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A COMPARATIVE STUDY OF PRE & POST COVID STOCK RETURNS OF THE INDIAN HEALTHCARE AND PHARMACEUTICAL SECTOR

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Abstract: This research paper focuses on the impact of COVID-19 on Indian Stock Market and shares performance. In other words, the article analyses the market capitalization correlation between the performances of shares and the growth of the share market, using the stock market data of Pre and post COVID-19 status by comparing the data from Jan'19 to Jun'21. The variables have positive and statistically strong significance on the changes in the market's performance and the value of its market capitalization.

Keywords: Market capitalization, COVID-19, Stock market, Sensex, Indexes, Recovery

INTRODUCTION: Increasing life expectancy, from 64.2 years in 1990 to 72.6 years in 2019, has increased the importance of the healthcare and pharmaceutical business globally (United Nations,2019). India has the world's third-largest pharmaceutical industry in terms of volume, and its cheap operating costs and high-quality goods across the value chain make it an appealing location for the establishment of generic R&D centres and manufacturing units. India is the world's largest supplier of generic medications, accounting for 20% of worldwide generics exports in volume. India exports to over 200 countries and generated USD 19.14 billion in trade in FY19, with that figure likely to rise to USD 22 billion in FY20. In terms of revenue and employment, healthcare has overtaken education as India's most important industry. A rise in income, higher health awareness, and enhanced access to insurance are expected to bring the total to USD 372 billion by the end of FY22. The government's spending on healthcare rose to 1.4% of GDP in FY18 from 1.2% in FY14, according to the World Bank Economic Survey FY18. When India's government puts money into and improves these industries, it does so to better the lives of its people and protect them against worldwide pandemics in the future. And now since so many individuals travel frequently for job or pleasure in the twenty-first century, it only takes a short time for sickness to spread to other locations. It is not just persons who are affected by infectious diseases; the economic and financial well-being of a country and an organisation is as well.

SIGNIFICANCE OF THE STUDY: Covid-19 virus cases are rising in India, and if you want to know how fast it has spread around the world, you can find that information on the country's website, as well as how many people have been infected, how many recovered, and how many have died. To analyse the situation, you'll need to have access to the detailed information.

OBJECTIVES OF THE STUDY

- To better comprehend Apollo's stock return patterns before and after the -19
- To provide Apollo with better stock market performance suggestions.

DATA COLLECTION RESOURCE:

The study relies on secondary data from the BSE official website and literature reviews gathered from sources on the internet from before (2017-2019) and after (2019-2021) the study period.

TOOLS AND TECHNIQUES OF THE STUDY:

1.9.1 TECHNIQUES:

$$\text{Returns} = \frac{\text{ending price - starting price}}{\text{Starting price}} \times 100$$

T- Test

1.9.2 TOOLS:

1. Tables
2. Graphs

LIMITATIONS OF THE STUDY:

- A secondary set of data was used to construct the study.
- The study looked at both the pre-event period (2017-2019) and the post-event period (2019-2021), which are referred to as the periods before and after the coved period, respectively.

LITERATURE REVIEW: The coronavirus (COVID-19) as a global pandemic, its characteristics are that it has an unknown etiology, no targeted drugs, and a lack of sufficient experience in treatment methods. All countries are responding to this pandemic, which is causing great losses to the global economy and financial markets (Aslam et al., 2020). Therefore, studying the impact of the pandemic on the economy is a hot topic that has recently piqued researchers interest (Liu et al., 2020).

Stock market can be a powerful tool for the economy. It provides a unique view of the expected future of a company and the economy. That is because the value of a firm derives from all future expected cash flows, discounted to the present to adjust for time and uncertainty (Wagner, 2020). There is a quickly growing literature about the impact of COVID-19 on the stock market. While the dynamic of stock markets during the pandemic might looks random, irrational, or even insane at first glance, on closer inspection it becomes clear that they did not react blindly (CapelleBlancard & Desroziers, 2020).

