37%
Frequently	60	43%
More Frequently	20	15%
Most Frequently	8	6%

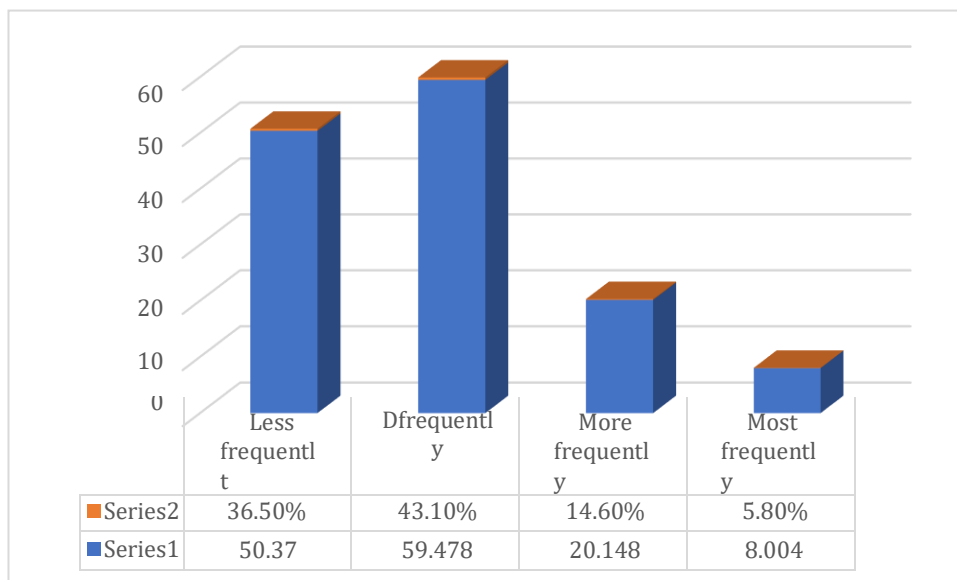


Chart 4.11: Frequency of investing in stock market

Interpretation:

It is found that around 43.1% of the respondents have frequently invested in the stock market, 36.5% of the respondents have less frequently invested and 14.6% of the respondents have more frequently invested and only 5.8% of the respondents have most frequently invested in the stock market.

Inference:

Majority (43.1%) of the respondents have frequently invested in the stock market.

Table 4.12: Awareness about the stock market and its regulations

Particulars	Number of respondents	Percentage
Yes	75	55%
A little	53	39.7%
No	9	6.6%

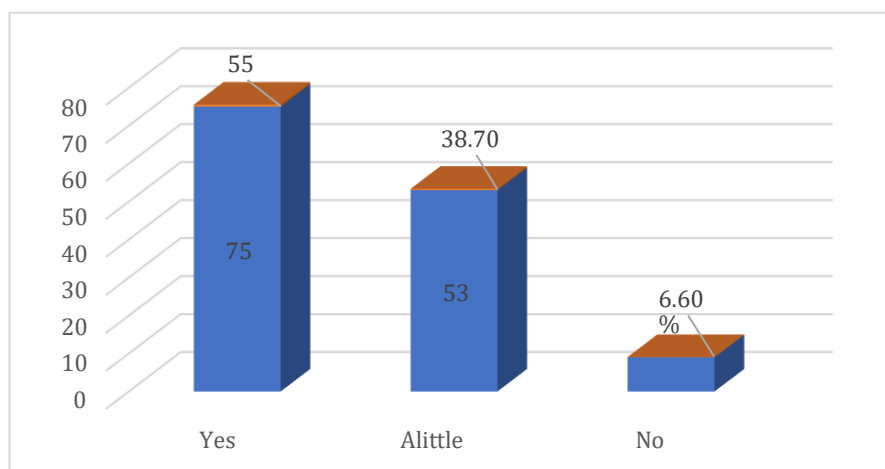


Chart 4.12: Awareness about the stock market and its regulations

Interpretation:

It is clear that 55% of the respondents have chosen 'yes' as their response for being asked if they are fully aware about the stock market and its regulations.

Inference:

Majority (55%) of the respondents have chosen 'yes' as their response for being asked if they are fully aware about the stock market and its regulations.

Table 4.13: 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

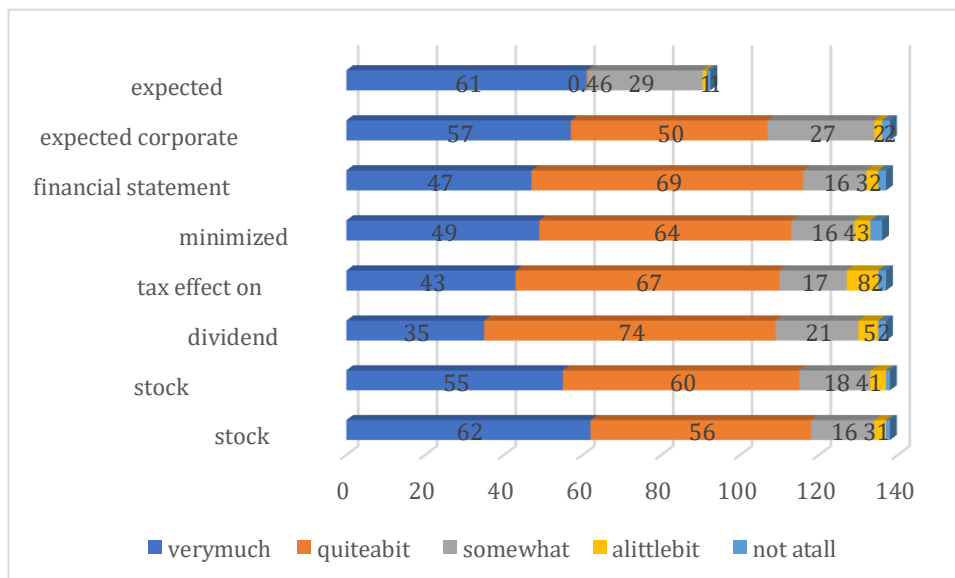


Chart 4.13: Factors influencing investment decisions of respondents

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.

