

COVID-19 IMPACT ON ECONOMIC SLOWDOWN IN STOCK MARKET IN INDIA 2020

Dr.C.Sankar,Ph.D & R.D.Karthick,

Assistant professor-commerce, Vivekanandha college of arts and science for women(Autonomous)
Elayampalayam, Tiruchengode.

Research scholar-commerce, Vivekanandha college of arts and science for women(Autonomous)
Elayampalayam, Tiruchengode.

ABSTRACT:

Stock market is the place where investors, traders , brokerage company and government plays a lead role because it is the place which pull cash out from public and invest in company which automatically generate profit to organisation and also once the profit generates the respective company must pay tax with certain percentage to the government. So in default our economy will developed. This study shows the what happens if this stock market crash when emergency period and the company stock price fluctuate and also how the price will rectify.

KEYWORDS: Economy, lockdown, fluctuations, fundamental, restrictions. etc

INTRODUCTION

India2020, Many Indians waiting for this year. The year which Dr APJ sir says Mission 2020, India will develop in this year But the result we get is unpredictable. A single virus can change the entire world. On Dec 31st 2019 chines authorities alert WHO on a virus, belongs to SARS family causing severe cough and illness. It affects not only humans and also worldwide economic slowdown. India lost nearly 10 lakh core in this economic lockdown period.

STARTING STAGE OF CORONA TO THE WORLD

DEC -31st China alert WHO. The virus was unknown

JAN -7th According to WHO, virus identified named 2019-n COV includes corona virus family includes SARS,

JAN-11th China announce 1st death of 61 year old man

- JAN -13th** WHO report case in Thailand (First outside of china) met a woman who had arrived Wuhan
- JAN-16th** Japanese health ministry reported a confirmed cases
- JAN-17th** 2nd death reported by china, many countries like USA, South Korea, Australia, Singapore, Malaysia confirmed cases
- JAN-22nd** 550 infected and 17deaths in china
- JAN-23rd** Wuhan quarantine has air and rail departments where suspended
- JAN-26th** 2000 cases confirmed and death rise to 106 in china and 100 in Hubei
- JAN-30th** WHO declared corona virus, a global emergency
- FEB -2nd** Death toll rose to 304 and 14380 people infected in china
- FEB -7th** Liwenliang, doctor who 1st found the alarm over corona virus was dead and Hong Kong introduced prison sentence for breaking quarantine rules.
- FEB -11th** WHO announced new corona virus called “covid-19”. Meanwhile 42638 cases reported 1016 deaths in china.
- FEB-14th** Egypt became 1st country in Africa and France reported in Europe’s 1st death for virus.
- FEB-17th** Japan confirmed 99cases due to virus.
- FEB-24th** Kuwait, Bahrain, Iraq, Afghanistan and Oman also reported there first cases of the virus.
- FEB-26th** global death reaches 2800 in total and confirmed infected cases are 80,000.
- FEB-29th** Qatar confirmed 1st case due to virus.
- MAR-11th** WHO declares corona virus outbreak a pandemic.
- MAR-12th** global death rise to 4600 and 1261000 cases where affected.
- MAR-18th** Australian prime minister, Scott Morrison declare 1st ever a “human bio security emergency” in country.
- MAR-2nd** Indian union minister reported 1st, 2 cases are in Delhi and Hyderabad.

MAR-7th A man in Jammu travelled South Korea and travelled history to Italy got confirmed.

MAR-8th Five people of the same family in Ranchi, Kerala a tested positive (travel history to Italy).

MAR-13th 1st person in Delhi, 2 from Nagpur,1, 5 Uttar Pradesh, 1 Rajasthan and 1 from Noida tested positive.

As on **April 1st** worldwide confirmed cases are 8, 73, 767(1637) 184771(133), are recovered and 43288(38) deaths in India.

