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Project Dissertation Report on

IMPACT OF COVID-19 PANDEMIC ON INDIAN STOCK MARKET

Submitted By:

Ishita Dwivedi

23/UMBA/39

Under the Guidance of:

Ms. Anushka Upadhyaya

Faculty at Delhi School of Management



DELHI SCHOOL OF MANAGEMENT

Delhi Technological University

Bawana Road Delhi 110042

CERTIFICATE

This is to certify that Ms. **ISHITA DWIVEDI**, roll no. **2K23/UMBA/39** has completed the project titled "**IMPACT OF COVID-19 PANDEMIC ON INDIAN STOCK MARKET**" under the guidance of Mrs. Anushka Upadhyaya as a part of the **Master of Business Administration (MBA)** curriculum of the **Delhi School of Management, New Delhi**, during the academic year 2025-26.

Ms. Anushka Upadhyaya

(Faculty at **Delhi School of Management**)

Date:

DECLARATION

I hereby declare that the project report entitled "IMPACT OF COVID-19 PANDEMIC ON INDIAN STOCK MARKET" submitted by me to Delhi School of Management, Delhi Technological University in partial fulfillment of the academic requirements for the degree of Master of Business Administration which appears to be my original work, has been duly and appropriately referred/cited/acknowledged. This report has not been submitted to any other University/institution for the award of any other degree, diploma, or fellowship.

Ishita Dwivedi

Date:

ACKNOWLEDGEMENT

I, Ishita Dwivedi, would like to acknowledge that this project was completed entirely by me and not by someone else, and I would like to express my profound gratitude to my institute, the Delhi School of Management, for providing me with this opportunity. I would like to express my thanks to all the teachers and a special mention to my mentor, Ms. Anushka Upadhyaya (Faculty at Delhi School of Management), for the time and guidance she provided to me throughout the entire duration of this project. Her useful advice and suggestions were really helpful to me during the project's completion, for which I am extremely grateful to her.

I will fail in my duty if I do not thank the non-teaching staff of the college for their cooperation and efforts in providing me with the best facilities they could. I would like to thank all those who helped me in making this project successful.

Lastly, I am grateful to my family and friends for their unwavering support during this journey.

Ishita Dwivedi

Date:

EXECUTIVE SUMMARY

4 This research project delves into the significant influence of the COVID-19 pandemic on the Indian stock market, aiming to comprehend market volatility, investor behavior, sector-wise performance, and the broader economic consequences. The outbreak of the pandemic in early 2020 caused unprecedented global economic disruptions, resulting in substantial uncertainty in financial markets worldwide.

43 The study examines important indices like the BSE Sensex and NSE Nifty, evaluating their performance before, during, and after the initial waves of the pandemic. By combining quantitative data analysis and qualitative insights, the research investigates how market sentiments changed in response to lockdowns, policy interventions, and vaccination rollouts. Sectoral analysis reveals that while industries like hospitality and aviation faced significant challenges, sectors like pharmaceuticals and information technology showed resilience and experienced growth.

10 The results indicate a significant drop in market indices initially, followed by a fluctuating but robust rebound, fueled by fiscal stimulus, monetary easing by the Reserve Bank of India (RBI), and heightened involvement of retail investors. The research also provides insights into the investment behaviors of individuals, such as the increasing popularity of online trading platforms and the willingness of retail investors to take on more risk during the pandemic.

This research adds to our knowledge of how crisis events impact emerging markets, such as India, and offers suggestions for policymakers, investors, and regulators to strengthen market stability and resilience in the face of future disruptions.

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INTRODUCTION

The stock exchange is a place where people can buy and sell shares of companies. The stock market is often seen as a symbol of economic prosperity and an opportunity for people to invest and increase their wealth. It plays a crucial role in the functioning of modern economies, enabling companies to raise funds and investors to accumulate wealth. While important, the stock market can be confusing or bewildering for many people. In this detailed guide, we will explore the intricacies of the stock market, unraveling its inner workings, key components, and offering valuable insights on how individuals can actively participate in it, while simplifying the often-overwhelming jargon and complexity.

A concise description of the stock exchange.

At its essence, the stock market serves as a meeting point for buyers and sellers, facilitating the exchange of shares of ownership in companies, commonly known as stocks. Buying a stock entails obtaining a portion of ownership in a company. The value of that item can change depending on various factors, including the company's performance, industry trends, economic conditions, and investor sentiments.

There are different types of stock markets, but the two main categories are:

- **Primary market:** where companies introduce new shares to the public for the first time through an initial public offering (IPO)
- **Secondary market:** where previously issued shares are bought and sold among investors

History and evolution of the stock market.

The concept of a stock market has a long history, dating back to the establishment of the Amsterdam Stock Exchange in 1602. The Dutch East India Company was founded by the Dutch East India Company, which used the proceeds from selling its initial shares to finance its trading endeavors. Over time, other countries followed suit, resulting in the creation of modern stock exchanges.

In the United States, the New York Stock Exchange (NYSE) was founded in 1792 and remains one of the most influential markets worldwide. In 1971, the world's first electronic stock market, called the NASDAQ, was created in the United States. In the current era, there are numerous stock exchanges globally, such as the London Stock Exchange, Tokyo Stock Exchange, and Shanghai Stock Exchange.

What is the mechanism behind the stock market?

The stock exchange functions like an auction. Buyers place bids for stocks, while sellers present their asking prices. When the buy and sell prices are equal, a transaction takes place. The cost of goods and services is established by the interplay of supply and demand. Stocks are bought and sold on exchanges, and the process is managed by brokers or online trading platforms. Market participants encompass a wide range of entities, including individual investors, institutional investors, traders, hedge funds, and market makers.

14 There are two varieties of orders:

- **Market order:** buy or sell a stock immediately at the best available price
- **Limit order:** buy or sell a stock only at a specific price or better

What is the rationale behind companies issuing stocks?

2 When a company requires funds to expand its operations, develop new products, or decrease its debt, it can sell shares of stock to the general public. This process is called an initial public offering (IPO).

By going public, a company can gain access to a larger pool of capital without having to take on debt. Nevertheless, it also means the company is responsible to its shareholders and must comply with regulatory guidelines.

Categories of equities.

There are several varieties of stocks, including:

51 **Common stock** provides shareholders with voting rights and the possibility of receiving dividends.

- **Preferred stock:** typically, does not offer voting rights but provides fixed dividends and has priority over common stock in case of liquidation
- **Growth stocks** represent companies that are expected to grow at a rate higher than the average
- **Value stocks:** represent companies that are considered undervalued based on fundamentals
- **Dividend stocks:** regularly distribute a portion of earnings to shareholders

Major Stock Exchanges.

9 Some of the most renowned stock exchanges include:

- **New York Stock Exchange (NYSE):** one of the largest and most prestigious exchanges
- **Nasdaq:** known for technology stocks and electronic trading
- **London Stock Exchange (LSE):** one of the oldest exchanges
- **Tokyo Stock Exchange (TSE):** Japan's main exchange
- **Shanghai Stock Exchange (SSE):** one of the largest in Asia

Every exchange has its own set of requirements for listing, trading rules, and the companies that are allowed to be listed.

Stock market indices.

