

## IMPACT OF COVID-19 ON THE SAVING / INVESTMENT PREFERENCE OF INVESTORS-CASE STUDY

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### ABSTRACT

Covid 19 or Novel Corona virus has exaggerated millions of individuals worldwide. Not only triggered an enormous health crisis, it has also let the global economy in an offended state. Countrywide lockdown although a welcome step to reduce the spread of Covid19, has left the general population in a grim state where almost all businesses and jobs have suffered a great deal. This pandemic has brought misery, anxiety, and demise to people everywhere. Corona virus or covid 19 has reversed millions of people lives worldwide. It has created enormous health crisis and also wounded the global economic.

To reduce the spread of novel corona virus nationwide lockdown had been announced by the government, although almost all the business sectors and jobs were faced a great level of financial crisis. But India is known for its saving habits deeply rooted, which helped India to face global financial crises on 2008. It was reported that this situation has dramatically changed the investment perception pattern. The study concluded that pandemic has made investors to prefer low risk investment pattern and they responded gold as a safe haven investment.

**KEYWORDS:** Investment-Pandemic, Pandemic-Saving Habits, Investor - Economic Crisis, COVID-19 Crisis - Different Generation, Covid 19-Spending Pattern

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### INTRODUCTION

Investment is the process of parking the money by expecting capital appreciation/return in near future. It is a goal of generating money/increasing the value of asset over a period of time. Investment is about earning of income which entails degree of risk. Investment is done after effective planning, defined objective, with realistic, flexible to the changing environment. Covid 19 had changed overall investment pattern and investors are trying to know better way about the post pandemic situation.

The World Bank report that 80% of Indians were survived by spending less than two dollars per day

### THE OBJECTIVES OF THIS RESEARCH

- To analyse the impact of COVID-19 on the Investment attitude and preference of Investors
- To analyse the post covid issue on Investment.

## **COVID-19 PANDEMIC AND SAVING HABITS**

Almost all the business sectors have faced irreversible business losses and also working people took pay cuts. Covid – 19 pandemics taught importance and highlighted necessities of savings, particularly with the millennials and young adults. Pandemic situation has made to indoctrinate the saving habits among them (Dr. Reena Khanooja - 2020). It was found that poor people shifted to potatoes and chapatti just with the salt during the crises. This proves that large Indian population is totally resistant in facing any financial chaos and India has shown its faster recovery. (India braved the recession better than many other countries, Sun, Jun 19, 2011Biz Arena, India braved the recession better than many other countries).

(CA Sweta Agrawal Jain - 2020) Influx of Covid 19 Pandemic, The Indian's also faced the unstable income, worst history in industrial recession, changes in the income, saving and spending habits. Unnecessary spending like fuel, footing - out, entertainment has likely reduced due to pre-emptive measures of lockdown. Reports that 55% of professionals – salaried faced pay cut from employer and 95% of the entrepreneurs faced reduction in the business income. 57% of the respondent said that they preferred saving mode.

## **INVESTOR INSIGHT DURING THE ECONOMIC CRISIS**

(Hudomiet, Kézdi, and Willis 2011) Financial crisis was affected investors of 2007 – 2008. Individual investors attitude and perception were changed with market volatility. (Bucher-Koenen and Ziegelmeier 2011) Financial crisis of 2007–2009, made the investors to act much cautious while investing in shares. Financial disaster naturally changes the attitude and opinion of investors targets on risk resistance than return prospects (Hoffmann, Thomas Post, Pennings, 2011). (Kanheman and Tversky, 1972, Malmendier and Nagel (2011).

Financial crisis has an extensive influence on investing pattern of investors (Kanheman and Tversky, 1972). Malmendier and Nagel (2011) Financial disaster negatively squeezed the wealth and returns of the investors in uncertain. 1930's great depression of the market opined long lasting impacts on investors attitude towards risk bearing.