COVID-19 SPREAD IN INDIA

Corona virus is new to India and primarily it affects the respiratory system of human body which causes severe cough or sneezes or running noses. One must wash the hands with soap or alcohol based hand rub. Frequently to protect himself, As per WHO, COVID-19 has not been reported to air bone spread. The "Incubation period" of COVID-19 they are identified migration officials the corona virus shows the reaction in later days. So the diseases spread widely in India. Most people in India are panic but our health ministry announced only people having travel history or contact with travel history peoples will affected severely. India is the 2nd largest country in population. Once corona spread widely it's impossible to control. So before it spread our honourable PM " Shri Narendra Damodardas - Modi" announced 21 days lockdown in India from March 24th 2020 to 14th April period of lockdown. Many peoples stay in home with fear of corona virus. Many daily labour lost their income in these lock-down period and also transport are not available to travel to various places. Still there is only one draw-back in their lockdown period is there is no hint to identify the medicine for cure to corona virus. Especially in Tamilnadu still there is no full release of lockdown due to various social-economic and also political factors.

CORONA - DARK SIDE OF CHINA

Corona virus spread from china and it goes to USA, Italy, UK but not to north Korea ,Russia because these two countries are friendly nation to china so the virus wont spread till now to other countries.

USA president , Mr Donald Trump , filed many complaints about china economic enemies to United nation. Also many member countries are against china. Till now, china invested in various countries but it's impossible to other countries invest in china that's why china is the master in production world. China has capability to produce any product as duplicate with cheap price and import to various countries. USA president demand china to the liberalized for foreign (FII) .So china announced Wuhan city is the place for the foreign investor investment but Wuhan – place of corona spread primarily. They may or may not be have a link only Chines officials knows. After corona in Wuhan china may think here after no foreigners will come forward to invest in their country so china intentionally spread the corona virus to show their supreme production capacity to the world .China may not oppose USA directly because of army power in USA. Even the starting stage of corona china must be inform to WHO and other countries to prepare the vaccine but they failed. Chines officials didn't wear any safety items even after few days of corona.

As on April 2020 slowly chines recovered from covid-19.after spreading corona virus USA suffered a lot and many companies became huge loss. Even NASDIQ (USA STOCK EXCHANGE) falls heavily and all share price reduces. Here comes the plan of china once the stock price lost chines government buy the stock in very cheap price and shows the authority in that company. This is called has an “Debt Trap” in finance.

INDIAN ECONOMY DUE TO COVID -19

Many business were affected in India due to Covid-19. Tourism sector alone face a loss of 15,000 Crore in the periods, includes hotels, airlines industry.

Farmers are exemption but this corona virus affects even farmers also, They cultivate perishable items and cannot distribute to various places in India due to unavailability of transport.

Automobile sector faces a huge loss since many companies in auto industry gives huge discount in year end. But this time March 2020 due to corona , People will not move out from their home then how can they purchase vehicles.

Major companies like L& T, Ultra Tech Cement, Tata motors, Grasim industry, Adithya Birla group are suspended temporarily to reduce their operation.

Stock Market faces the worst loss in history of Indian stock market. GOI has announce various Measures to tackle this situation from providing health facilities in hospitals, providing fund in public distribution offices, etc. RBI announce 3months EMI relaxation to loan takers, So that they may be financial free in the lockdown period.

Many investors service like moody's estimate the Indian GDP growth 2020 from 5.3% to 2.5%

Many states like Tamilnadu, UP, cancels all annual exams and promoted the students till standard 1 to 9. Many big loss was occurred in worldwide and also in India due to Covid-19.

FIRST HALF OF FINANCIAL YEAR 2020 – 2021

First half of financial year 2020-2021 will play a very critical role in Indian economy. Many Indians who are worked in foreign lost their job and once they return to India it shows the big employment gap in India. Already people here facing loss in job due to Covid-19. Many industries are now stop production and ready to clean old stocks. Even SEBI provides relaxation to fill annual returns to Indian companies for 45 days from previous year.

Many companies incur huge loss and mostly companies took two types of insurance policy. Material damaged policy and business interruption policy are the two policies taken by many Indian industrialist and companies. Many company approached insurance company compensate in “loss of profit” due to premium paid to policy taken by them unfortunately insurance company announce companies will not get compensation due to Covid-19. A the policy named material damaged , there will be any damage to material due to fire, flood, etc..

and the policy of business interruption due to unplanned strike, temporary shut down to production. So in this case companies suffer three types of problem

1. Purchasing capacity reducing by the people since there is no income generated by them.
2. Companies have to move old stocks after that only production for future days is to start so in this mean time employees may loss their jobs.
3. The shares of the company will go down unless the company increase the production. Indirectly it affects the Indian economy.

