

A study on Impact of COVID-19 Pandemic Situation on Investment Pattern of Investors in Solapur City(Maharashtra) -INDIA

Prof. Shivganga S. Maindargi (Author)

Assistant Professor (Department of Management Studies)
Bharati Vidyapeeth (Deemed to be)University, Pune
Abhijit Kadam Institute of Management and Social Sciences, Solapur

Dr. Pritam P. Kothari (Co-Author)

Assistant Professor (Department of Management Studies)
Bharati Vidyapeeth (Deemed to be)University, Pune
Abhijit Kadam Institute of Management and Social Sciences, Solapur

Dr. Shabnam S. Mane (Mahat) (Co-Author)

Assistant Professor (Department of Management Studies)
Bharati Vidyapeeth (Deemed to be)University, Pune
Abhijit Kadam Institute of Management and Social Sciences, Solapur

Abstract:

The outbreak of the highly infectious COVID-19 significantly disrupted every Individual human life in whole world, Measures to fight the pandemic included social distancing, self-isolation, shutting down of institutions and establishments, restricting modes of transport, unstable life of migrated people and nation-wide lockdowns. Strictly lockdown and restricted economic and financial activity, the economy of the whole world witnessed an extended period of slowdown; millions of people jobs were lost, and businesses severely hit which adversely impacted on the financial pocket of every individual's life.

Purpose: To understand and study how the investors financial and economic activity and decision has impacted through Income, savings, expenditure level and Investment pattern after pandemic situation of COVID-19 in small town Solapur city (Maharashtra)

Methodology: this study has observing and based on primary data (survey method of 100 respondent from Solapur city(Maharashtra),The relationship of COVID-19 pandemic situation and impact of decisions of Investors investment pattern in financial assets.

Research implications: Result will highlight the impact of economic and financial decision on Investment pattern of Investors before and after pandemic situation of COVID-19. This study further will helps to get well platforms to the fundamental and technical Analysts, investment Bankers, Financial Advisors and Financial Market in India.

Keyword: Investors Behavior, Financial Market Scenario, Income & expenditure level, saving in Financial Assets ,Investment pattern, before and after COVID-19 impact on Investment .

1. Introduction

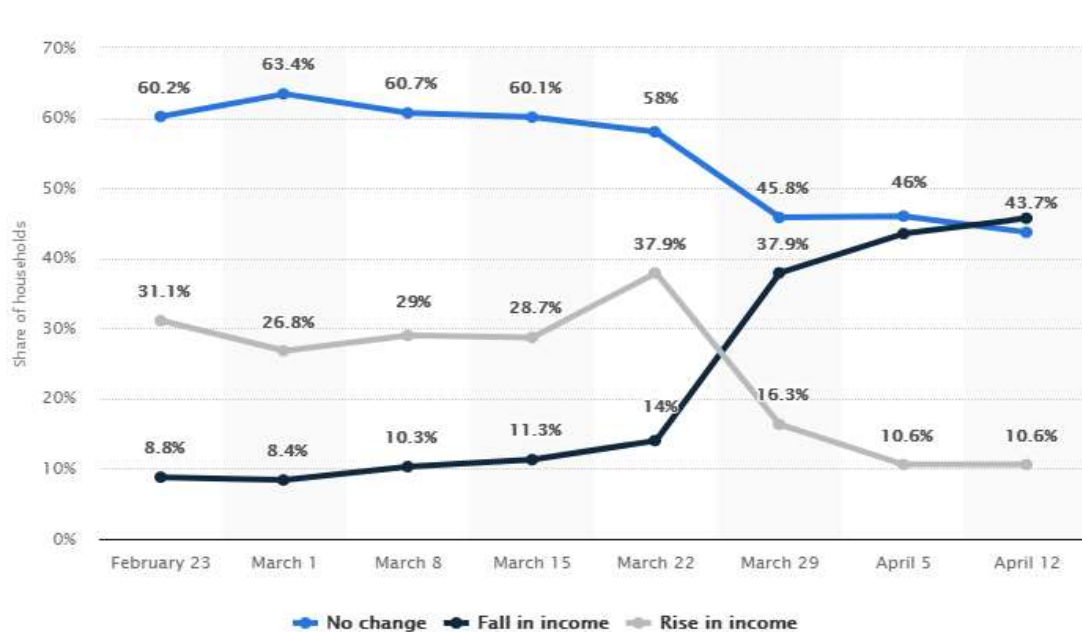
Corona virus - 19 Or Corona Virus, an irresistible sickness has expected the title of pandemic because of the speed with which it is developing and the impact that it has on life as far as we might be concerned. Corona virus has influenced crores of individuals worldwide and guaranteed lakhs of lives, leaving families broken and the world harmed. Aside from its impacts on the actual soundness of individuals, it has likewise hit the economy where it harms the most. It has influenced the pockets of pretty much every layer of the general public leaving thousands jobless and without a consistent type of revenue. As India took a forceful position to moderate the spread of Covid 19, the monetary action ground to a halt and has pushed it to the edge of total collapse. With decreased portability, and upset inventory network the board, organizations across all areas have needed to downsize their activities, lay off workers or diminish compensations. The quieted financial action and stopping of different organizations has constrained us all to reexamine the job of saving and interest in our regular day to day existences. Numerous