Table 4.14: Factors influencing investment decisions of respondents

Particulars	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
You tend to treat each element of your investment portfolio separately.	67	58	11	1	1
You consider carefully the price changes of stocks that you intend to invest in	55	60	20	2	1
You avoid selling shares that have decreased in value and readily sell shares that have increased in value.	46	62	22	5	3
You study about the market fundamentals of underlying stocks before making investment decisions.	53	60	15	6	4

You use trend analysis of some representative stocks to make investment decisions for all stocks that you invest.	37	72	16	10	3
You consider the information from your close friends and relatives as the reliable reference for your investment decisions.	53	56	16	10	2
You buy 'hot' stocks and avoid stocks that have performed poorly in the recent past.	51	60	18	6	3
You believe that your skills and knowledge of stock market can help you to outperform the stock market.	64	49	21	2	2

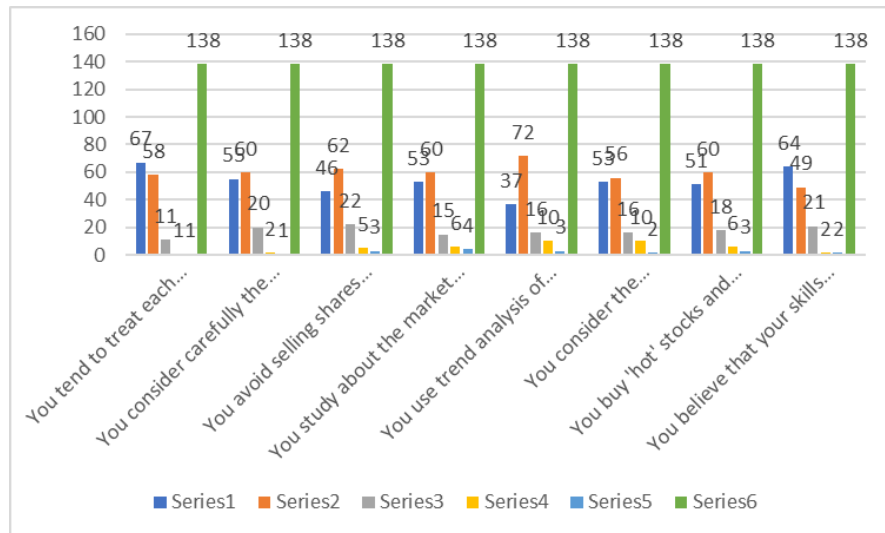


Chart 4.14: Factors influencing investment decisions of respondents

Inference:

It is found that most of the respondents use trend analysis of some representative stocks to make investment decisions for all stocks that they have invested.

Table 4.15: Change in the perception about the stock market after the outbreak of the COVID pandemic

Particulars	Number of respondents	Percentage
Very much	29	20.8%
Quite a bit	53	38.5%
Somewhat	36	26.2%
A little	14	10%
Not at all	6	4.6%

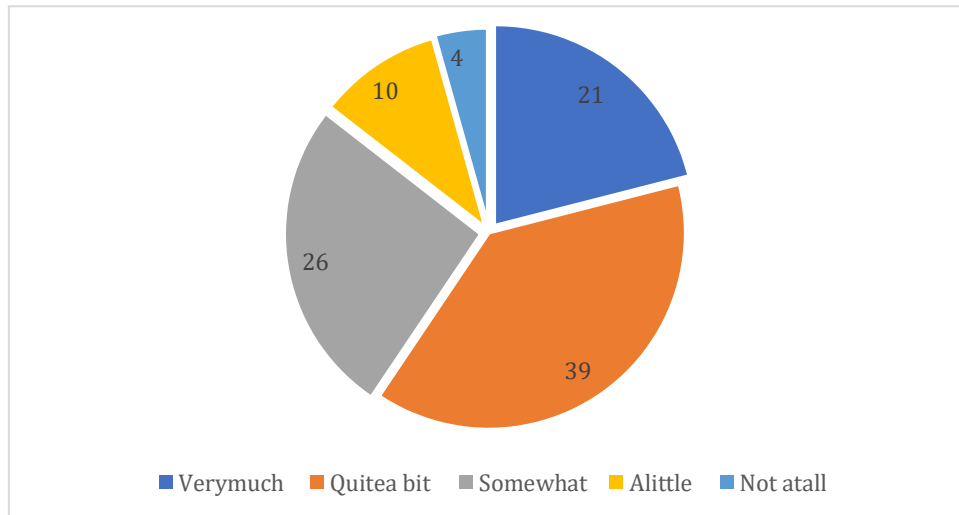


Chart 4.15: Change in the perception of about the stock market after the outbreak of COVID-19 pandemic.

Interpretation:

It is clear that 39% of the respondents have chosen the option 'quite a bit' when asked if their perception about investing in the stock market has changed after the outbreak of the COVID-19 pandemic.

Inference:

Majority (39%) of the respondents have chosen the option 'quite a bit' when asked if their perception about investing in the stock market has changed after the outbreak of the COVID-19 pandemic.

Table 4.16: 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%

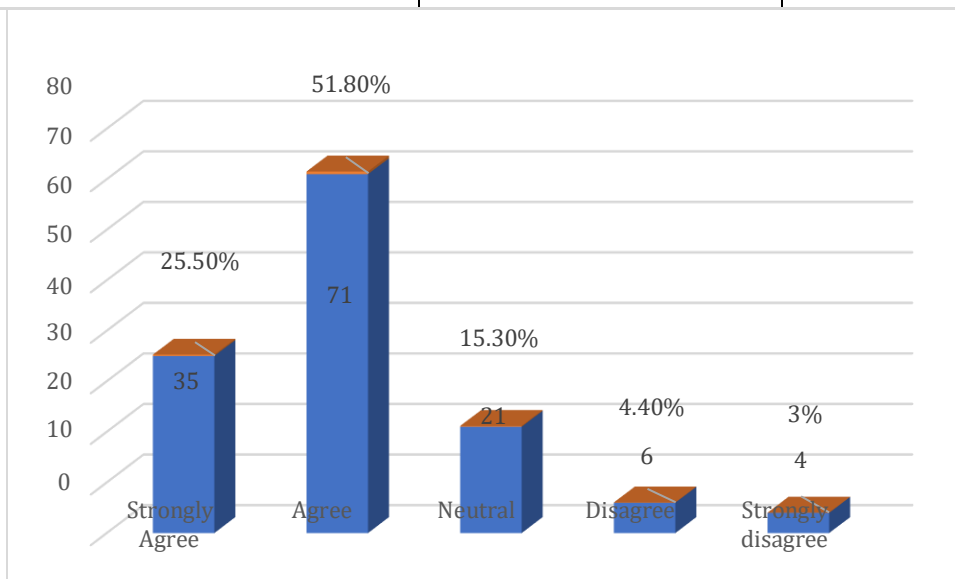


Chart 4.16: Respondents' level of agreement if investing in the stock market is a wise option even after the outbreak of the COVID-19 pandemic

Interpretation:

From the above graph, it is clear that 25.5% of the respondents strongly agree that it is a wise option to invest in the stock market even after the outbreak of the COVID-19 pandemic, while 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, 15.3% of the respondents have a neutral opinion, 4.4% of the respondents disagree that it is wise option to invest in the stock market after the outbreak of the pandemic and only

3% of respondents strongly disagree that it is a wise option to invest in the stock market after the outbreak of the COVID pandemic.