53 A stock market index is a numerical representation that indicates the overall performance of a collection of stocks. It serves as a standard for investors.

Popular indices include:

- **Dow Jones Industrial Average (DJIA):** tracks 30 large U.S. companies
- **S&P 500:** tracks 500 the performance of 500 of the largest publicly traded companies in the United States.
- **The Nasdaq composite index** is mainly comprised of technology stocks.
- **FTSE 100:** represents the top 100 companies on the London Stock Exchange

7
• **Nikkei 225:** tracks Japanese companies listed on the Tokyo Stock Exchange
Indexes play a crucial role in the investment world, providing investors with a means to track market trends and assess the effectiveness of their investment portfolios.

8 Who are the participants in the stock market?

The stock market is filled with a multitude of participants, each with their own goals and strategies.

- 11
- **Retail investors:** individual investors who buy and sell stocks for personal accounts. They are ordinary individuals utilizing their funds to accumulate wealth, save for retirement, or achieve other financial objectives
 - **Institutional investors:** large organizations such as mutual funds, pension funds, hedge funds, and insurance companies, which handle substantial amounts of capital and frequently impact market trends due to the magnitude of their transactions
 - **Traders:** individuals or entities who engage in the frequent buying and selling of stocks to profit from short-term market fluctuations. Traders can be either individuals or part of larger financial institutions.
 - **Brokers:** financial professionals or firms that facilitate the buying and selling of stocks on behalf of investors. In addition to providing insurance coverage, brokers can also offer guidance on investments, market analysis, and other related services
 - **Market makers:** firms or individuals that ensure market liquidity by being ready to buy and sell particular stocks at publicly quoted prices. They assist in expediting trade execution and mitigating price fluctuations
 - **Regulators:** while not direct market participants in the trading sense, regulatory bodies like the SEC (Securities and Exchange Commission) and others play a crucial role in monitoring market activities, ensuring compliance with laws, and protecting investor interests
 - **Analysts and advisors:** Financial analysts and investment advisors study market trends, evaluate companies, and offer insights and recommendations to investors. They have the flexibility to work either independently or within financial institutions
 - **Corporate insiders:** executives, directors, and employees of publicly traded companies who may buy or sell their company's stock, following strict regulations and disclosure requirements

22
Each person engaged in the stock market has a specific role in guaranteeing its efficient functioning, availability of funds, and protection. Their interactions create an ever-changing environment where prices are continuously adjusted based on the most recent information and sentiment.

29 Risks and rewards.

Engaging in the stock market entails both potential risks and rewards:

- **Rewards:** potential for high returns, dividend income, ownership in companies
- **Risks:** market volatility, economic downturns, company failures, and investor behavior can lead to losses

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By spreading investments across different assets, conducting comprehensive research, and maintaining a long-term outlook, individuals can effectively mitigate and minimize risks.

Recommendations for putting money to work.

Investors utilize various techniques depending on their goals:

- **Buy and hold:** a long-term investment strategy in high-quality companies
- **Growth investing:** concentrate on companies with high growth potential
- **Value investing:** Look for undervalued companies with solid fundamentals
- **Dividend investing:** invest in companies that pay regular dividends
- **Index investing:** invest in entire markets through index funds or ETFs

The function of innovation.

Technology has transformed the stock market:

- **Online Trading Platforms:** Allow investors to trade from anywhere.
- **Algorithmic Trading:** Uses computer programs to execute trades.
- **Mobile Apps:** Make investing more accessible.
- **Robo-Advisors:** Provide automated investment advice based on algorithms.

These advancements have lowered barriers to entry and increased market participation.

Regulation and Oversight

Stock markets are regulated to protect investors and maintain fairness. Key regulatory bodies include:

- **U.S. Securities and Exchange Commission (SEC):** Oversees U.S. markets.
- **Financial Conduct Authority (FCA):** Regulates U.K. markets.
- **Securities and Exchange Board of India (SEBI):** Regulates Indian markets.

Regulations ensure transparency, prevent fraud, and promote investor confidence.

Economic Impact

The stock market reflects and influences the economy:

Rising markets serve as an indicator of economic health, suggesting confidence, while falling markets may indicate potential trouble.

- **Capital allocation:** directs funds to efficient and promising businesses
- **Wealth creation:** helps individuals and institutions increase their wealth
- **Job creation:** companies utilize raised funds to expand and employ more workers

False beliefs and misunderstandings.

The stock market is full of misconceptions:

- "It's just gambling": While there are risks, investing is based on research and analysis, not chance
- "You need a lot of money": many platforms allow investing with small amounts

We will not tolerate any method that does not include line breaks.

PROBLEM STATEMENT

The COVID-19 pandemic resulted in unprecedented disruptions in global economies and financial markets. The Indian stock market, which plays a crucial role in reflecting the nation's economic health, witnessed significant fluctuations, substantial declines, and widespread investor anxiety during the early stages of the pandemic. Even though the market eventually bounced back, the pandemic exposed several underlying weaknesses, changes in investor behavior, and variations in performance among different sectors. Despite the significant impact, there remains a lack of consolidated academic research exploring the exact nature, extent, and dynamics of COVID-19's influence on the Indian stock market, particularly in terms of market trends, investor behavior, sectoral performance, and policy response. Consequently, this research endeavors to investigate and evaluate the influence of the COVID-19 pandemic on the Indian stock market, filling the existing knowledge gap and offering valuable insights for future financial planning.

SCOPE

Scope of the Study:

This study primarily focuses on understanding the short-term and long-term impacts of the COVID-19 pandemic on the Indian stock market. It examines the behavior of key stock indices such as Nifty 50 and Sensex, and the performance of various sectors like healthcare, IT, banking, FMCG, and aviation during the pandemic period.

The study also covers the reaction of investors, both retail and institutional, to the market fluctuations caused by the pandemic. Special attention is given to changes in investment patterns, market volatility, and risk perception among investors.

The study includes:

- The comparison of stock market performance before, during, and after major COVID-19 waves in India.
- The analysis of government and RBI measures aimed at stabilizing the financial markets.
- Primary data collection from individual investors (via questionnaire/interviews) to understand their perception, decisions, and experiences during the pandemic.

The geographical scope is limited to India, and the research timeframe focuses on the period between January 2020 to December 2022, encompassing the outbreak, peak, and recovery phases of the pandemic.

The study does not cover global markets in detail, but may reference them for comparative analysis when relevant. It is also limited by the availability of secondary data and the sample size of primary data respondents.