families and people have needed to jump into their small reserve funds to cruise through this tempest of Covid 19, and this has indeed featured the advantages of brilliant saving and venture. In this article, we will attempt to break down the impact Covid 19 has had on the saving and venture propensities for residents of our country.

With the arrival of Covid 19 Pandemic in the country, Indian citizens also faced uncertainty in Income, as did their global counterparts. Due to an industrial recession predicted to be the worst in history, people’s perception changed about Income, spending & saving. Many individuals already are facing reduction in income & many expect it to happen soon. Due to preventive measures of lockdown, spending has automatically reduced on many areas like Fuel, eating out, entertainment, travel etc. While some of the people used the extra income to save/invest more, while some do not foresee this as a long-lasting impact. The researcher has tried to understand the impact Covid 19 in India, with respect to changes in levels of income, increase/decrease in the expenditure & savings & expected continuity of the same.

1.1 Impact of Covid 19 on Income, Employment and Financial Market

COVID-19 impact on household income in India 2020

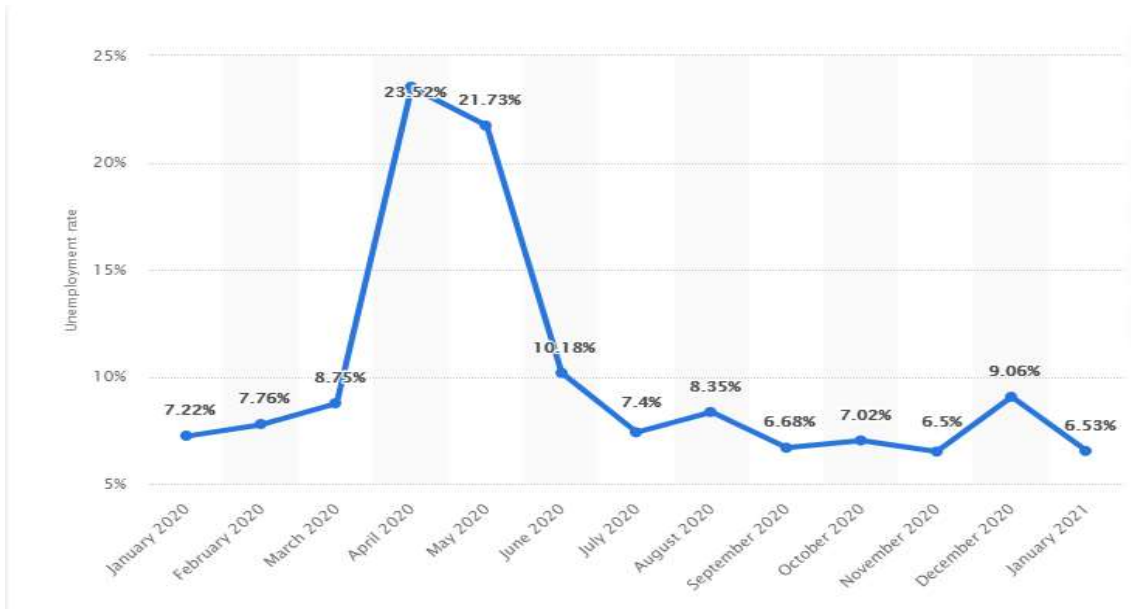


Source: <https://www.statista.com/statistics>

Household income in India was drastically impacted due to the corona virus (COVID-19) lockdown as of April 12, 2020. There was a significant decrease in the level of income with households reporting a fall in income from about nine percent in late February to a whopping 45.7 percent in mid April. Rise in income saw a contrasting trend indicating similar results; from 31 percent in late February to 10.6 percent on April 12, 2020. The country went into lockdown on March 25, 2020, the largest in the world, restricting 1.3 billion people, extended until May 3, 2020.

COVID-19 impact on Unemployment in India 2020

In January 2021, India saw an unemployment rate of over six percent. This was a significant improvement from the previous month. A damaging impact on an economy as large as India’s caused due a total lockdown was imminent. Unemployment went up to nearly 24 percent in April 2020. This was possibly a result of a decrease in demand as well as the disruption of workforce faced by companies. Furthermore, this caused a GVA loss of more than nine percent for the Indian economy that month.



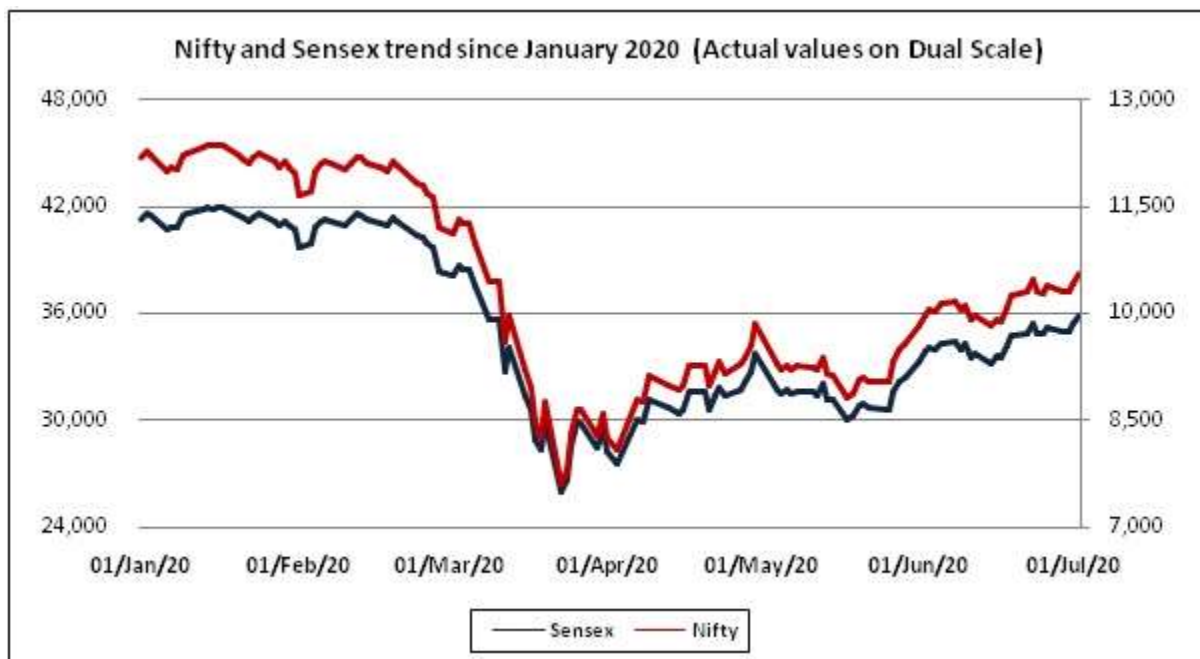
Source: <https://www.statista.com/statistics>