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.

Table 4.17: 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%

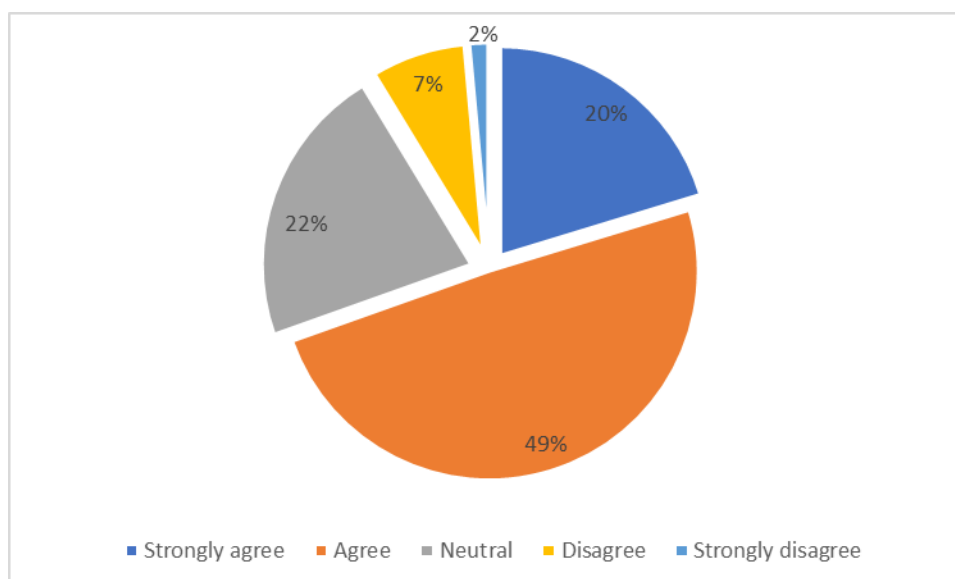


Chart 4.1.17: Respondents' level of agreement if the stock market has taken a fall after the outbreak of the COVID-19 pandemic
Interpretation:

It is clear that about 49% of the respondents agree that the stock market has taken a fall after the outbreak of the COVID-19 pandemic and around 20% of the respondents agree that the stock market has taken a fall after the outbreak of the COVID-19 pandemic. 7% of the respondents disagree that the stock market has taken a fall after the outbreak of the COVID-19 pandemic and 2% strongly disagree that the stock market has taken a fall after the outbreak of the COVID-19 pandemic.

Inference:

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

Table 4.1.18: Respondents' opinion on whether investing in the stock market after the outbreak of the pandemic is mostly an opportunity or mostly a risk.

Particulars	Number of respondents	Percentage
Mostly an opportunity	85	61.60%
Mostly a risk	53	38.40%

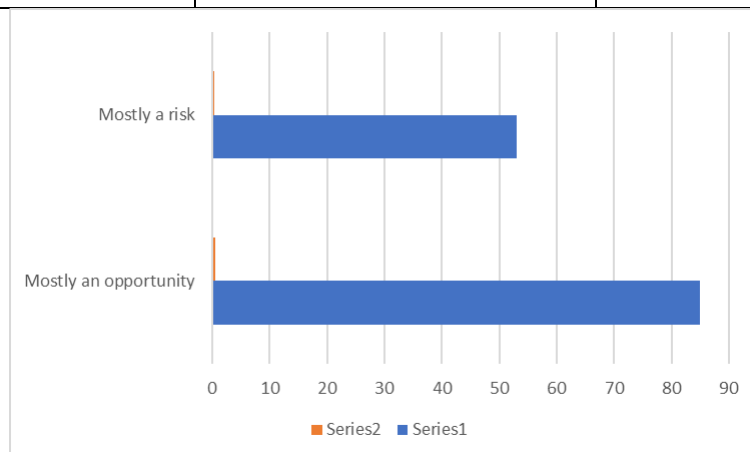


Chart4.18: Respondents' opinion on whether investing in the stock market after the outbreak of the pandemic is mostly an opportunity or mostly a risk

Inference:

Majority of the investors feel that investing in the stock market after the outbreak of the pandemic is mostly an opportunity.

Table 4.19: Respondents' opinion on continuing to invest in the stock market even after the outbreak of the pandemic

Particulars	Number of respondents	Percentage
Yes	77	56%
No	51	37%
Maybe	10	7%

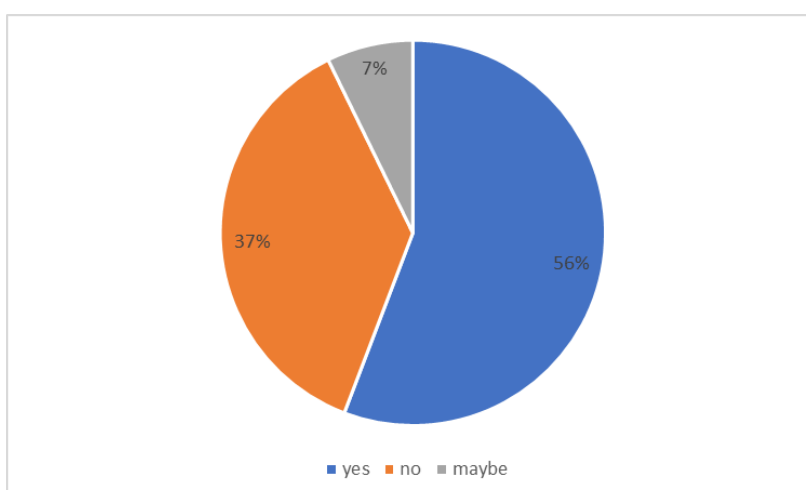


Chart 4.1.19: Respondents' opinion on continuing to invest in the stock market even after the outbreak of the pandemic.