LITERATURE REVIEW

1. Atri, H. and Chatrath, A. (2020) in their study titled "Impact of COVID-19 on the Indian stock market: a sectoral analysis", analyzed the impact of the pandemic on different sectors within the Indian stock market using daily stock returns from January to May 2020. The researchers utilized event study methodology and determined that sectors like pharmaceuticals and information technology demonstrated resilience during the crisis, whereas sectors such as tourism, real estate, and aviation experienced significant negative impacts as a result of mobility restrictions and decreased consumer demand.
2. Kumar, M. And R. In 2020, the researcher conducted a study on the volatility of the Indian stock market during the COVID-19 pandemic, employing GARCH models and volatility indices. The results indicated that the Nifty 50 and Sensex experienced significant fluctuations during the lockdown periods in March and April 2020. The research emphasized that investor sentiment and panic were major factors influencing market movements, overshadowing the impact of fundamental economic changes.
3. Narayan, P.K. and Phan, D.H.B. (2021) investigated the "predictability of stock returns during COVID-19" using high-frequency data from Indian markets. Based on their empirical study, the researchers found that the Indian stock market displayed predictable patterns during the pandemic, with media coverage intensity and infection rates playing a crucial role in shaping investor behavior and short-term returns.
4. Siddiqui, F.A. (2021) in the paper titled "Covid-19 and Indian Stock Market: Evidence from Sectoral Indices," examined daily returns across 10 distinct sectoral indices. Using paired t-tests and regression analysis, the author concluded that while the overall market suffered initially, sectors such as healthcare, FMCG, and it recovered faster, suggesting investors moved towards defensive stocks during uncertain times.
5. The author concludes that the data support their hypothesis. And Rath, B.N. (2020) conducted a study on the Indian stock market's reaction to news about the COVID-19 pandemic. The study found that the market responded strongly to daily increases in COVID-19 cases and deaths. The research utilized daily data from January to June 2020 and employed variance and impulse response functions, revealing that stock returns were adversely impacted by the virus's spread and the implementation of government-imposed restrictions.
6. Yadav, S. Singh, R. (2020). And Singh, R. 2020). (2020) examined the "behavior of the Indian stock market during the COVID-19 lockdown period". The research was conducted using existing data and employed descriptive analysis. Investor confidence

reached its lowest point during the initial lockdown, but the government's stimulus packages and the central bank's interventions played a crucial role in reviving market sentiment in the latter part of 2020.

7. Mehta, R. And Sharma, k. (2020) carried out a comparative analysis in "stock market volatility in India before and during the COVID-19 pandemic". By analyzing historical data of BSE and NSE from 2019 and 2020, the authors determined the standard deviation and beta values of the chosen stocks. The outcome revealed a significant rise in volatility during the pandemic, with the banking and automobile sectors experiencing the most significant impact.
8. Chaudhary, M., Chaudhary, E., and Yadav, C. (2021) in their research paper titled "COVID-19 and stock market volatility: evidence from top 10 affected countries," India was included in a global comparative study. They discovered that India's market volatility was among the highest among the selected nations, and they observed that government responses played a crucial role in stabilizing financial markets. They employed econometric models, such as EGARCH and ARIMA, for their analysis.
9. Ray, S., and Vani, M. In their research titled "Investor Sentiment and Stock Market Volatility during the Covid-19 Pandemic in India", published in 2020, the authors examined the relationship between investor sentiment, as indicated by online search behavior on Google Trends, and market fluctuations during the pandemic. The research indicated a strong connection between panic-driven searches (such as "coronavirus", "lockdown", and "stock market crash") and market declines, especially during March 2020.
10. Tripathi, v., and Garg, s. (2020) examined the influence of policy announcements on the Indian stock market during the COVID-19 pandemic. This paper emphasized the beneficial impact of fiscal stimulus packages, RBI policy adjustments, and Atmanirbhar Bharat initiatives on the stock market's revival. The study employed an event study approach to analyze the impact of significant policy announcements and discovered a robust positive market reaction to government interventions.
11. Arora, H., and Pandey, A. (2021) conducted a study titled "A Study of stock market reaction to COVID-19: evidence from India" and analyzed a sample of 50 companies listed on NSE. They discovered that the stock price response differed greatly among industries and was influenced by specific factors like the size of the company, its liquidity, and the amount of debt it had.
12. das, r. And Mishra, S. (2020) carried out a research project called "Impact of the Coronavirus on the Indian Stock Market: A Focus on Nifty and Bank Nifty". They employed technical indicators like moving averages, RSI, and Bollinger bands to examine patterns. The research findings indicated that the bank nifty was one of the

most severely affected indices and exhibited a slower recovery rate compared to broader market indices such as the Nifty 50.

13. purohit, h., and purohit, m. In 2020, the study analyzed the performance of different sectors and their impact on the stock market during the COVID-19 pandemic. It also conducted a statistical analysis on the pre- and post-COVID performance data. They observed a significant change in investor preferences, with a greater focus on defensive and technology-driven sectors.
14. Sharma, D. (2020). Conclusion of our results. (2020) in "COVID-19 pandemic and its impact on stock market: evidence from India" provided a comprehensive review of how global uncertainty affected foreign institutional investors (FIIs). The research highlighted a significant decrease in foreign investment during March and April 2020, resulting in a shortage of funds and hastening the decline in the market.
15. Jain, A., and Jain, P. (2021) in their research "The Impact of COVID-19 Lockdowns on Small-Cap and Large-Cap Stocks in India", revealed that small-cap stocks were more adversely affected than large-cap stocks due to their limited liquidity and higher exposure to domestic market conditions. Their research indicated that major institutional investors favored more secure large-cap investments during the pandemic.

RESEARCH DESIGN

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The study seeks to comprehend the effects of the COVID-19 pandemic on the Indian stock market, with a particular emphasis on investor behavior, sectoral performance, market volatility, and the role of government policies. The goal is to analyze the immediate and long-term impacts of the COVID-19 pandemic on investment trends, market fluctuations, and the resilience or vulnerability of different sectors during this challenging period. The study also examines investor sentiment, stock price movements, and changes in risk perception during various stages of the pandemic, such as before, during, and after the lockdown.

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The research further intends to assess how individual investors, institutions, and foreign portfolio investors (FPIs) reacted during this crisis and whether macroeconomic announcements and policy interventions by the government of India and the Reserve Bank of India helped stabilize the stock market.

The research period spanned 30 days, focusing on collecting responses from retail investors, brokers, and financial advisors in the Dalal Street (Mumbai) area, considering its significance as the financial hub of India. The researcher chose this location because it offered easy access to a diverse range of market participants who had firsthand experience dealing with market fluctuations caused by the pandemic.

Methods and Instruments for Gathering Data

To gather information for this study, both primary and secondary data collection methods were utilized. Data was collected first-hand. Data from a questionnaire with a pre-determined format was gathered as primary data. The participants comprised private investors.

- Interviews were conducted in both structured and open-ended formats to allow for a detailed exploration of investment behavior and perception of market risk during the COVID-19 crisis. These interviews provided valuable insights into the participants' emotional responses, their level of confidence in the market, and their tendency to seek guidance from experts during times of market downturns.
- Questionnaires were designed with a mix of dichotomous questions (yes/no), multiple-choice, and a few open-ended questions

Questions were based on:

- awareness and knowledge about COVID-19's market impact.
- alterations in financial approach throughout the outbreak.
- confidence in government stimulus packages.
- The shift towards safe-haven assets, such as gold and government securities, became evident.
- willingness to invest during high market volatility.

5
These tools facilitated the collection of data from a sample size of 60 respondents, who were randomly selected from financial firms and brokerage houses located near Dalal Street and Fort, Mumbai.

Data from Other Sources.

Data from:

- NSE and BSE stock index archives
- Sebi reports on market trends during the pandemic
- Articles from financial newspapers such as The Economic Times, Business Standard, and Mint
- Reports published by the Reserve Bank of India and the Ministry of Finance
- Research papers and publications from reputable sources such as SSRN, Research Gate, and journal databases
- Data from Bloomberg, Trading Economics, and Investing

By combining quantitative (stock data) and qualitative (interview insights) sources, the researchers were able to cross-reference and validate their findings, resulting in a more reliable and comprehensive understanding.