The trickle-down effect

Between February and April 2020, the share of households that experienced a fall in income shot up to nearly 46 percent. Inflation rates on goods and services including food products and fuel were expected to rise later this year. Social distancing resulted in the job losses, specifically those Indian society's lower economic strata. Several households terminated domestic help services – essentially an unorganized monthly-paying job. Most Indians spent a large amount of time engaging in household chores themselves, making it the most widely practiced lockdown activity.

How the Nifty and the Sensex panned out in 2020?

The Nifty and the Sensex saw a steep fall from January onwards and ironically bottomed out in late March when the lockdown was announced. The indices have done extremely well through the lockdown period, gaining as much as 38% from the lows. The pandemic may be far from over and the lag effect is still uncertain, but the market appears to be heavily betting on a combination of consumption and investment driven recovery in the Indian economy. That is manifested in the indices. The Nifty and the Sensex are almost back to the levels that we last saw in early March before the vertical crash in the markets commenced.



Source: BSE and NSE

2.0 Review of Literature

Dr. Shebazbano Khan, Dr. Charu Upadhyaya, Dr. Shuchi Gautam, Dr. Pankaj Natu (2020) In the Article Entitled 'A Study on The Impact Of Covid-19 on The Investment Pattern of Investors with Specific Reference to Traditional Investment (Real Estate And Gold) and Market Based Financial Products (Equities) In Mumbai' published in European Journal of Molecular & Clinical Medicine ISSN 2515-8260 Volume 7, Issue 11 concluded that Investor preferences inclinations are dynamic. They are affected by Investor conduct and no of outer elements. Coronavirus – 19 was a remarkable occasion that changed the worldview of the whole world and has set up "another ordinary". This examination has made a fair endeavor to fathom the of inclinations of financial backers essentially towards three venture roads to be specific "Gold", "Land" and "Value" in two conditions I) Before the Outbreak of Coronavirus – 19 and ii) After the Outbreak of Covid – 19. By and large Investors incline toward resource classes that guarantee consistent and consistent returns at least risk. Ultimately Investment is a judicious choice that relies upon the person's danger craving and return assumptions emerging out abstract evaluation of numerous components.

Dr. Reena Khanooja(2020) in the article 'Effect of Covid-19 Pandemic on Saving and Investment Habits' published in International Journal of Current Research Vol. 12, Issue 11 concluded that Coronavirus has had significant impact on the world, causing an phenomenal wellbeing just as monetary emergency. Practically all areas of individuals took pay cuts; many got jobless what's more, endured irreversible misfortunes in business. The pandemic has by featured the significance of saving and how saving is a practice in India which has numerous multiple times protected India from the unforgiving impacts of worldwide monetary choppiness. The moderately aged and old populace, however youthful grown-ups what's more, millenials too have related to the significance of saving and are attempting to teach the propensity for saving among them. The circumstance is bleak and the rainbow toward the finish of this tempest won't be seen for some time, yet there is trust. As long as we cooperate, save and push ahead no pandemic in the world can stop us in our excursion towards development.

Mr.Rajeev Kumar, Dr. Narendra Singh Chawda, Dr. Rajan K. Shrikhande(2021) in the article 'Impact of Pandemic (Covid-19) on Saving and Investment pattern: A study on investors of Pune City.' Published in International Journal of Creative Research Thoughts Volume 9, Issue 3 concluded that Covid has put extremely significant impact on the world, causing an extraordinary wellbeing just as financial emergency. Practically all areas of individuals took pay cuts; many became jobless and endured irreversible misfortunes in business. The pandemic has once again featured the significance of saving and how saving is a custom in India which has numerous a times shielded India from the impacts of worldwide monetary disturbance. Not simply the center matured and old populace, however youthful grown-ups and recent college grads also have related to the significance of saving and are attempting to instill the propensity for reliable saving . The circumstance is horrid and the rainbow toward the finish of this tempest won't be seen for some time, however there is trust with inoculation which is as of now began. However long we cooperate, save and move forward no pandemic on the planet can stop us in our excursion towards development and judicious venture proceeds