Interpretation:

It is found that 56% of the respondents have chosen 'yes' and 37% of the respondents have chosen 'no' and 7% of the respondents have chosen 'maybe' as the option when asked if they would continue to invest after the outbreak of the pandemic.

Inference:

Majority (56%) of the respondents have chosen 'yes' when asked if they would continue to invest even after the outbreak of the pandemic and after all the ups and downs the stock market has faced.

Table 4.20 Respondents' level of agreement when asked if the regulators in the stock market play an important role in modifying the regulations according to situations.

Particulars	Number of respondents	Percentage
Strongly agree	28	20.5%
Agree	68	49%
Neutral	30	22%
Disagree	10	7%
Strongly disagree	2	2%

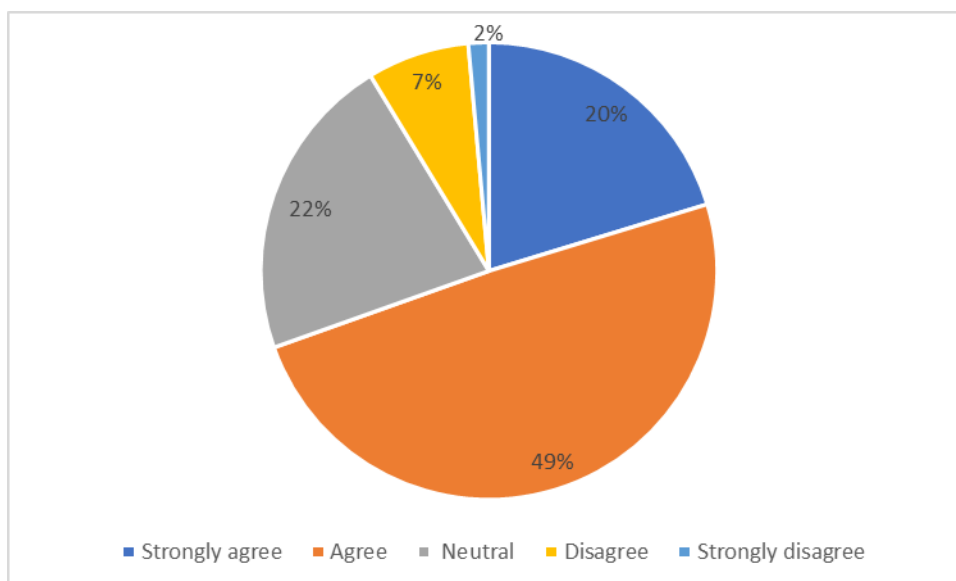


Chart 4.20 Respondents' level of agreement when asked if the regulators in the stock market play an important role in modifying the regulations in the stockmarket

Interpretation:

It is clear that around 49% of the investors agree that the regulators in the stock market play an important role in modifying the regulations of the stock market and 20% strongly agree that the regulators in the stock

market play an important role in modifying the regulations of the stock market.

Inference:

Majority (49%) of the investors agree that the regulators in the stock market play an important role in modifying the regulations of the stock market.

Table 4.21 Respondents are asked to choose their level of agreement from the given options for the below statements with reference to the functioning and regulation of the stock market after the outbreak of COVID - 19

Particulars	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Regulation on stock market conduct should be relaxed to encourage trading and liquidity	64	66	6	1	1
Regulators and policymakers should design new regulatory frameworks aimed as restarting normal market activity as soon as possible	49	55	23	10	1
Regulators should take a backseat and let the stock market fix themselves	30	59	21	26	3
Regulators should take a proactive role and consult with firms on	44	60	22	10	2

possible solutions					
Stock market volatility has forced many firms to significantly alter its investment management processes or allocation choices.	38	69	22	8	2
The regulation on stock market conduct should be relaxed to encourage trading and liquidity	49	66	16	6	2
The regulators and policymakers should design new regulatory frameworks aimed as restarting normal market activity as soon as possible	56	63	15	3	2
The regulators should take a proactive role and consult with firms on possible solutions	33	60	11	23	1
Conduct a review of Exchange Traded Products (ETPs) behavior during this crisis, to	50	65	16	6	2

determine if they help provide liquidity and price discovery or if they contribute to extreme volatility or panic selling.					
The stock markets are functioning even in the face of unprecedented conditions	64	66	5	2	1

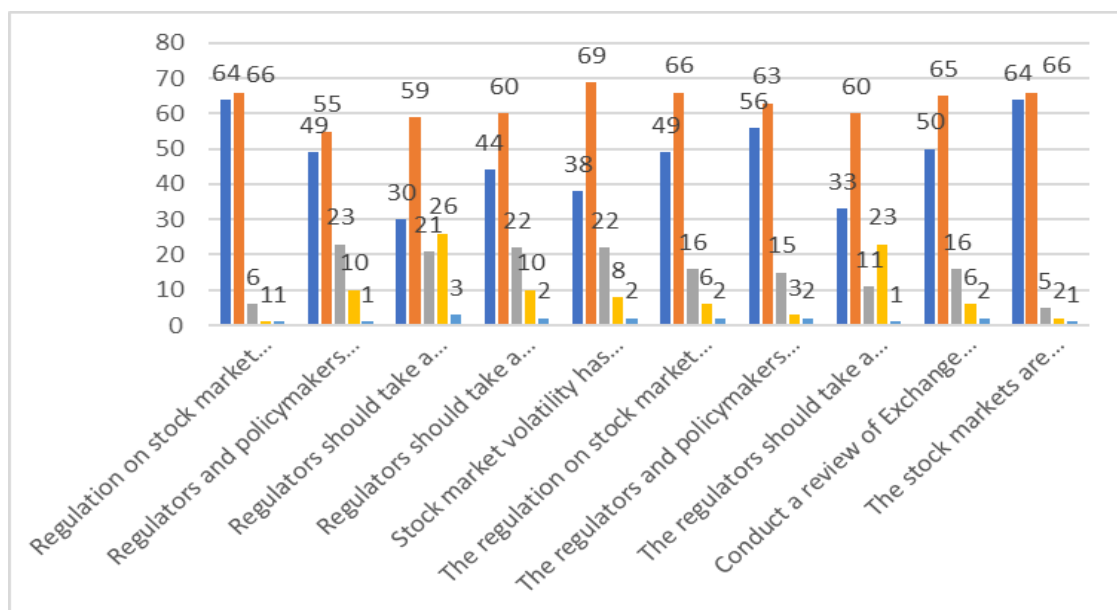


Chart 4.21 Respondents are asked to choose their level of agreement from the given options for the below statements with reference to the functioning and regulation of the stock market after the outbreak of COVID – 19

Table 4.22 The opinion of the respondents when they were asked

if they would put the past trends into consideration for future investments.