HOW ECONOMIC WILL UPGRADE IN THE FINANCIAL YEAR

Indian economy is very worst in current scenario .BSE senses as on 8th April 2020 is 29,894 points, nifty is 8,750 points. Before Feb 2020 BSE senses were nearly 42000 points but as of now 30% loss due to covid-19 suppose if the lock down continuous loss percentage may increase in future days. Even after completed the second quarter of 2020 still senses would not able to achieve its 52Week high level. As an investor point of few this the right time to purchase the best stocks especially blue chips stocks. The few blue chips stocks are TCS, HDFC, Reliance industries, IDFC First Bank, Kotak Mahindra Bank, etc... Here one must the fundamental and sentimental movements of the sector because in today's market trend shows it may fall even 20,000 points in BSE. Many investors are Panic and ready to sell the stock at current price.

Here are the Indian company stock prices are before and present of Covid-19.

S.NO	COMPANY NAME	PRICE AS ON 9 th MARCH 2020	PRICE AS ON 30 th SEPTEMBER 2020
1	IRCTC	1300	1382
2	HDFC BANK	1100	1079
3	BAJAJ FINANCIAL SERVICE	8200	5851
4	MARUTI SUZUKI LTD	6195	6742

IRCTC

Date:30/09 Value:1382.10



MARUTI

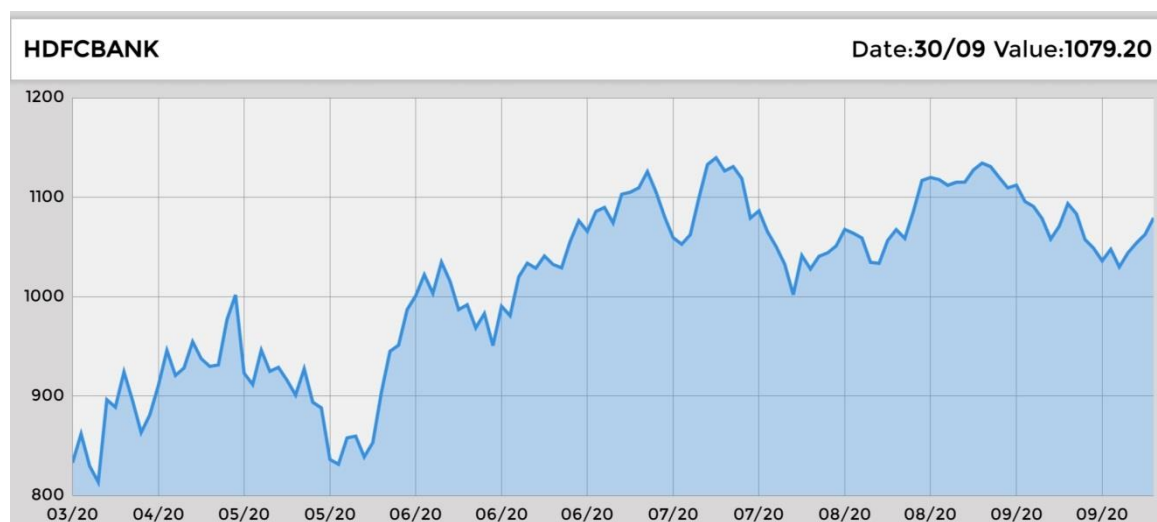
Date:30/09 Value:6742.85



BAJAJFINSV

Date:30/09 Value:5851.00





Above data are taken by BSE application using the 6month chart. Central Government must take necessary measure and provide benefits to the company in tax reduction and also increase the employees earning capacity. Not only the economy will develop also individual per capita income too increase slightly. Any how our GDP has to increase at least 6% in future days will take at least 2-3year of time.

LIMITATION OF THE STUDY

- Data was collected only within Chennai City hence this conclusion cannot be Generalized.
- The Researcher focused only on the Health effect (Covid 19) and senses fluctuations with its impact on Economic Slowdown in India.

