

Performance of Indian Stock Exchange During Covid-19: A Study of National Stock Exchange (NSE)

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Abstract

Covid-19 is a global pandemic, started from China and spread all over of the world. The World Health Organization (WHO) declares Covid-19 epidemic as global pandemic on 11 of March 2020. Covid-19 outbreak affect the all spare of life all over the world. The pandemic effect economic as well as social life of the human beings. The stock market is popularly called as barometer of an economy and the economy like India also affected by the Covid-19. The sole purpose of this paper is to study the impact of Covid-19 on Indian stock market specifically National Stock Exchange (NSE). National Stock Exchange (NSE) is one of the best and systematic stock exchanges of the world. It is the most modern stock exchange of India. So, NSE is selected for the purpose of the study. The Study is based on secondary data purely. The five indices of NSE are selected randomly for collecting secondary data. The study used simple statistical tools like percentage and average to check the performance of selected indices during and before the outbreak of the Covid-19 pandemic. The findings of the study reveals that covid-19 have a negative impact on the different indexes of NSE initially for one month after a month market start to recover and starting perform normally.

Key Words: Covid-19, National Stock Exchange (NSE), Nifty 50, Nifty Pharma

Introduction

The Covid-19 eruption is a global pandemic and it breaks a kind of storm all over the world. The total number of cases is 5.5 million approximately in the world of Covid- 19 on 28 may 2020. The outbreak of this virus effect the human life economically as well as socially. The social as well as economical life of the human being destroyed due to outbreak of this virus all over the world. The GDP of the major developing and developed countries expected to touch zero and in negative figures also.

The financial market of all over the world is affected by the virus as the share prices of companies are dropped by 20% in US further the financial markets of Japan also facing the same problem. The Colombo stock exchange is also dropped by 9% approximately with in a period of one week on the contrary the stock exchanges of China are stables as compare to other exchanges of the world.

Literature Review

The different international organizations explored the impact of covid-19 on world economy and their views are similar about the impact of covid-19. The world economic forum concluded that the economic impact of covid-19 will be greater than world recession of 2008.

Only Spanish Flu has impacted the stock market as strong as Covid-19. The covid-19 has a big influence on economy and public health. The study is based on text based methods for analysis [1]. The crashes of financial markets after the outbreak the covid-19. The price earnings ratio is fall down by 6% in this period and the Sensex fall down by 26% due to this pandemic [2]. A great recession is going to start after the outbreak of the covid-19 and it will be a negative impact on the stock markets of the world [3]. The relationship between covid-19 cases and performance of stock market of china and USA further the findings of the study reveals that both have positive significant relation and covid-19 have an impact on share market [4]. The uncertainties prevails after starting of covid 19 and The Nifty 50 fall by 38% in this period till 2 June from starting of this pandemic further the hospitality, tourism effected more [5].

Objective of the study

The present study is executed to know the performance of National Stock Exchange (NSE) during the outbreak of Covid -19 pandemic.

Significance of the study

The current study is important to know the impact of covid-19 on the performance of NSE. The study will be helpful for various stake holders related to NSE.

Research Methodology

The current study is carried out to know the impact of covid-19 outbreak on the performance of NSE. The study is based on the secondary data. Firstly the NSE is selected for the study purposes because NSE is major stock exchange of India and NSE is first auto-mated stock exchange of country. After then major indices of the NSE namely Nifty 50 and four other sectorial indices are namely Bank Nifty, Nifty FMGC, Nifty Automobile, Nifty Pharm are also selected to know the impact of covid-19 impact on NSE. The WHO declare covid-19 as world pandemic on 11 march 2020 so the data is collected from 11 march 2020 to 28 may 2020. The percentage is used to measure the changes in performance of the selected indices.

Results and Discussion

This section of the study talks about the analysis and results of analysis and comments on the results the major results of the study are as under:

1. Impact of Covid-19 on Nifty 50

| Date | 11-Mar-2020 | 13-Apr-2020 | Percentage Change | 28-May-2020 | Percentage Change |
|---------------------|-------------|-------------|-------------------|-------------|-------------------|
| Close | 10458.40 | 8993.85 | -14.00% | 9490.10 | -9.25% |
| Shares Traded | 1219079693 | 644468815 | -47.13% | 837911425 | -31.26% |
| Turnover (₹ Cr) | 32548.47 | 26749.06 | -17.81% | 37761.91 | 16.01% |



Figure -1 Performance of NSE Nifty 50 during covid-19

The impact of covid-19 on the Nifty-50 can be seen easily from data analysis. The Nifty 50 indices is fall by 14% in one month and trading of shares in this index is declined by 505 approximately within a month and the turnover is also declined by 18% around in this period. Later on after within a month of pandemic the nifty 50 index improves and the turnover was increased. So it can be depicts that covid-19 impact the nifty 50 negatively initially in first month of covid-19.