Particulars	Number of respondents	Percentage
Yes	77	56%
Maybe	51	37%
No	10	7%

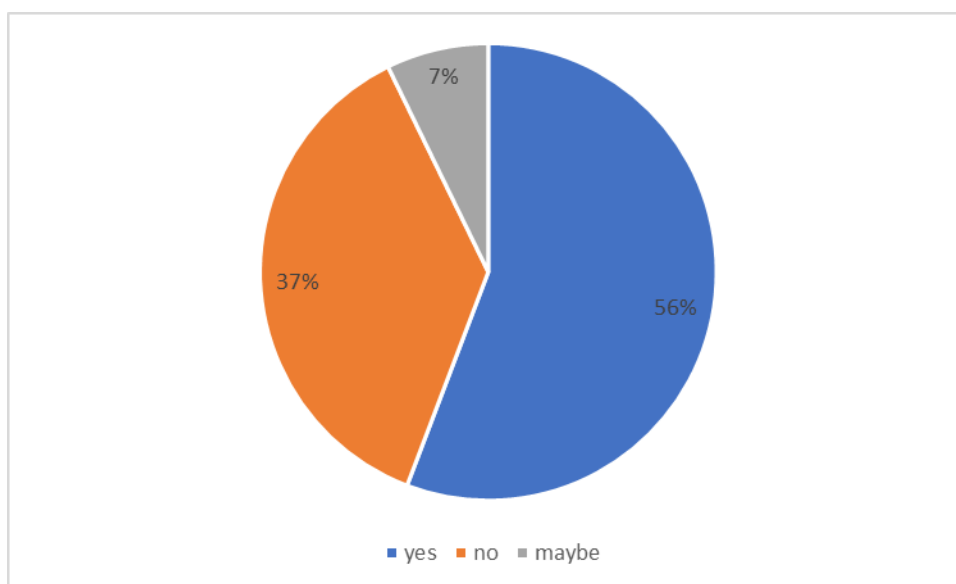


Chart 4.22: The opinion of the respondents when they were asked if they would put the past trends into consideration for future investments

Interpretation:

It is clear that 56% of the respondents say that they will put the past trends into consideration for future investments and around 7% of the investors will not put the past trends into consideration for future investments.

Inference:

Majority (56%) of the investors say that they will put the past trends into consideration for future investments.

Table 4.23: The opinion of the respondents when asked if they

feel satisfied with their investment decisions in the last year (including selling, buying, choosing stocks and deciding the stock volumes)

Particulars	Number of respondents	Percentage
Highly satisfied	40	29%
Satisfied	48	35%
Neutral	29	21%
Dissatisfied	17	12%
Highly dissatisfied	4	3%

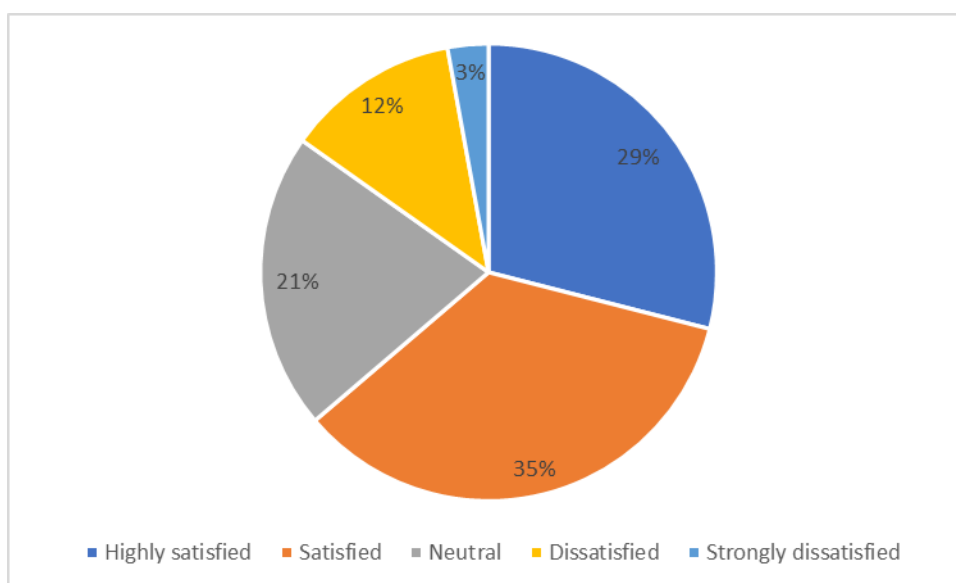


Chart 4.23: The opinion of the respondents when asked if they feel satisfied with their investment decisions in the last year (including selling, buying, choosing stocks and deciding the stock volumes)

Interpretation:

It is found that 29% of the respondents are highly satisfied and 35% of the respondents are simply satisfied with their investment decisions in the last year (including selling, buying, choosing stocks and deciding the stock volumes).

Inference:

Majority (35%) of the respondents are satisfied with their investment decisions in the last year (including selling, buying, choosing stocks and deciding the stock volumes).

Table 4.24:The opinion of the respondents when asked if they believe that investing in the stock market is still a wise option even after the outbreak of the pandemic.