Methodology of Our Experiment

The sampling design adhered to the principles of random sampling, with a particular emphasis on demographic diversity, particularly in age, income group, and experience in investing.

- sampling unit: individual investors (experienced or inexperienced)
- inclusion criteria:
- belonging to either the retail or institutional investor categories.
- minimum age: 18 years.

The sampling criteria were:

- investment decision-making process during the pandemic

Constraints of the Research:

1. Limited response from participants: Many participants hesitated to dedicate time or provide comprehensive input.
2. Several participants expressed discomfort in disclosing precise information about their investments, losses, or gains during the market downturn. This limited the range of certain answers.
3. Due to the limited time frame of only 3 days, it was not possible to cover a broader geographical or sectoral area, which restricts the applicability of the results.
4. Assumption of honesty in responses: The responses are assumed to be truthful and precise.
5. The research heavily relied on secondary data sources, such as published reports and government documents, which may have limitations in terms of real-time accuracy or delays in release.

QUESTIONNAIRE

4/18/25, 12:04 PM

Impact of Covid-19 on Indian Stock Market

Impact of Covid-19 on Indian Stock Market

Hello everyone !!! 🙌

My name is **Ishita Dwivedi** and I am conducting this survey to understand the **impact of COVID-19 on the Indian stock market**, especially how it affected people's investment habits and confidence. Your responses will help in analyzing trends and investor behavior during and after the pandemic. Would really appreciate if you could take out 2-3 minutes from your valuable time to please fill this out. All your answers will be kept confidential and will be used only for study purposes so please be as accurate as possible. If you have any further thoughts or suggestions, please feel free to share them. Thank you for your valuable time and input!
Stay safe and keep investing wisely! 🙌

* Indicates required question

1. Email *

2. Your Name *

3. Gender

Mark only one oval.

- Female
 Male
 Prefer not to say

<https://docs.google.com/forms/d/1M-bGzYfbVyA8KOpSjZP6-Ud7vIAN-kmy8v7kTxp8SM/edit>

1/7

4/18/25, 12:04 PM

Impact of Covid-19 on Indian Stock Market

4. Have you ever invested in the Indian stock market? *

Mark only one oval.

Yes

No

5. Were you investing in the stock market before the COVID-19 pandemic? *

Mark only one oval.

Yes

No

6. Did you stop or reduce your investment during the COVID-19 pandemic? *

Mark only one oval.

Yes

No

Not Applicable (I didn't invest)

7. Did the COVID-19 pandemic affect your trust in the stock market? *

Mark only one oval.

Yes

No

Maybe

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2/7

4/18/25, 12:04 PM

Impact of Covid-19 on Indian Stock Market

8. How would you rate the performance of the Indian stock market during COVID-19? *

Mark only one oval.

- Very Poor
- Poor
- Average
- Good
- Very Good

9. Did you notice a rise or fall in stock prices during the pandemic? *

Mark only one oval.

- Mostly Rise
- Mostly Fall
- Both
- Not Sure

10. Did you take any advice before investing during the pandemic? *

Mark only one oval.

- Yes, from a professional
- Yes, from friends/family
- No, I did it myself
- I didn't invest

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3/7

4/18/25, 12:04 PM

Impact of Covid-19 on Indian Stock Market

11. Do you think the stock market recovered well after COVID-19? *

Mark only one oval.

- Yes
 No
 Not Sure

12. Are you currently investing in the stock market? *

Mark only one oval.

- Yes
 No
 Planning to start

13. Would you invest more confidently in the future, even if there is another crisis like COVID-19? *

Mark only one oval.

- Yes
 No
 Maybe

<https://docs.google.com/forms/d/1M-bGzYffbVyA8KOpSjZP6-Ud7vIAN-kmy8v7kTxp8SM/edit>

4/7

4/18/25, 12:04 PM

Impact of Covid-19 on Indian Stock Market

14. Did you gain profit from the stock market during the pandemic? *

Mark only one oval.

- Yes
- No
- Break- even
- I didn't invest

15. Which type of stocks did you prefer (if any) during the pandemic? *

Mark only one oval.

- Pharma/Healthcare
- IT/Tech
- FMCG
- Banks
- I didn't invest

16. During COVID-19, did you see investing in the stock market as: *

Mark only one oval.

- A risk
- An opportunity
- Both
- I didn't think about it

<https://docs.google.com/forms/d/1M-bGzYlfbVvA8KOpSjZP6-Ud7vIAN-kmy8v7kTxp8SM/edit>

5/7

4/18/25, 12:04 PM

Impact of Covid-19 on Indian Stock Market

17. Did you learn more about the stock market during the COVID-19 lockdowns? *

Mark only one oval.

Yes

No

A little bit

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Google Forms

<https://docs.google.com/forms/d/1M-bGzYlfbVyA8KOpSjZP8-Ud7vIAN-kmy8v7kTxp8SM/edit>

6/7

DATA ANALYSIS & INTERPRETATION OF THIS QUESTIONNAIRE

Based on our findings from the responses to this questionnaire following is the analysis

1. Investor Experience

- **Q: Have you ever invested in the Indian stock market?**

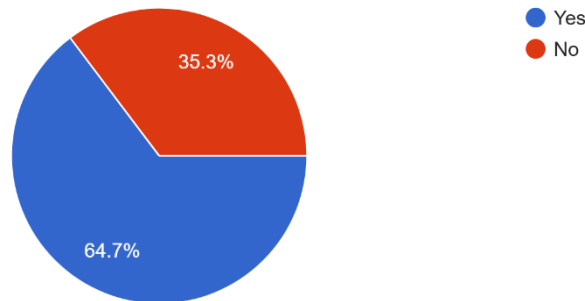
Yes: 64.7%

No: 35.3%

→ A significant portion had prior investment experience, providing a balanced base for analysis.

Have you ever invested in the Indian stock market?

34 responses



•

2. Pre-COVID Investment Behavior

- **Q: Were you investing before COVID-19?**

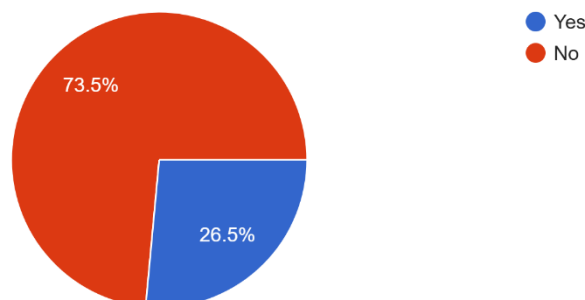
Yes: ~26.5%

No / Not applicable: ~73.5%

→ The pandemic became a first-time market experience for many.

Were you investing in the stock market before the COVID-19 pandemic?