2. Impact of Covid-19 on Nifty Bank

| Date | 11-Mar-2020 | 13-Apr-2020 | Percentage Change | 28-May-2020 | Percentage Change |
|------------------|-------------|-------------|-------------------|-------------|-------------------|
| Close | 26487.80 | 19488.00 | -26.43% | 19169.80 | -27.63% |
| Shares Traded | 723295485 | 288209448 | -60.15% | 561124154 | -22.42% |
| Turnover (₹ Cr) | 10720.97 | 7634.04 | -28.79% | 14381.40 | 34.14% |

The impact of covid-19 on the Nifty Bank can be seen easily from data analysis. The Nifty bank indices is fall by 26.43% in one month and trading of shares in this index is declined by 605 approximately within a month and the turnover is also declined by 29% around in this period. So it can be depicts that covid-19 impact the nifty bank negatively.



Figure -2 Performance of NSE Nifty Bank during covid-19

3. Impact of Covid-19 on Nifty FMGC

| Date | 11-Mar-2020 | 13-Apr-2020 | Percentage Change | 28-May-2020 | Percentage Change |
|------------------|-------------|-------------|-------------------|-------------|-------------------|
| Close | 28078.75 | 28509.85 | 1.50% | 28451.60 | -9.35% |
| Shares Traded | 48363955 | 41204171 | -14.80% | 63838520 | -42.43% |
| Turnover (₹ Cr) | 2479.76 | 2397.43 | -3.32% | 4212.94 | 69.89% |

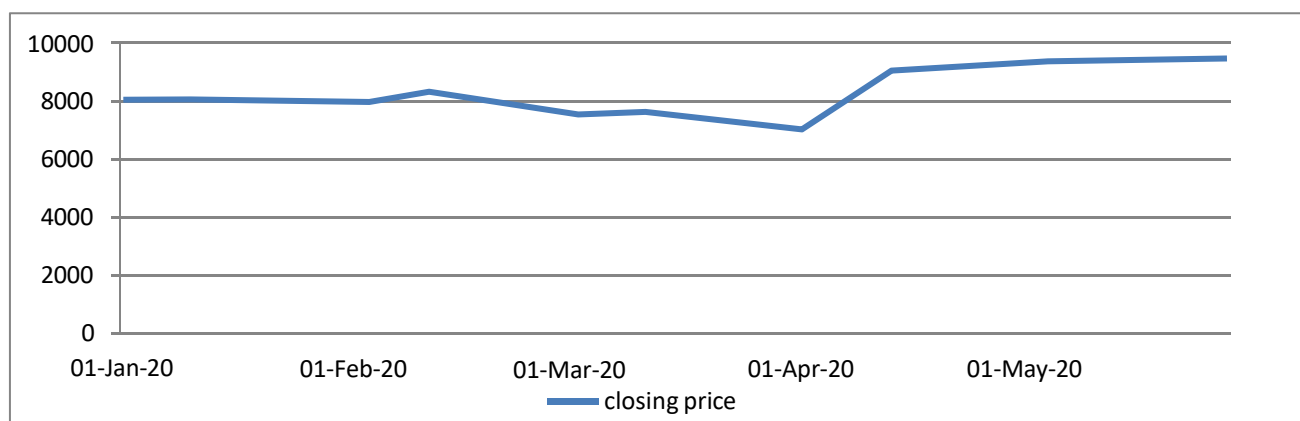


Figure -3 Performance of NSE Nifty FMGC during covid-19

The Nifty bank indices is rise by 1.50% in one month and trading of shares in this index is declined by 15% approximately within a month and the turnover is also declined by 3.31% around in this period. So it can be depicts that covid-19 impact the nifty FMGC negatively but the magnitude of impact is low on this index as compare to other index of NSE.