Arpita Gurbaxani and Rajani Gupte (2021) In the article 'A Study on the Impact of COVID- 19 on Investor Behaviour of Individuals in a Small Town in the State of Madhya Pradesh, India' published in Australasian Accounting , Business and Finance Journal Vol:1, Issue:1 concluded that The COVID-19 flare-up has essentially affected the economy. Given the immense populace and risky conditions of the economy, particularly the monetary area and lockdown and social removing have demonstrated to disrupt. Because of measures taken by the public authority to control the spread of COVID-19, for example, lockdown and the financial exchange crash, singular financial backer's readiness to put resources into shared assets and the financial exchange has been affected contrarily. In present occasions, financial backers appear to have become more danger opposed, and favor generally secure speculation choices offering moderate get back with okay. Financial backers likewise should be taught about Gold ETFs, time to enter and leave the securities exchange, and common asset plans. It additionally illuminates the way that common asset affiliations and policymakers should direct missions in more modest towns to improve monetary proficiency of individuals.

3.0 Objectives of Study

- To study the difference (pre & post) in preference/perception of Investment pattern of Investors
- To analyze the impact of COVID-19 on the Investment preference of the Investors.
- To understand whether investors are willing to invest money during the pandemic
- To identify the investment preferences of investors, post COVID 19
- To analyze the changes in returns given by investment avenues due to the pandemic.

4.0 SCOPE OF STUDY:-

It was proposed that instead of taking a wide coverage and making a broad study, this work should narrow down its focus and go deep into inquiry. Hence, the researcher proposes to concentrate this work in Solapur city. Regulars Investors who invest in various portfolio where considered for study and study focus on impact on COVID 19 Pandemic situation on Investment pattern on investors .

5.0 RESEARCH METHODOLOGY

Researcher was intended to difference (pre & post COVID19 Pandemic situation)) in preference/perception of Investment pattern of Investors. Population of research was confined to Regulars Investors who invest in various portfolios. The geographic territory was restricted to Solapur city. Samples for each population were being selected as per convenience sampling method (As per their availability and willingness). As exact population is unknown here research has used Krejcie and Morgan formula of sample size calculation for infinite (unknown) Population. Sample size calculated for study was 100 Investors. First hand and Primary Information was collected with the help of well-structured Questionnaire along with personal interview. Secondary data was collected from Published literature in Books, Magazines, Journals and News papers and websites. A well-structured objective type and probing questionnaire was prepared. Due to Lockdown Online Questionnaire (Google Form) was prepared to collect personal views and to investigate the practical aspect. The Information collected during data collection was coded first and tables were generated, analyzed and Interpreted with the help of excel sheets in computer. On the basis of findings based on tabulated information and Observations during data collection, conclusion was drawn

6.0 Hypothesis Testing

6.1 Hypothesis 01

H0: Income of Respondent is independent of Investment after COVID 19.

H1: Income of Respondent is dependent of Investment after COVID 19.

Observed Values, Expected Values and the Squared Distances

Income	No changes	Reduced by 1-5%	Reduced by 6-10%	Reduced by More than 10%	Disinvestment 100%	Total
Below-1,00,000	1 (2.25) [0.694]	1 (1.8) [0.356]	2 (1.62) [0.089]	2 (1.62) [0.089]	3 (1.71) [0.973]	9
Rs- 1,00,000-3,00,000	2 (5.25) [2.012]	2 (4.2) [1.152]	2 (3.78) [0.838]	4 (3.78) [0.013]	11 (3.99) [12.32]	21
Rs- 3,00,001 - 6,00,000	8 (6.5) [0.346]	7 (5.2) [0.623]	5 (4.68) [0.022]	4 (4.68) [0.099]	2 (4.94) [1.75]	26
Rs- 6,00,001 to 9,00,000	5 (3.5) [0.643]	5 (2.8) [1.729]	2 (2.52) [0.107]	1 (2.52) [0.917]	1 (2.66) [1.036]	14
More than Rs-9,00,000	9 (7.5) [0.3]	5 (6) [0.167]	7 (5.4) [0.474]	7 (5.4) [0.474]	2 (5.7) [2.402]	30
Total	25	20	18	18	19	100