34 responses



3. Investment Reaction During COVID-19

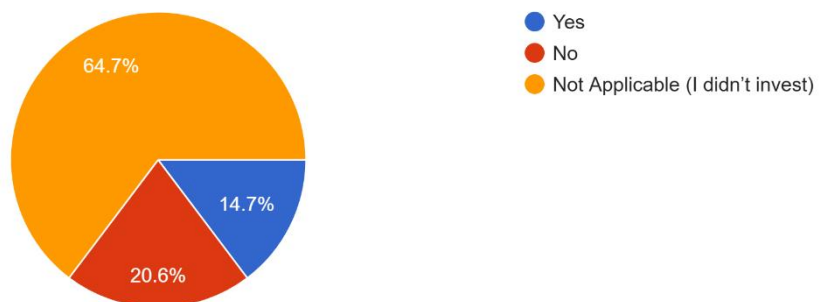
- **Q: Did you stop/reduce investing during COVID-19?**

- Yes: 14.7%
- No: 20.6%
- Not applicable (didn't invest): 64.7%

→ The uncertainty caused many investors to pause or withdraw, while some continued actively.

Did you stop or reduce your investment during the COVID-19 pandemic?

34 responses



4. Trust in the Stock Market During Crisis

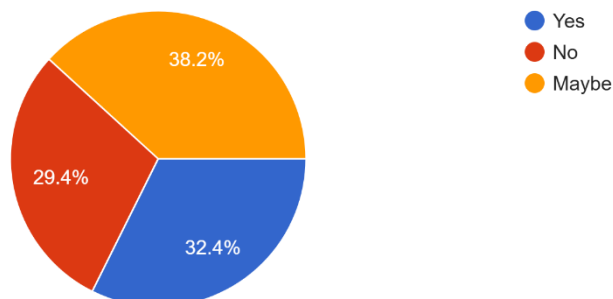
- **Q: Did COVID-19 affect your trust in the market?**

- Yes: 32.4%
- No: 29.4%
- Maybe: 38.2%

→ Nearly half were unsure, showing mixed sentiment and heightened uncertainty.

Did the COVID-19 pandemic affect your trust in the stock market?

34 responses

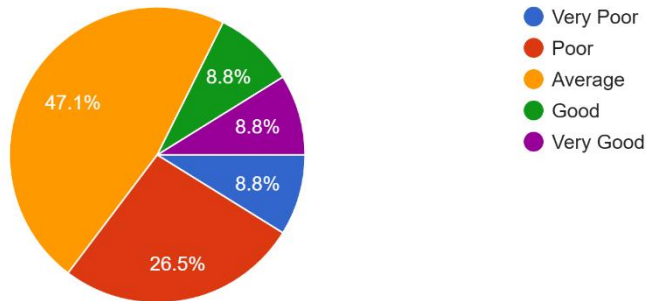


5. Market Performance Perception

• **Q: Rate the Indian stock market’s performance during COVID-19:**

- Very Poor: 8.8
 - Poor: 26.5
 - Average: 47.1
 - Good: 8.8
 - Very Good: 8.8
- Respondents largely viewed performance negatively, reflecting emotional reactions to the early 2020 crash.

How would you rate the performance of the Indian stock market during COVID-19?
34 responses



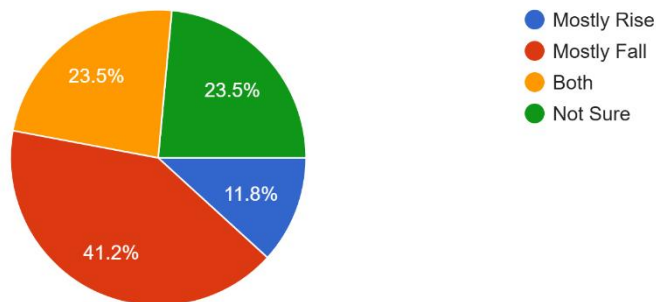
6. Observed Stock Price Trends

• **Q: Did you notice a rise or fall in stock prices?**

- ☒ Mostly Fall: 41.2%
- 👁️ Both Rise and Fall: 23.5%
- ❓ Not sure: 23.5%

→ The crash was evident, but some respondents were unaware or inexperienced.

Did you notice a rise or fall in stock prices during the pandemic?
34 responses



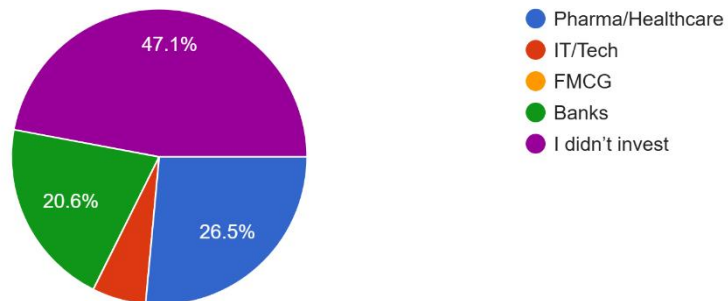
7. Stock Type Preferences

- **Q: Which stocks did you prefer during COVID-19?**

- Pharma/Healthcare: 26.5
- Banks: 20.6
- IT/Tech: 5.8
- Didn't Invest: 47.1 (Majority)
→ Reflects rational sectoral shifts — Pharma and Tech outperformed while banking was mixed.

Which type of stocks did you prefer (if any) during the pandemic?

34 responses



8. Risk vs Opportunity Perception

- **Q: How did you view investing during COVID-19?**

⚠ Considered a risk: 5.9%

☑ Regarded as an opportunity: 17.6%

⚖ Viewed as both: 35.3%

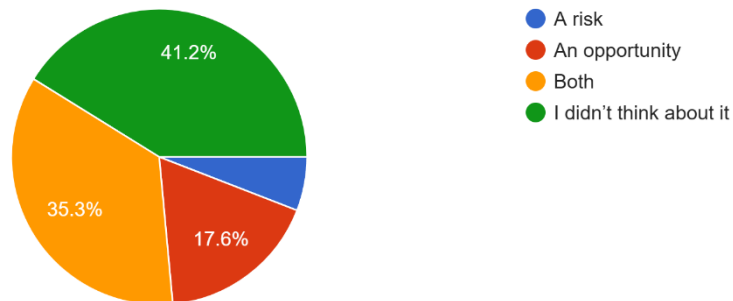
😐 Not taken into account: 41.2%

→ The majority of investors either avoided the market or felt uncertain, with only a

small fraction seeing it as a buying opportunity.

During COVID-19, did you see investing in the stock market as:

34 responses



9. Recovery Perception

- **Q: Has the stock market recovered adequately after COVID?**

Yes: 64.7%

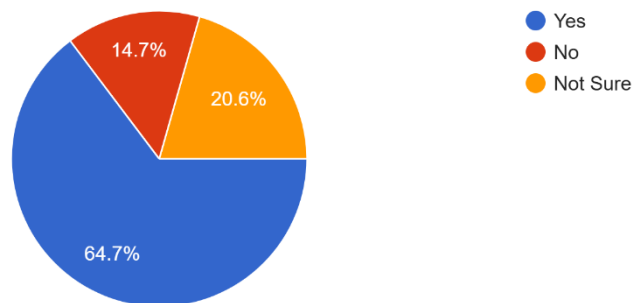
No: 14.7%

Not sure: 20.6%

→ While there was volatility, most respondents were optimistic about the recovery, which corresponded with the actual rebounds of Sensex/Nifty by the end of 2021.

