

Impacts of COVID-19 on the Indian Stock Market

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Abstract

As of 12 March 2021, the virus has affected more than 119 million people with more than 2.6 million global deaths. The COVID-19 has also resulted in an unprecedented negative impact not only on human lives but also on the global economy mostly due to loss of economic activity arising from lockdowns, strict quarantine policies, and social distancing practices.

My study will investigate the main forces that affect share prices in the capital market of India. The research investigates the impact of the lockdown period caused by the COVID-19 to the stock market and different sectors of India. The study examines the extent of the influence of the lockdown on the Indian stock market and whether the market reaction would be the same in pre- and post-lockdown period caused by COVID-19. The aim of the paper will be recognizing any sort of volatility in the stock prices pre and post COVID-19 in the timeline that is being considered in the analysis.

For this purpose, sample of *30 companies* listed on BSE stock exchange, sample period taken for the study is *10 years (Jan 2010 – Jan 2021)* in *quarterly* format as BSE Sensex shows overall trend in the Indian Stock market which will give us a fair idea about the effects of COVID-19 on the economy. Quarterly data is being used so that there could be enough variation in the data for the results to be evident.

Some of the major determinants which affect the prices are *Market Capitalization, Earnings Per Share (EPS), Price to Earnings Ratio (PE), Beta of the Stocks, BSE Sensex Index and Total Returns*. The investigation approach is designed with Ordinary Least Square (OLS) regression with fixed effects and random effects models with and without time dummies.