4. Impact of Covid-19 on Nifty Auto

| Date | 11-Mar-2020 | 13-Apr-2020 | Percentage Change | 28-May-2020 | Percentage Change |
|------------------|-------------|-------------|-------------------|-------------|-------------------|
| Close | 6568.45 | 5432.10 | -17.30% | 6112.30 | -6.94% |
| Shares Traded | 172323537 | 153555220 | -10.89% | 249406477 | -44.73% |
| Turnover (₹ Cr) | 3653.70 | 3207.55 | -12.21% | 6292.97 | 72.23% |

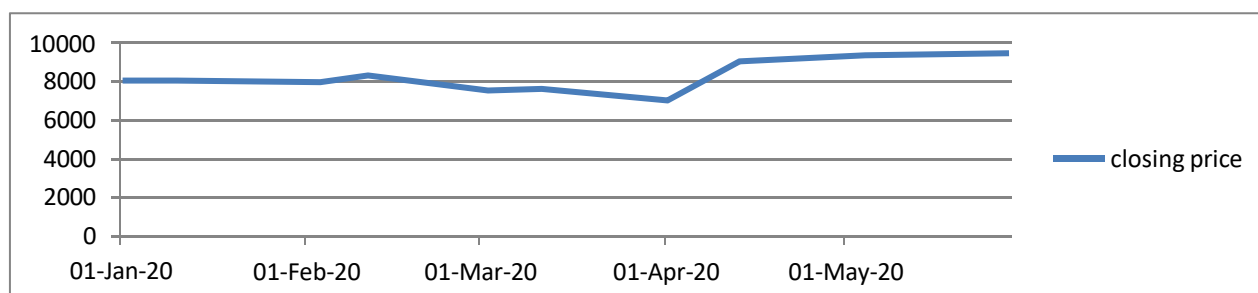
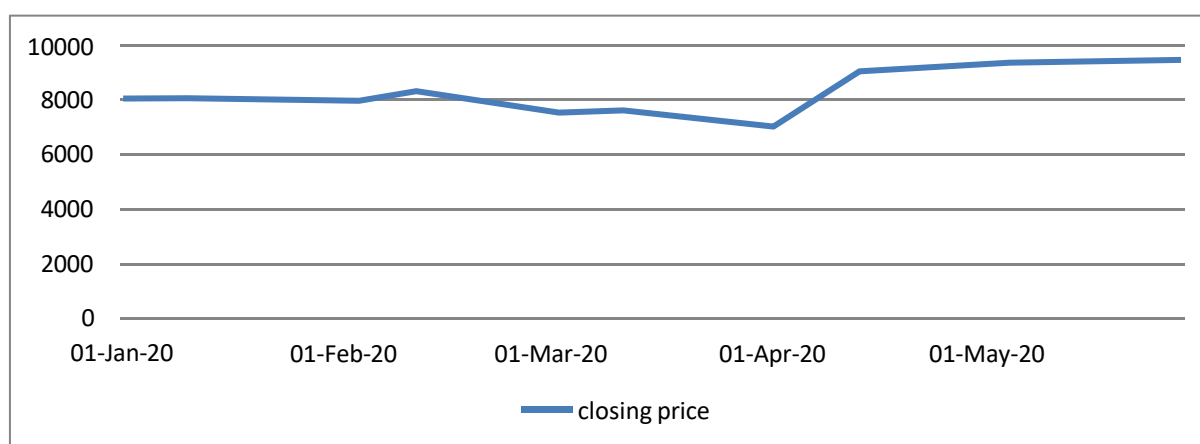


Figure -4 Performance of NSE Nifty Auto during covid-19

The Nifty Auto indices is fall by 17.30% in one month and trading of shares in this index is declined by 11% approximately within a month and the turnover is also declined by 12.21% around in this period. The covid-19 impacts the nifty Auto negatively.

5. Impact of Covid-19 on Nifty Pharma

| Date | 11-Mar-2020 | 13-Apr-2020 | Percentage Change | 28-May-2020 | Percentage Change |
|------------------|-------------|-------------|-------------------|-------------|-------------------|
| Close | 7623.05 | 9044.35 | 18.64% | 9464.50 | 24.15% |
| Shares Traded | 36502334 | 121649029 | 233.26% | 39314551 | 7.70% |
| Turnover (₹ Cr) | 2014.03 | 6765.95 | 235.79% | 2430.44 | 20.67% |

**Figure -5 Performance of NSE Nifty Pharma during covid-19**

The impact of covid-19 on the Nifty Pharma can be seen easily from data analysis. The Nifty pharma indices is rise by 18.64% in one month and trading of shares in this index is risen by 233.26% approximately within a month and the turnover is also increased by 235.79% around in this period. So it can be depicts that covid-19 impact the nifty pharma positively because the demand of the pharmaceutical goods increased in this period.

Conclusion

The covid-19 pandemic have huge impact on NSE and the initially it impact negatively on the NSE. The indices related to pharma and daily needs perform in a good manner as compare to other indices. The initially reaction of the indices is very bad and investors loss around 50% of their wealth but later on the market start to revive and the different indices perform a little batter.

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