Do you think the stock market recovered well after COVID-19?

34 responses



10. Current & Future Investment Outlook

- **Currently investing?** → 60% Yes
- **Confident about investing during future crises?**

Yes: 41.2%

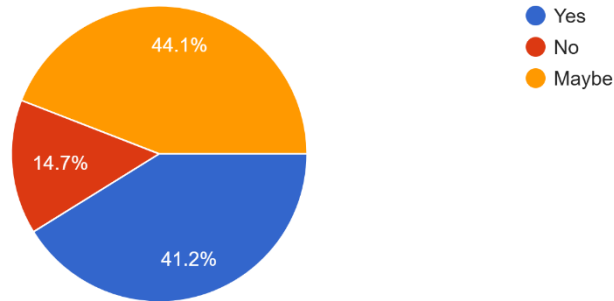
No: 14.7%

Maybe: 44.1%

→ A growing belief in long-term investing is seen post-COVID.

Would you invest more confidently in the future, even if there is another crisis like COVID-19?

34 responses



FINDINGS

1. **Trust shock:** The pandemic temporarily shook investor confidence, but it rebounded strongly after 2021.
2. **During the pandemic,** the sectors that attracted the most investment were pharmaceuticals, technology, and banks.
3. A significant number of respondents admitted that they either didn't seek advice or were completely unaware of the resources that were available to them.
4. **Behavioral finance impact:** Emotional decision-making was prevalent, with few individuals recognizing it as a means to build wealth.
5. The introduction of lockdowns resulted in a substantial surge in the number of people who were new to the realm of retail investing.

ANALYSIS

Overview of Indian Stock Market Indices

• NIFTY 50 Index Performance

The NIFTY 50 index, representing 50 major Indian companies, showcased significant volatility during the pandemic years.

Annual Performance:

- 2020: Closed at 13,981.75, marking a 14.90% increase from the previous year.
- 2021: Ended at 17,354.05, a substantial 24.12% rise.
- 2022: Finished at 18,105.30, with a modest 4.33% gain.

Source: Wikipedia - NIFTY 50

Monthly Trends in 2022:

- June 2022: Notable low at ₹15,183.4.
- December 2022: Peaked at ₹18,887.59.

Source: Stock Price Archive - NIFTY 50

Market Summary > NIFTY 50

24,333.80

+ Follow

+23,443.00 (2,631.68%) ↑ all time

28 Apr, 2:09 pm IST • Disclaimer



1D	5D	1M	6M	YTD	1Y	5Y	<u>Max</u>
Open	24,070.25	Low	24,054.05	52-wk high	26,277.35		
High	24,355.10	Prev close	24,039.35	52-wk low	21,281.45		

- **BSE SENSEX Index Performance**

The BSE SENSEX, comprising 30 prominent companies, mirrored similar trends.

Annual Performance:

- 2020: Closed at 47,751.33, a 15.75% increase.
- 2021: Surged to 58,253.82, reflecting a 22% rise.
- 2022: Reached 61,000.00, marking an 18% growth.

Source: Top Foreign Stocks - BSE SENSEX

Monthly Trends in 2020:

- March 2020: Sharp decline to ₹25,638.9.
- December 2020: Recovery to ₹47,751.33.

Source: Stock Price Archive - BSE SENSEX

Market Summary > BSE SENSEX

80,256.59

+ Follow

+79,695.58 (14,205.73%) ↑ all time

28 Apr, 2:09 pm IST • Disclaimer

1D | 5D | 1M | 6M | YTD | 1Y | 5Y | Max



Open	79,343.63	Low	79,341.35	52-wk high	85,978.25
High	80,321.88	Prev close	79,212.53	52-wk low	70,234.43

Indian markets showed a stronger recovery compared to other global markets, instilling confidence in investors.

- The BSE's market capitalization increased by 137% in December 2022 compared to March 2020, the highest among major markets

Source: Fortune India.

THE MARKET CAPITALIZATION OF THE TOP 10 INDIAN COMPANIES WAS ANALYZED BEFORE AND AFTER THE IMPACT OF THE COVID-19 PANDEMIC.

The COVID-19 pandemic had a profound impact on India's corporate sector, resulting in notable changes in the market capitalization of its leading companies. This comparative analysis examines the top 10 Indian companies by market capitalization before and after the pandemic (March 2020) and their performance in the years following the pandemic (March 2024).

Comparative Market Capitalization: March 2020 vs. March 2024

Company	Sector	Market Cap (₹ Lakh Cr) - March 2020	Market Cap (₹ Lakh Cr) - March 2024
Reliance Industries Ltd.	Oil & Gas, Telecom	8.5	19.88
TCS	Information Technology	7.7	13.82
HDFC Bank Ltd.	Banking	6.5	12.70
Hindustan Unilever Ltd.	FMCG	4.5	4.00
Infosys Ltd.	Information Technology	3.5	6.85
ICICI Bank Ltd.	Banking	3.2	8.22
Kotak Mahindra Bank Ltd.	Banking	3.0	—
State Bank of India	Banking	2.8	5.13
Bharti Airtel Ltd.	Telecommunications	2.5	4.50
ITC Ltd.	FMCG, Hotels	2.3	3.80
LIC	Insurance	—	4.20

SECTORAL PERFORMANCE AND TRENDS

Performance and alterations in various industries.

The pandemic's impact varied by sector:

- Information technology (it) has experienced significant growth due to the rapid digital transformation, with companies like TCS and Infosys reporting impressive earnings
- Pharmaceuticals: the health crisis surged demand for these products, resulting in a rise in stock prices
- The banking and financial services sector encountered difficulties due to loan moratoriums and an increase in non-performing assets, but experienced a recovery as economic activities resumed
- Hospitality and aviation industries have been significantly affected by travel restrictions, with a lengthy recovery period expected
- Consumer goods experienced a mix of outcomes, with essential goods continuing to be in demand, while discretionary items saw a decrease in consumption

Economic indicators and market correlation.

1. GDP growth of 1%.

India's gross domestic product (GDP) experienced a decline of 7.3% in the fiscal year 2020-21, reflecting the substantial influence of the pandemic on the nation's economy.

In the subsequent years, the economy witnessed a favorable recovery, attributed to government assistance and policy adjustments.

2. Costs and interest rates.

Market dynamics were shaped by inflationary pressures and changes in interest rates. The central bank of India's monetary policies played a vital role in stabilizing the economy.

Result:

Comprehensive examination of each industry.

