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An Analytical Study on Volatility and Impact of Selected Sectoral Indices on National Stock Exchange during Covid-19

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Abstract

The main objective of this paper is to analyze the COVID-19 effects in selected companies in NSE. Ten companies based on market capitalization for the sectoral indices analyses are studied. The company's growth in sectoral Indices was analyzed for the pre and post COVID-19 period by collecting one and half a year data from July 2019 to October 2020 using two hypotheses. The unit test, Co-integration test, serial correlation, heteroscedastic tests, and GARCH tests were performed to perform this hypothesis. Generally, regression tests are used for analysing the company's growth. Based on the results, the cointegration results reveal moderate Volatility during the pandemic period from February 2020 to October 2020, whereas during the pre-period, it shows high Volatility. This result is identical to both the volatile and regression tests.

JEL Code : C8; C87; C88; D5; D53; G2; G23
Keywords : COVID-19; Pandemic; Stocks; Financial Markets; NSE; Sectoral Indices; Volatile; India.

I. Introduction

AN EXTENSIVE IMPACT of an unprecedented COVID- 19 pandemic has endangered the environment, and unpredictability altered the global mindset. Initially, in December 2019, the Severe Acute Respiratory Syndrome Coronavirus-2 (SARS-COV-2) triggered the eruption of COVID-19 in the Wuhan region, Province of China, and was wide-reaching with extension. COVID-19 is an infectious disease that caused a notable global financial recession. As several countries embrace stringent isolation policies to combat the invisible contagion, their financial happenings are abruptly blackout. Transport's existence is inadequate and even constrained between countries

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COVID-19 has collapsed the backbone of the financial market. To boost up the stock market proper policy measures have to be adopted by the Government. Without some extraordinarypolicy support, the crisis would have been the worst. Accordingly, the liquidity injection measures need to be taken. Reserve Bank of India (RBI), the central monetary authority has cut its key policy rate by 115 basis points over the last three months. It is also announced a liquidity injection of around ₹ 8 lakh crore in the financial markets since its first announcement on March 27,2020. Although this pandemic brings the entire world to lockdown trauma, the fatality rate is very low. Many investors can feel that this will be a short run phenomenon and when the economy recovers, it will be difficult for them to buy stocks at the current prices. According to George (2020), during this recovery period liquidity will push stock prices up. This turmoil is a good opportunity for long term investors. For debt markets, RBI must have to cut the rate. There prevails uncertainty in the markets at this time. So the investors must have to shift their investment from a depressing prospect to the bright one to balance their work and avoid risk. In this aspect, the Pharmaceutical sector is looking attractive at this time. To maintain inclusive and sustainable growth domestic policies will need to be designed. Financial assistance must have to be provided by the supreme authority to the destroyed required sectors.

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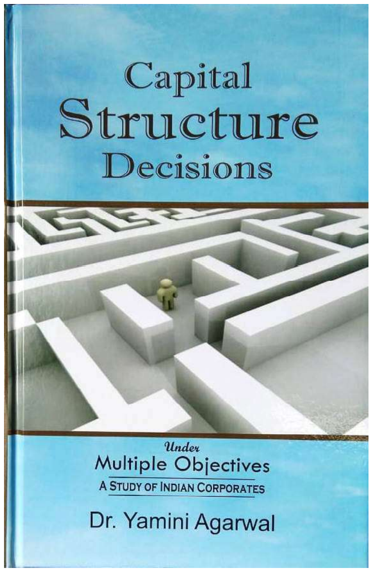

Capital Structure Decisions under Multiple Objectives : A Study of India Corporates

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