Observation: To test this hypothesis chi square test was used. The result of test is as below

- Chi-square test statistic (calculated value) X^2 : 29.62
- Table value 26.296 (when Degree of freedom (D.F.) is 3 and $\alpha = 0.05$)
- The P value is 0.0201 (The result is significant at $p < 0.05$)

Conclusion: Since calculated value (29.62) is greater than table value (26.296) and $p < 0.05$, null hypothesis is rejected and alternative hypothesis is accepted i.e. Income of Respondent is dependent of Investment after COVID 19.

From above hypothesis we may conclude that Investment pattern of respondent from higher income group have not changed in large extent but Investment pattern of respondent from Low income group has changed after COVID 19 pandemic situation.

6.2 Hypothesis 02

H0: Investment Decision of respondents is independent of COVID 19 Pandemic Situation

H1: Investment Decision of respondents is dependent of COVID 19 Pandemic Situation

Observed Values, Expected Values and the Squared Distances

Investment Pattern	No changes	Reduced by 1-5%	Reduced by 6-10%	Reduced by More than 10%	Disinvestment 100%	Total
0-5%	2 (5.28) [2.038]	4 (5.52) [0.419]	4 (3.84) [0.007]	5 (3.84) [0.35]	9 (5.52) [2.194]	24
6-10%	1 (3.96) [2.213]	2 (4.14) [1.106]	2 (2.88) [0.269]	3 (2.88) [0.005]	10 (4.14) [8.295]	18
11-15%	5 (3.3) [0.876]	5 (3.45) [0.696]	2 (2.4) [0.067]	2 (2.4) [0.067]	1 (3.45) [1.74]	15
16-20%	6 (4.4) [0.582]	6 (4.6) [0.426]	4 (3.2) [0.2]	3 (3.2) [0.013]	1 (4.6) [2.817]	20
More than 20%	8 (5.06) [1.708]	6 (5.29) [0.095]	4 (3.68) [0.028]	3 (3.68) [0.126]	2 (5.29) [2.046]	23
Total	22	23	16	16	23	100

Observation: To test this hypothesis chi square test was used. The result of test is as below

- Chi-square test statistic (calculated value) X^2 : 28.381
- Table value 26.296 (when Degree of freedom (D.F.) is 3 and $\alpha = 0.05$)
- The P value is 0.0285 (The result is significant at $p < 0.05$)

Conclusion: Since calculated value (28.381) is greater than table value (26.296) and $p < 0.05$, null hypothesis is rejected and alternative hypothesis is accepted i.e. Investment Decision of respondents is dependent of COVID 19 Pandemic Situation.

From above hypothesis we may conclude that Investment Decision of respondents got affected by COVID 19 Pandemic Situation. Respondents have reduced their Investment pattern after COVID 19 Pandemic Situation.

7.0 Major Findings of Study

- It was found that out of total Majority of (34% and 28%) respondents comes under age group of 21-30 and 31-40 who are more active investors (45%) in financial market even after Pandemic situation of COVID-19.
- It was found that from out of total respondents 73% and 43% respondents Income and Expenditure pattern was adversely affected after COVID-19 Situation.
- It was also found that 47% respondents have changed their investment structure and 30% respondents have totally disinvested after COVID-19 Situation.
- It was also found out of total respondents 38% are willing to continue their Investment with the parameters like low risk, moderate return in Portfolios Such as Gold, Insurance, Bank Deposits and Government scheme instead of investing in Stock, Commodity market and Mutual fund.
- It was found that from total respondents, 73% respondents Return on Investment was highly impacted due to Pandemic situation .But still these respondents continues their investments with low risk and moderate return. Due to pandemic situation Majority of investors turned to Life Insurance and Medial Insurance for Investment where they can avail Tax Benefit also.