1. **Banking sector:** The banking sector initially faced stress from loan moratoriums and rising NPAS, but private banks such as HDFC and ICICI rebounded strongly. Digital transformation enabled business continuity and expansion.
 - **ICICI Bank:** demonstrated consistent growth from 2021 to 2024, with the most significant increase of +38

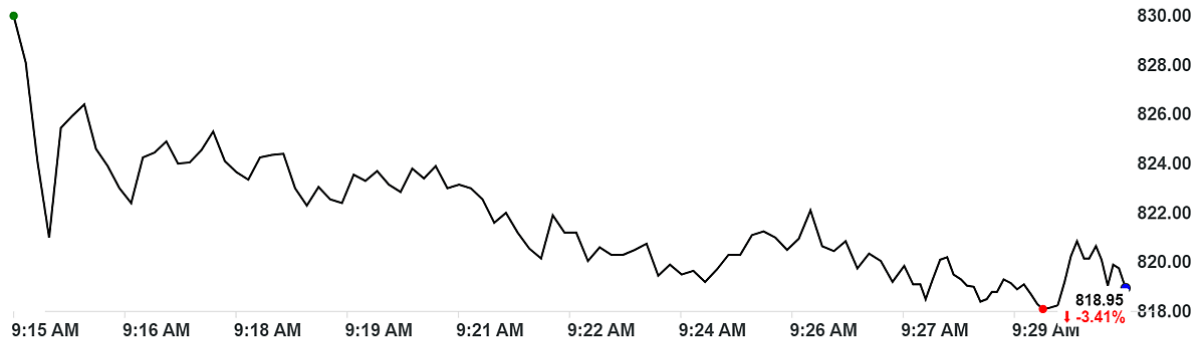
- **SBI:** experienced a substantial rebound in 2021 with a +69

SBI Hits Lowest In Nearly Two Months

SBIN (INTRADAY)

High: 830.90

Low: 818.45



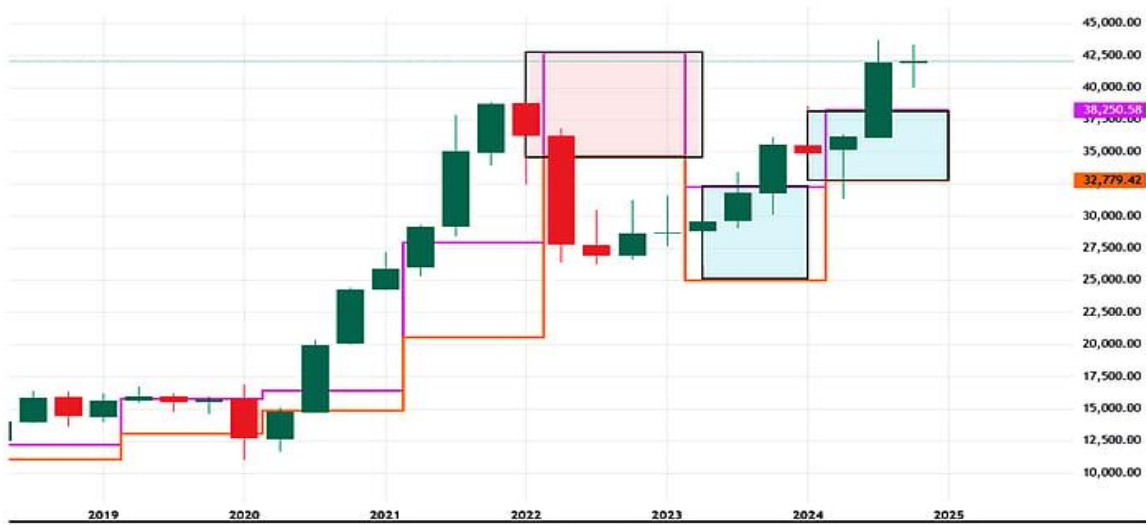
Source: NSE



2. **Information Technology Sector:** Benefitting from a surge in global digital transformation, Indian IT firms experienced a boom. Remote work and cloud demand boosted revenues for giants like TCS and Infosys.

Nifty IT Index

3 Month Candlesticks



Source: CK Narayan

NDTV | Profit

- FMCG Sector:** Despite supply chain disruptions, demand for essential goods, hygiene products, and packaged foods helped FMCG companies remain stable. ITC and HUL performed consistently.





4. **Telecommunications Sector:** With the surge in remote work, online learning, and streaming, data consumption rose dramatically, benefiting companies like Bharti Airtel. 5G deployment also contributed to growth.

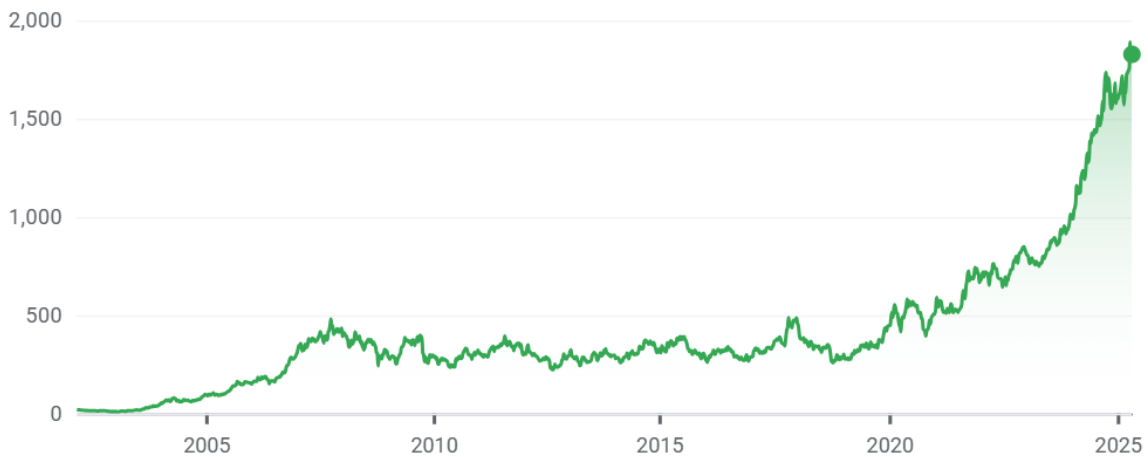
HOME > BHARTIARTL · NSE

Bharti Airtel Ltd

₹1,827.20 ↑ 9,265.45% +1,807.69 MAX

Apr 29, 3:57:14 PM UTC+5:30 · INR · NSE · Disclaimer

1D 5D 1M 6M YTD 1Y 5Y MAX



5. **Insurance Sector:** Post-pandemic awareness about health and life insurance surged. LIC's IPO and strong policy uptake reflected this trend.

LIC SHARE PRICE HISTORY TABLE FROM 2022 TO 2025

Year	LIC	YOY Chg%	↑High - ↓Low
2025	₹800.4	-10.7%	↑ ₹917.9 ↓ ₹715.3
2024	₹896.4	7.7%	↑ ₹1,222 ↓ ₹819.3
2023	₹832.5	21.6%	↑ ₹843.9 ↓ ₹530.04
2022	₹684.6	-	↑ ₹918.95 ↓ ₹588

GLOBAL MARKET COMPARISONS: COVID-19 AND THE INDIAN STOCK MARKET.

The COVID-19 pandemic had a global impact on financial markets, but the extent, severity, and recovery trajectories differed greatly among nations. By examining the Indian stock market's reaction in comparison to other global markets like the United States, China, and the European Union, we gain a more comprehensive understanding of India's ability to withstand challenges and its susceptibility to vulnerabilities.

1. Initial market shock and recovery rate.

In the first half of 2020, when the pandemic hit, stock markets worldwide experienced a significant decline. The BSE Sensex and Nifty 50 both experienced a decline of over 30% by March 2020, reflecting similar trends observed in other major indices such as:

The S&P 500 (USA) experienced a significant decline of approximately 34% from February to March 2020.

The UK's FTSE 100 index experienced a decline of approximately 33% during the same period.