## **IMPACT OF COVID-19 CRISIS ON DIFFERENT GENERATION**

(Zick, Mayer, and Glaubitz 2012) baby boomers who born 1943- 1960 looked scared about the financial recession whereas millennials who born between 1980–1994 are planning to manage the recession. Forbes (2020) explained the financial crisis by dividing the generations of millennials into three stages. During great financial Recession (2008) all of them were under the age of 18, now they all about to complete their education or intention to start their careers, Covid 19 or Novel Corona virus has affected, they are now job baggers. It is noted that they don't planed for saving, but pandemic tuned them the importance of savings. The temporary employees were affected negatively by the financial crisis, face job insecurity, unstable income without health and pension systems Great Recession (2008) (Dev and Sengupta, 2020).

## **INVESTORS PREFERENCE OF INVESTORS DURING COVID 19**

(OECD Interim Economic Assessment, 2 March 2020) pandemic made to reduced production which causes unemployment and spending pattern rise towards care and treatment for COVID -19. (Taufiq Choudhry, Syed S. Hassan, SaroshShabi, 2015) Investors considered the precious gold metal as one of the safest modes of the investment, market volatile leads to uncertain returns. According to Coudert and Raymond (2011) and Tuysuz (2013), financial crisis brings down the price of financial assets, concurrently the price fall in one market hits and contaminate in other markets.

Gold has factual proof, strong investment during financial crisis - Baur and McDermott (2010), Miyazaki and Hamori (2013), Chan et al. (2011), Miyazaki et al. (2012), Chen and Lin (2014), Emmrich and McGroarty (2013), and Tuysuz (2013) Coudert and Raymond (2011). It was witnessed that gold prices increase while the drop happened in stock indices of Japan, UK and US. This made investors to park their investment in gold (Taufiq Choudhry, Syed S. Hassan, SaroshShabi, 2015).

Covid-19 had greater impact on worldwide proven unsettling. To control the spreading of the pandemic lockdown being introduced impacted mutual fund and stock market negatively. It was reported that this situation has dramatically changed the investment perception pattern. The study concluded that investors prefer low risk investment pattern and they responded gold as a safe haven investment. It was observed that purchase of gold was not possible due to lock down, social distancing, gold shops were closed. It was noted that investors were not aware about the gold ETF, online trading options (Arpita Gurbaxani, Rajani Gupte – 2021).

### **POST COVID ISSUE**

(Surabhi Kumthakar, Dr. Varsha Nerlekar – 2020) Research shows that 65% of the people's level of income has reduced due to pandemic and the same has affected the preference of the investment. It was concluded that income has a direct impact on investment preferences. According to the data collected, post covid issue has made the investors to put their peenies in mutual funds, fixed deposit and gold were ranked 1,2 and 3 and the kept the real estate as least one. Covid 19 made a significant impact on the stock market specifically on equity fund then the debt funds. Pandemic made investor to shift their fund to debt fund, get appreciation with less risk safe heaven being invested in government securities and RBI bonds rather than stock market, it is noticed that covid 19 has hit the equity funds and Sensex, Nifty charts shown tremendous downfall since beginning of March 2020 still upward to the mark.

Gold has pulled the attitude of the investors to invest as the covid 19 pandemic, hit other investment avenue. Dollars shown its chart down as weaker and world is trying to boost the economies. Fixed deposits which are known for its risk-free fixed income has been also changed by RBI and due to Covid 19 interest has been reduced.

### **CONCLUSIONS**

Covid 19 has huge impact on the economy which takes long time to get recover. Investment industry is witnessed huge downfall which is still visible, global pandemic made a tough recovery. Hence, in this pandemic situation, it is necessary to take a preventive action for the wellness of individual/family concern. Global economic running towards world recession results in inflationary pressure, so it is important to plan for short term financial goals. The covid 19 calls for reducing down unnecessary spending but it shown excessive swiipe of credit cards leaves increasing liabilities. As a breather being the RBI announced the payment of 3 months loan on moratorium basis. It was reported that this situation has dramatically changed the investment perception pattern. It is evident that investors prefer low risk investment pattern and they responded gold as a safe haven investment. It was observed that purchase of gold was not possible due to lock down, social distancing, gold shops were closed. It was noted that investors were not aware about the gold ETF, online trading options. Hence, in this pandemic situation, it is necessary to take a preventive financial plan/ action for the wellness of individual/family concern and the economic concern.

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