Particulars	Number of respondents	Percentage
Strongly agree	35	25.50%
Agree	72	51.8%
Neutral	21	15.3%
Disagree	6	4.4%
Strongly disagree	4	2.9%

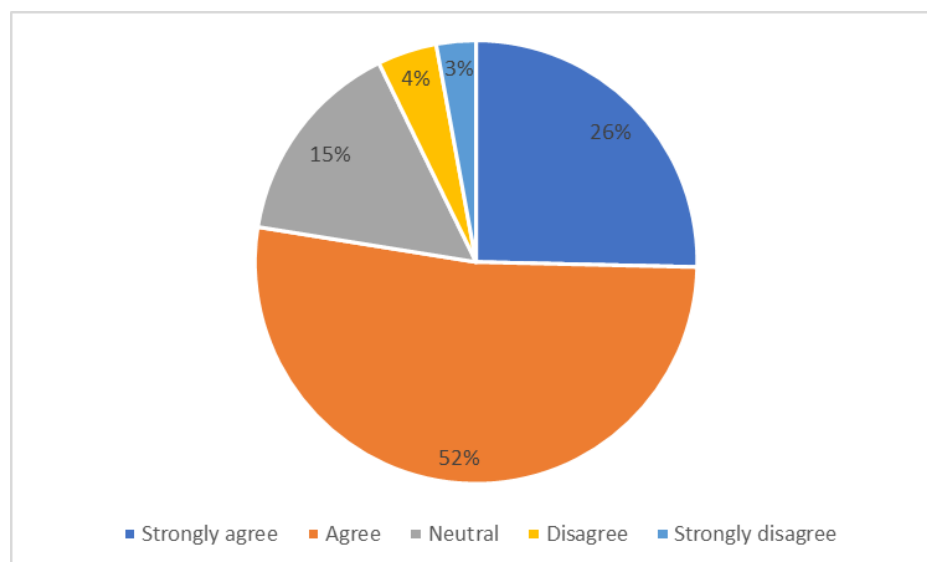


Chart 4.24: The opinion of the respondents when asked if they believe that investing in the stock market is still a wise option even after the outbreak of the pandemic.

Interpretation:

It is found that almost 52% of the respondents agree that investing is still a wise option even after the outbreak of the pandemic and around 26% of the respondents strongly agree that investing is still a wise option even after the outbreak of the pandemic. Around 4% of the investors disagree that investing is still a wise option even after the outbreak of the pandemic and 3% of the investors strongly disagree that investing is still a wise option even after the outbreak of the pandemic.

Inference:

Majority (52%) of the respondents agree that investing is still a wise option even after the outbreak of the pandemic.

4.2 Chi-square

The table below shows the association between the age group of the respondents (investors) and their opinion on whether they consider investing in the stock market as a wise option even after the outbreak of the pandemic.

Case Processing Summary						
	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Select your age group * Do you believe that investing in the stock market is still a wise option even after the outbreak of the pandemic?	139	100.0%	0	0.0%	139	100.0%

Null Hypothesis (H0) – There is no association between the age group of the respondents (investors) and their opinion on whether they consider investing in the stock market as a wise option even after the outbreak of the pandemic.

Alternative Hypothesis (H1) - There is 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.

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		

a. 20 cells (66.7%) have expected count less than 5. The minimum expected count is .12.

Source: Primary data.

Null Hypothesis (H0) – There is no association between the age group of the respondents (investors) and their opinion on whether they consider investing in the stock market as a wise option even after the outbreak of the pandemic.

Alternative Hypothesis (H1) - There is 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.

INTERPRETATION:

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.

4.3 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.

Null Hypothesis H0 = There is no statistically 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.

Alternate Hypothesis H1= There is statistically 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.

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.

INTERPRETATION

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.

CHAPTER 5

FINDINGS, SUGGESTIONS AND CONCLUSION

5.1 FINDINGS

- a. Majority (88%) of the respondents are male.
- b. Majority (31%) of the respondents fall in the age category of 26 to 35years.
- c. Majority (44%) of the respondents have completed their Master's Degree.
- d. Majority (22%) of the respondents are private sector employees.
- e. Majority (40%) of the respondents lie under the category of 6-10 lakhs per annum.
- f. Majority (45%) of the respondents have invested between 5 to 10years.
- g. Majority (31%) of the respondents came to know about the stock market through other investors. Majority (56.20%) of the respondents have invested in the stock market in order to grow their money.
- h. Majority (62%) of the respondents have invested in common stocks.
- i. Majority (51.1%) of the respondents agree that it is beneficial to invest in the stock market.
- j. Majority (43.1%) of the respondents have frequently invested in the stock market.
- k. Majority (55%) of the respondents have chosen 'yes' as their response for being asked if they are fully aware about the stock market and its regulations.
- l. 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.

- m. It is found that most of the respondents use trend analysis of some representative stocks to make investment decisions for all stocks that they have invested.
- n. Majority (39%) of the respondents have chosen the option 'quite a bit' when asked if their perception about investing in the stock market has changed after the outbreak of the COVID-19 pandemic.
- o. 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.
- p. Majority (49%) of the respondents agree that the stock market has taken a fall after the outbreak of the COVID-19 pandemic.
- q. Majority of the investors feel that investing in the stock market after the outbreak of the pandemic is mostly an opportunity.
- r. Majority (56%) of the respondents have chosen 'yes' when asked if they would continue to invest even after the outbreak of the pandemic and after all the ups and downs the stock market has faced.
- s. Majority (49%) of the investors agree that the regulators in the stock market play an important role in modifying the regulations of the stock market.
- t. Majority (56%) of the investors say that they will put the past trends into consideration for future investments.
- u. Majority (35%) of the respondents are satisfied with their investment decisions in the last year (including selling, buying, choosing stocks and deciding the stock volumes).
- v. Majority (52%) of the respondents agree that investing is still a wise option even after the outbreak of the pandemic.

5.2 SUGGESTIONS:

- a. The overall experience index from the study reveals that the stock market conditions have through a rough phase during the initial period of the outbreak of the COVID - 19 pandemic but has later bounced back to its normal functioning.
- b. Some of the investors have complained that they have lost money by investing in the stock market but most of them have stated that even though the stock market had taken a fall, taking investment decisions wisely has helped them sustain in the stock market.
- c. The return of both the stock market reached the bottom line during the first lockdown period, which is from 24th March to 6th April. But it has bounced back to normal and the stock market conditions have greatly improved.