The Shanghai composite index (China) experienced a decline of around 13%, but it rebounded more swiftly due to early containment measures.

However, India's post-lockdown recovery was relatively quicker compared to most European markets. By the end of 2020, the stock market had rebounded by over 80% from its lowest point, fueled by increased retail participation and liquidity injections from the Central Bank of India (RBI).

2. Foreign institutional investment (FII) trends.

Fire played a crucial role in the recovery trajectory. During the early stages, India experienced a significant outflow of capital, amounting to approximately INR 60,000 crore in March 2020. However, by the third quarter of 2020, India witnessed a surge in foreign investments, surpassing \$20 billion, which had a positive impact on the country's stock market.

In opposition:

The U.S. Markets bounced back rapidly as a result of the Federal Reserve's prompt actions and the implementation of a substantial stimulus package worth \$2.2 trillion (CARES Act).

China placed greater emphasis on domestic investment and fiscal control, reducing its dependence on external flows.

European markets experienced slower recoveries compared to other regions because of the fragmented nature of their stimulus measures and the prolonged duration of lockdowns.

3. Distinctive variations in recuperation.

Across industries, technology and medical fields surpassed expectations. India mirrored a similar pattern, with the pharmaceutical industry and India's stock market experiencing significant growth. Nevertheless, Indian aviation and hospitality stocks did not perform as well as their global counterparts in terms of recovery, primarily because of longer restrictions and a slower pace of vaccination during 2021.

4. Evaluation of Our Recommendations

India's response to the crisis involved a mix of monetary easing (RBI rate cuts), fiscal packages (Atmanirbhar Bharat Abhiyan), and regulatory forbearance. While successful, these measures were less aggressive than.

U.S. Monetary easing initiatives.

EU's €750 billion recovery fund.

China's government-led financing assistance for sectors.

Despite having limited financial resources, India's policy response was adequate to instill confidence in investors and support a rapid market recovery.

5. Trends in Investor Behavior

India witnessed an extraordinary surge in retail investors during the pandemic, with the help of digital platforms such as Zerodha and Groww. This trend resembled similar patterns observed in the United States (e.g., Robinhood effect), but India's demographic advantage (younger population) may lead to more sustained participation.

In contrast to global markets, India's stock market exhibited significant volatility, a swift recovery, and a substantial influx of retail and FII capital. Despite limited resources, India's response to the crisis was successful in stabilizing markets, although challenges in economic recovery and sectoral disparities persist to a greater extent than in China or the United States.

3 **THE LONG-TERM EFFECTS OF THE COVID-19 PANDEMIC ON THE INDIAN STOCK MARKET.**

4 The COVID-19 pandemic has had a profound impact on the Indian stock market, altering investor behavior, market participation, and regulatory strategies. Initially, the pandemic was characterized by extreme volatility and widespread uncertainty, but as time went on, significant structural changes occurred that continue to shape the market's operations.

1. Growth of Retail Involvement.

26 The lockdown period sparked an unprecedented surge in retail investors, with many of them venturing into the market through digital trading platforms. According to data from the Securities and Exchange Board of India (Sebi) and the National Stock Exchange (NSE), millions of new demat accounts were created between 2020 and 2022. The surge in demand has altered the market's liquidity dynamics and amplified the impact of retail investors on price fluctuations, especially in mid- and small-cap stocks.

2. The rapid growth of digital finance.

Remote access, mobile apps, and online brokerage services have become widely accepted and utilized. The digitization of investing has not only made it more accessible to the general public but has also increased the importance of cybersecurity, digital literacy, and the regulation of fintech. Traditional brokerage models are gradually being replaced by low-cost, technology-driven platforms.

3. Change in Investor Sentiment.

8 The pandemic increased people's awareness of risk and uncertainty, resulting in a greater inclination towards diversified investment portfolios. There has been a significant rise in investments in mutual funds, gold exchange-traded funds (ETFs), and government bonds, indicating a shift towards more balanced and long-term investment approaches. The study of behavioral finance has gained more attention and understanding, resulting in a gradual improvement in investor maturity and decision-making.

4. Enhanced legal structure.

Regulatory bodies such as SEBI have taken action by implementing stricter compliance standards, improving disclosure practices, and establishing more effective mechanisms for addressing investor grievances. After the pandemic, market regulators have become more vigilant in managing market volatility and promoting transparency, especially during times of global or domestic upheaval.

5. Sector restructuring.

The long-term perspective of numerous industries has changed. The pharmaceutical, healthcare, and digital industries are now seen as more resilient, while sectors like hospitality and aviation are re-evaluating their business models to improve risk management. The adjustment of sectors in significant indices mirrors these evolving structural transformations.

6. Policy knowledge and reliance.

The pandemic exposed the clear connection between government actions (fiscal packages, central bank interventions) and the stability of the market. Investors and institutions are now taking into account policy cues more deliberately, indicating a greater awareness of the broader economic landscape in their investment decisions.

PROPOSALS AND GUIDELINES FOR ACTION.

The COVID-19 pandemic revealed significant weaknesses in India's financial system and investor ecosystem. Based on the results of this research, the following suggestions and policy-level interventions are proposed to fortify the Indian stock market's resilience and boost investor confidence in the face of future crises:

1. Promote financial literacy and investor education.

Many retail investors, particularly those who were new to the market during the pandemic, did not have the required knowledge to handle extreme market fluctuations. There is a pressing requirement for:

- Sebi-led nationwide financial literacy campaigns, specifically targeting tier II and tier III cities, aimed to educate and empower individuals in these regions.
- Incorporating the fundamentals of investing into educational curricula at the school and college level.
- Workshops on risk management, asset diversification, and emotional biases in investment.

2. Encourage varied investment options.

During the pandemic, investors heavily focused on a few sectors, such as pharmaceuticals, which increased the overall risk in the market. Policymakers should:

- Promote the growth and advertising of affordable exchange-traded funds (ETFs) and mutual funds that are not limited to specific sectors.
- Encourage retail investors to participate in bonds, gold exchange-traded funds (ETFs), and real estate investment trusts (REITs) to achieve a more diversified investment strategy.

3. Implement measures to enhance crisis communication and market equilibrium.

Investor anxiety was heightened by false information and a lack of clarity. To lessen this:

- Sebi and RBI should provide real-time advisories and confidence-building measures during times of market stress.
- Create a market stability task force to swiftly address financial crises and maintain stability in the market.

4. Promote Internet connectivity and supervision.

The increasing popularity of mobile trading apps and algorithmic trading necessitates the implementation of stringent regulations. Recommendations consist of:

- Strengthening cybersecurity measures for fintech platforms.
- Consistent monitoring of algorithmic trading practices to guarantee transparency and fairness.

5. Encourage financial education for traders and investors.

To minimize herd mentality and impulsive investing:

- Organize training sessions for brokers, advisors, and fund managers to educate them about the psychological aspects of investors.
- Introduce AI-based sentiment analysis tools that are easily accessible to retail investors, enabling them to make more informed decisions.

6. Encourage long-term investment conduct.

The pandemic caused a surge in short-term speculative activity. To redirect attention to the establishment of long-term financial gains:

- Provide tax incentives for maintaining stocks for 3+ years.
- Promote stock investment via workplace-based platforms.

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