Stock market movements during COVID-19 were more reflective of sentiment than substance (Cox et al., 2020). Several studies have confirmed that the COVID-19 pandemic has caused an unprecedented economic and financial crisis. Global financial market risks have increased dramatically in response to the COVID-19 pandemic (Zhang et al., 2020). Most empirical studies confirmed the negative response of the stock market indices to the spread of the COVID-19 pandemic (Cao et al., 2020; Ashraf, 2020; Alber, 2020; Rahman et al., 2021; Ahmar & del Val, 2020; Anh & Gan, 2020; Eleftheriou & Patsoulis, 2020; Shujan et al., 2020; Camba & Camba Jr, 2020). Moreover, Khan et al. (2020) showed that the growth rate of weekly new cases of Jumah Ahmad ALZYADAT, Evan ASFOURA / Journal of Asian Finance, Economics and Business Vol 8 No 5 (2021) 0913–0921 915 COVID-19 negatively predicts the returns in stock markets of sixteen countries. He et al. (2020a) analyzed the daily returns data from stock markets in China, Italy, South Korea, France, Spain, Germany, Japan and the USA. The study showed that COVID-19 has a negative, but short-term impact on stock markets of affected countries. In addition, the study concluded that there is no evidence that COVID-19 has negatively affected stock markets in these countries more than it has affected the global average.

On the other hand, Waheed et al. (2020) concluded that the Pakistani stock market index, achieved a positive increase in stock returns, the reason to the timely intervention of the Pakistani government that protected investors from an absolute disaster for the stock market. Khanthavit (2020) estimated the COVID-19 effects for the Chinese stock market returns compared to 10 markets – five most affected countries (United States, India, Brazil, Russia, and France) and five best recovering countries (Hong Kong, Australia, Singapore, Thailand, and South Korea). The study concluded that the COVID-19-induced returns replace the pre-COVID-19 normal returns; it is also negatively auto-correlated and highly volatile.

T-TEST: PAIRED TWO SAMPLE FOR MEANS (PRE COVID AND POST COVID)

HYPOTHESIS:

H0: There is more positive returns and less negative returns when compared to the pre event period from (2017-19).

H1: There is no more positive returns and less negative returns when compared to the post event period from (2019, 2020-21).

	VARIABLE 1	VARIABLE 2
Mean	-0.623164	-2.43092598
Variance	4.773763952	18.63241503
Observations	5	5
Pearson Correlation	-0.20239953	
Hypothesized Mean Difference	0	
do	4	
t Stat	0.783330238	
P(T<=t) one-tail	0.238615223	
t Critical one-tail	2.131846786	
P(T<=t) two-tail	0.477230446	
t Critical two-tail	2.776445105	

The above tables shows the comparison of mean for pre and post covid-19 where it indicates that the calculated value (0.7833) is more than the (2.7764) of t so null hypothesis has been rejected and it has been concluded in the end that there is more positive returns when we compared to the pre (2017-2019) and post (2019-2021) even time period at the time of covid-19

FINDINGS

- If you compare 2017 to 2018, more positive returns were achieved in 2017 and most negative returns were noticed in 2018 when taking into account the pre- and post-event periods in both years, we discovered each day's returns.
- The months of January and March had some favourable returns when compared to February, which has had negative returns throughout the month.
- The favourable returns have increased and it has begun to perform well when you examine the post event (after covid) in 2019.
- March, May, and August will have negative returns in 2020, but most of the months will have positive returns.
- Everybody can claim that January and March in 2021 (up to March) have both positive returns and negative returns, and when it comes to the month of February, we can say that it gains both high returns and high less returns at the same time.

SUGGESTIONS

- In addition to disrupting people's daily lives, the covid-19 had a significant impact on stock returns in both the sector and the market as a whole. The market suffered greatly as a result of the covid-19 and began to lose money when the crisis arose.
- Typically, when people invest their money in a specific area in the hopes of earning a profit, they expect a decent return.
- Due to the incidence of covid-19, investors are expected to get increased returns on their industry investments.
- Everything was out of our hands, and many people lost money when they invested in stocks they had no idea about.
- Concerning how the stock is going to perform in the market and ensuring they receive their returns on stock that they have purchased with their own money.'
- People who invested in both sectors and lost money will expect a decent return on their investment when things return to normal.

CONCLUSION: . In the foreseeable future, the healthcare sector is expected to increase at a significant rate due to changes in people's lifestyle and life expectancy. To move up from its current ranking of third in the pharmaceutical business, India is an excellent choice. As a result of this investigation. The emergence of COVID-19, as we learned, had a negative impact on the healthcare sector's stock results.

In uncertain times, many sectors would underperform due to low demand and further growth, investors believe that the health care and pharmaceutical companies will benefit from this pandemic. They would invest in research and development to prepare for the current pandemic and any future unfortunate events. Increasing their operating ability and turnover, healthcare and pharmaceutical firms will be able to meet demand for their products and services in an efficient manner, making them the most attractive investment option.

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