5.3 CONCLUSION:

Successful investing depends on correct predictions about the movements of the market, both as a whole and in its component parts. There is no fool proof way to successfully predict market behavior, which is why there is still no consensus on market theories. However, an understanding of the different theories of the stock market still offers the best possibility of making an informed investment. This study proposes 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 interaction of supply and demand. There are a finite number of stocks and investors. On any given day, there might be more people who want to invest than there are stocks available, or vice versa. In this way, the interaction between the offering of stocks and investment by the public determines whether the value goes down, in the case of excessive supply, or up, in the case of excessive demand.

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APPENDIX – I (QUESTIONNAIRE)

1. Kindly mention your name
2. Select your gender
 - Male
 - Female
3. Select your age group
 - 18 – 25
 - 26 – 35
 - 36 – 45
 - 46 – 55
 - Above 55
4. Which is your highest qualification?
 - Highschool
 - Diploma
 - Bachelors' degree
 - Masters' degree
 - Ph.D.
5. Which category of profession do you fall under?
 - Student
 - Private sector employee
 - Public sector employee
 - Entrepreneur
 - Unemployed
6. Which category of annual income do you fall under?
 - Less than 2 lakhs per annum
 - 2 -5 lakhs per annum
 - 6 – 10 lakhs per annum
 - Above 10 lakhs per annum
7. Since how many years have you been investing in stock market?
 - Less than 5years
 - 5 – 10years
 - 10 – 15years
 - More than 15years
8. How did you get to know about the stock market?
 - Through educational institutions
 - Through friends and family
 - Through other investors
 - Through Dealers
 - Through magazines or online advertisements

- Others
9. Why did you prefer investing in the stock market?
- To grow my money
 - Since historically the stock market has gone up
 - Power of compounding
 - To save for retirement
 - Easy to invest in
 - In order to own a part of a company I love
 - To learn about how the stock market works
 - To have long term investments
10. What type of stock do you invest in?
- Common stock
 - Preferred stock
11. Do you agree that investing in the stock market is beneficial?
- Strongly agree
 - Agree
 - Neutral
 - Disagree
 - Strongly disagree
12. How frequently do you invest in stock market?
- Less frequently
 - Frequently
 - More frequently
 - Most frequently
13. Are you fully aware about the functioning of the stock market and its regulations?
- Yes
 - A little
 - No
14. In your opinion, how do the below mentioned factors influence your investment decision making?

Particulars	Very much	Quite a bit	Somewhat	Alittle bit	Not at all
Stock price					
Stock marketability (stocks that can be easily sold)					
Dividend paid					
Tax effect on profit					
Minimized risk					
Financial					

statement condition					
Expected corporate earnings					
Expected dividends					

15. In your opinion, how do the below mentioned factors influence your investment decision making?

Particulars	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
You tend to treat each element of your investment's portfolio separately.					
You consider carefully the price changes of stocks that you intend to invest in					
You avoid selling shares that have decreased in value and readily sell shares that have increased in value.					
You study about the market fundamentals of underlying stocks before making investment decisions.					
You use trend analysis of					

some representative stocks to make investment decisions for all stocks that you invest.					
You consider the information from your close friends and relatives as the reliable reference for your investment decisions.					
You buy 'hot' stocks and avoid stocks that have performed poorly in the recent past.					
You believe that your skills and knowledge of stock market can help you to outperform the stock market.					

16. How often do you monitor your investments?

- ☐ Daily
- ☐ Weekly
- ☐ Monthly
- ☐ Occasionally

17. What was your perception about stock market and investments before the COVID - 19 pandemic?

- ☐ Very positive
- ☐ Positive
- ☐ Neutral
- ☐ Negative
- ☐ Strongly negative

18. Did your perception about the stock market change after the outbreak of the COVID pandemic?
- ☐ Very much
 - ☐ Quite a bit
 - ☐ Somewhat
 - ☐ A little
 - ☐ Not at all
19. Do you feel that the stock market has taken a fall after the outbreak of the pandemic?
- ☐ Strongly agree
 - ☐ Agree
 - ☐ Neutral
 - ☐ Disagree
 - ☐ Strongly disagree
20. Thinking again of the stock market and investment after the outbreak of COVID - 19, do you feel that investing is mostly an opportunity or mostly a risk?
- ☐ Mostly an opportunity
 - ☐ Mostly a risk
21. Will you continue investing even after the outbreak of the pandemic?
- ☐ Yes
 - ☐ Maybe
 - ☐ No
22. Do you usually react quickly to the changes of other investors' decisions and follow their reactions to the stock market?
- ☐ Yes
 - ☐ Sometimes
 - ☐ No
23. Do you feel that regulators in the stock market play an important role in modifying the regulations according to situations?
- ☐ Strongly agree
 - ☐ Agree
 - ☐ Neutral
 - ☐ Disagree
 - ☐ Strongly disagree
24. The respondents are asked to choose their level of agreement from the given options for the below statements with reference to the functioning and regulation of the stock market after the outbreak of COVID –19

Particulars	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Regulation on stock market conduct should be relaxed to encourage					

trading and liquidity					
Regulators and policymakers should design new regulatory frameworks aimed as restarting normal market activity as soon as possible					
Regulators should take a backseat and let the stock market fix themselves					
Regulators should take a proactive role and consult with firms on possible solutions					
Stock market volatility has forced many firms to significantly alter its investment management processes or allocation choices.					
The regulation on stock market conduct should be relaxed to encourage trading and liquidity					
The regulators and policymakers					

should design new regulatory frameworks aimed as restarting normal market activity as soon as possible					
The regulators should take a proactive role and consult with firms on possible solutions					
Conduct a review of Exchange Traded Products (ETPs) behavior during this crisis, to determine if they help provide liquidity and price discovery or if they contribute to extreme volatility or panic selling.					
The stock markets are functioning even in the face of unprecedented conditions					

25. Will you put the past trends of stocks under consideration for your investments?

- ☐ Yes
- ☐ Maybe
- ☐ No

26. Do you feel satisfied with your investment decisions in the last year (including selling, buying, choosing stocks and deciding the stock volumes)?

