

BSE 30 Listed Companies Share Prices and Their Impact on Investor's Decision Making

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Abstract

The paper study about COVID 19 on the 30 BSE listed companies to find the effect of the pandemic on the share price. India's financial markets are witnessing high fluctuation due to the fall in global markets. The data was analyzed by taking the stocks' daily share price, and dividing them into two stages: Pre-COVID 19 crisis stage and During COVID 19 crisis stage. The study used investment analysis tools such as Beta to know the stocks' sensitivity toward the market. Alpha is used to understand the returns that the investors would get more than the market return, and event a study was conducted to find out the set hypothesis. Investors' opinions were collected using set questionnaires of information regarding selecting stocks for investment and the pandemic effect. Other essential information was collected from the investors who regularly trade in the stock market daily. The study concluded that different opinions from the investors would lead to fluctuation in share price in the stock market.

Keywords: BSE, COVID -19, Decision Making, Event Study, Investors' Behaviour.

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I. INTRODUCTION:

One of the most critical sectors for raising capital is the stock market; it has a history of developing the economy. A stock market is a place where stocks, otherwise called shares, commodities are bought and sold and help the investors make better investment decisions. Making financing inequity brings vast returns, which will lead to capital appreciation. Behavioural finance and financial econometrics have an area that studies the relationship between trade volume and volatility, which shows that investors' trading activity affects the stock market volatility; this shows the essential implications on investors' regularity. Before any Investor chooses for security exchange, the primary thing that strikes each investor's brain is well-being, security and the search for the most extreme return from the ventures on value shares. The fundamental consideration of value among investors is better to yield (Uncommonly in the event of profit and capitalization), higher liquidity and choices to begin an exchange with minor speculation.

Volatility is a technique to measure the fluctuations in share price, standard deviation and simple moving average method. It also describes the unpredictable movement in share price, economic factors, interest rate and other government and fiscal policies. In the year 2019 December, the whole country woke up to the news illness, which was later declared COVID -19 and got spread worldwide in no time. The pandemic COVID 19 affected the world's economy, and India was also one of those countries; due to the lockdown announced by the government of India, everything came to be stagnant in this busiest nation. The global market economy collapsed, the prices for all goods and services became low, and the unemployment rate increased. India has a solid stock market that reacts well to the global situation. The first COVID-19 case was reported in India on January 30, 2020, and the government declared a lockdown on March 24 2020. There was a gap of 53 days, and the virus got spread to the population easily; there would be a chance if the government had declared the lockdown earlier, the spreading of the virus to the people would be less. To know the COVID 19 impact on BSE companies and find risk and return from stock investment, the calculation of Beta and Alpha was used. The event study analysis was used to find the coefficient (to see the variation from one data to another). T-test (was used to find any difference between pre-COVID and during COVID-19) and probability (to know the higher return or lower return based on the historical data in both periods). Primary data was collected from the investors who regularly trade stocks to understand the investors' decision-making.