ANALYSIS AND DISCUSSION

TABLE - 1

S.No.	Particulars	No. of Respondents	Percentage (%)	
1.	Due to Covid 19 how much amount of Percentage lost in Stock Market	20% to 30%	15	31%
		30% to 40%	16	33%
		40% to 50%	12	25%
		More than 50%	5	11%
		Total	48	100%
2.	Will stock market Boom	Yes	25	52%

	once to Covid 19 recovered?	No will take nearly 3 Months	18	38%
		No will take this year end	5	10%
		Total	48	100%
3.	Is this the right time to invest in Blue chip stocks	Yes	29	60%
		No	19	40%
		Total	48	100%
4.	Which sector will lost heavily in Covid 19	Tourism Sector	19	40%
		Banking Sector	5	10%
		Automobile	12	25%
		Electronics Sector	5	10%
		IT Sector	3	6%
		Textile Sector	4	7%
		Total	48	100%

Source: Primary Data

From the above table 31% of the Respondents are lost 20% to 30%, 33% of the respondents are lost 30% to 40%, 25% of the respondents are lost 40% to 50% and 11% of respondents are lost more than 50% amount of their returns in Stock Market. Majority of the respondents are (52%) believe stock market will boom once to Covid 19 recovered, 38% of the respondents are assumed that it will take nearly 3 months, 10% of the Respondents are expected stock market takes this year end. Majority of the respondents (60%) are anticipated this is the right time to invest in Blue chip stocks and 40% of the respondents are thought this is not a right time to invest in Blue chip stocks. 40% of the respondents are presumed that Tourism sector, 10% of the respondents are assumed that Banking Sector, 25% of the respondents are anticipated that Automobile sector, 10% of the respondents are understood that Electronics sector, 6% of respondents are said that IT Sector and 7% of the Respondents are assumed that Textile Sector suffered heavily due to covid 19.

REGRESSION ANALYSIS FOR HEALTH EFFECTS AND ITS IMPACT ON ECONOMIC SLOWDOWN

H0: There is no significance association between health effects and economic slowdown

H1: There is significance association between health effects and economic slowdown

TABLE SHOWING RESULTS OF REGRESSION

MODEL			
R	R Square	Adjusted R Square	Std. Error of the Estimate
.599 ^a	.359	.356	3.58926
ANOVA			
F Value	Df	P Value	
125.800	1	0.000	
CORRELATION			
	Beta	T	P Value
Constant	-	4.826	0.000
	.599	11.216	0.000

a. Dependent Variable: Economic Slowdown

b. Predictors: (Independent Variable), Health effects

The value of Pearson correlation is .599 ($r=0.599$), which shows that there is a Positive relationship between the two variables which means health effects and economic slowdown. There is a significance association between health effects and economic slowdown

R-Squared is a statistical measure of how close the data are to the fitted regression line. It is also known as coefficient of determination. R square represents the proportion of variability accounted by the independent variable. Approximately 35.9% of the variability exists in this model which indicates that the model explains a substantial proportion of the variability of the response data around its mean.

The objective of the study was to identify the health effects impact on Economic slowdown. The view was further supported by the result of the Analysis of Variance (ANOVA) which yielded an F Value of 125.800, P value of 0.000 and t value 11.216.

Regression has been applied to determine the dimension influencing the economic slowdown factor. The linear regression result implies that the health effect has an impact on economic slowdown.

SUGGESTIONS

The below suggestions are for investors what they have to do in the economic slowdown due Covid-19

1. This is not the time for any Investment decision. It is a time for tough money is enough cash in hand. Even if the stock price in loss- sold out.
2. Not all business are closed down .Some business like FMCG –D'MART, ITC, HUL, nestle will give good results in future days. Investors may focus in this stocks after the annual reports filed by them to SEBI.
3. Investors do not dread in the loss of the investments. One must know the difference between wealth and income. The Shut down or economic upgrade will take nearly 3 months. Find out the sources of income to survey first.

CONCLUSION

The combination of Bad news and precaution measures by GOI will affect oneself psychologically that to persons invested in stock market will get extreme confused and willing to exceed from market. This the bad time but this is the right time to invest.

The proportion of investment pattern may vary from investor to investor suppose if the senses falls 40% invest 50% of existing capital if the senses falls above 50% invest 100% of existing investment so instead of waiting to catch the exact market the author recommend taking a gradual approach were investors start investing a small portion of cash in regular basis. Also investment in gold is not a bad option. In short in this critical period wealth is required but health is mandatory.

REFERENCES

www.livemint.com

www.businesstoday.in

<https://www.indiaonline.com/general-blog/economic-slowdown.html>

<https://journals.lww.com>

www.sciencedirect.com

[https://www.who.int>health-topics.](https://www.who.int>health-topics)

www.bseindia.com

www.moneycontrol.com