- Highly satisfied
- Satisfied
- Neutral
- Dissatisfied
- Strongly dissatisfied

27. Do you believe that investing in the stock market is still a wise option even after the outbreak of the pandemic?

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

APPENDIX II - ARTICLE

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 place where shares of public listed companies are traded. The primary market is where companies float shares to the general public in an initial public offering (IPO) to raise capital. A stock exchange facilitates stock brokers to trade company stocks and other securities. India's premier stock exchanges are the Bombay Stock Exchange and the National Stock Exchange. The COVID-19 rapid outbreak and the rigorous containment measures implemented worldwide have severely affected the level of global economic activities. 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

Stock market is an important part of the economy of a country. The stock market plays a pivotal role in the growth of the industry and commerce of the country that eventually affects the economy of the country to a great extent. In fact the stock market is the primary source for any company to raise funds for business expansions. To issue shares for the investors to invest in the stocks a company needs to get listed to a stock exchange and through the primary market of the stock exchange they can issue the shares and get the funds for business requirements. That is the reason that a rising stock market is the sign of a developing industrial sector and a growing economy of the country.

REVIEW OF LITERATURE

Debakshi Bora and Daisy Basistha (2020) performed 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 pre-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) investigated the impact of COVID- 19 pandemic uncertainty shock on the macroeconomic stability in Ethiopia in the short run period. The World Pandemic Uncertainty Index (WPUI) was used as a proxy variable to measure the COVID-19 Uncertainty shock effect.

Ayoub Rabhi (2020) states empirically the emerging Asian stock market has indeed been vulnerable to pandemics. Taking the Covid-19 virus as a case study, he used the ARDL panel data approach to investigate the impact of the daily Covid-19 confirmed cases along with a behavioral component based on a triggering 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.

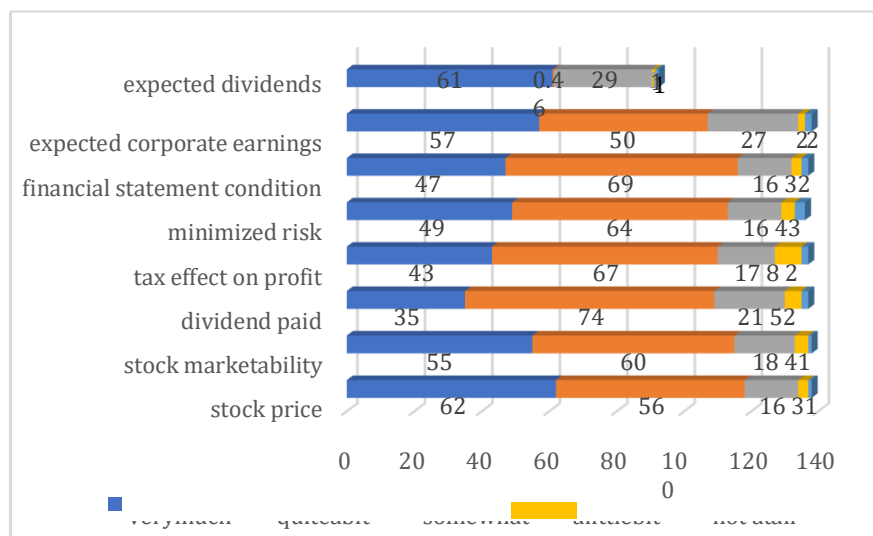
RESEARCH METHODOLOGY

Descriptive research design is carried out in this study. The sampling technique adopted in the study was convenient sampling method. Both primary and secondary data are used in this study. 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



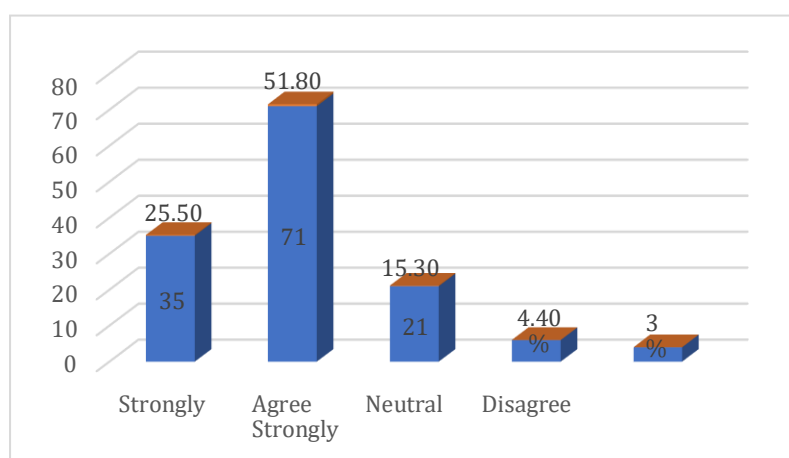
Source: Primary data

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%



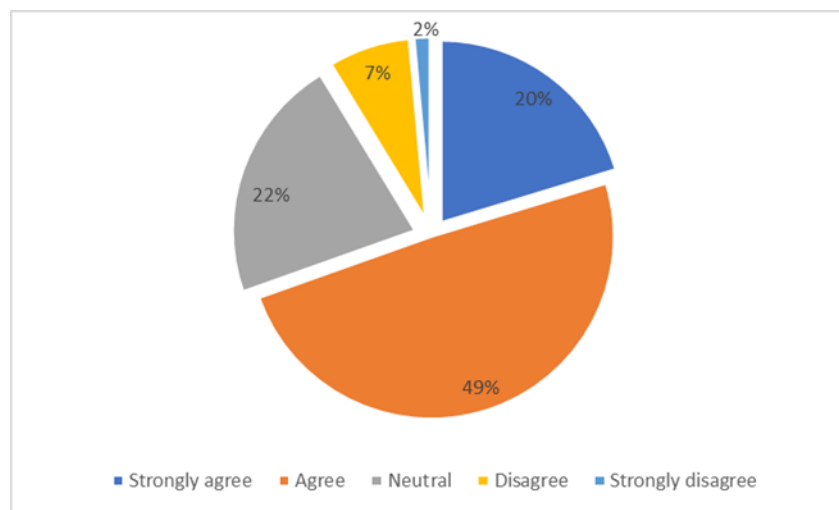
Source: Primary data

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:

Successful investing depends on correct predictions about the movements of the market, both as a whole and in its component parts. There is no fool proof way to successfully predict market behavior, which is why there is still no consensus on market theories. However, an understanding of the different theories of the stock market still offers the best possibility of making an informed investment. This study proposes 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 interaction of supply and demand. There are a finite number of stocks and investors. On any given day, there might be more people who want to invest than there are stocks available, or vice versa. In this way, the interaction between the offering of stocks and investment by the public determines whether the value goes down, in the case of excessive supply, or up, in the case of excessive demand.

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