8.0 Suggestions

Chanakya says, "Be ever active in the Management of the Economy because the root of Wealth is Economic activity; inactivity brings Material Distress. Without an active policy, both current prosperity and future gains are destroyed."

Today's investor is looking for investment strategies that cover Environmental Social and Governance (ESG) themes. Social and ethically responsible sectors, resource protection – both environmental and employee, and corporate ethics are at the forefront of investing themes. Investors are seeking safety, wealth preservation and wanting a portfolio strategy that is resilient and sustainable. Even, if this comes at the cost of lower returns.

1. **Financial calculations is Essential:** Need to proper work on Financial structure of Individual either in Boom period or in Pandemic situation. Every individual set the goal about their respective Income and Expenditure and investment structure so that they can sustain their income and live their life without steady income with the help of adequate saving and investment plan.
2. **Steady Income:** To sustain and steady income level the individual should try to focus on **maintaining adequate liquidity** which helps to overcome the barriers of short term operating activity in day today life by making short term investment plans, deposit scheme etc. don't lose sight of the cash. Keep money handy, and spend very carefully. Need to Think what new or extra activities we can you do to get more income. If possible, also think of diversified income from multiple sources. which will leads to generate steady income in crisis.
3. **Control Cost and Expenses Level** start simply by making a list of all non-essential expenditure and rank them in order of importance, then cut out the items those are least important for few months.
 - Trying to Stop Investing Assets in pandemic situation which leads to blockage of Money .
 - Reduce the debt level by controlling –Borrowed the loan's and advances
 - Try to switch from Credit card to Debit card if you can at some extent.
4. **Alternate plan for Investment in education and avoidable expenses :** investing more may be difficult in the near term. Alternatives may have to be considered. Like, if your child plans to go to college abroad and you were earlier thinking of funding the entire expense, you may now ask him to look for scholarships or take a loan.
5. **Buy adequate life cover:** If you have begun earning, consider buying term insurance right away — in anticipation of the fact that you will have dependants and liabilities in the future. The premium for term insurance is lower when you buy it at a younger age, and it remains constant for the entire tenure

9.0 Conclusion

Whenever a financial crisis hits us, the first enemy is **our mind**. Win over the mind, get into a positive mindset and get going. Soon from a financial crisis, Individuals will discover financial success. kautilya, or Chanakya, is known as one of the foremost economists of mankind. Nearly 2,400 years ago, he discovered the principles of how to handle any financial matters. He is telling us to 'be ever active' in good or bad times. Don't making delay to start again, Because the activity is directly related to economic growth. If we are inactive our well-being will be lost. And, due to inactivity, our present prosperity will vanish. Plus, our future gains will also be destroyed. Activity is the key to success in the present and future as well. Let hoping best to see best future of Finance world in Individual life!

References

- Dr. Shebazbano Khan, Dr. Charu Upadhyaya, Dr. Shuchi Gautam, Dr. Pankaj Natu (2020) 'A Study on The Impact Of Covid-19 on The Investment Pattern of Investors with Specific Reference to Traditional Investment (Real Estate And Gold) and Market Based Financial Products (Equities) In Mumbai' European Journal of Molecular & Clinical Medicine ISSN 2515-8260 Volume 7, Issue
- Dr. Reena Khanooja(2020) 'Effect of Covid-19 Pandemic on Saving and Investment Habits' published in International Journal of Current Research Vol. 12, Issue 11
- Surabhi Kumthakar, Dr. Varsha Nerlekar(2020) 'Analytical Study of Investment Patterns and Investment Preferences of Retail Investors Post COVID 19' Journal of Seybold Report ISSN NO: 1533-9211VOLUME 15 ISSUE 8 Mr.Rajeev Kumar, Dr. Narendra Singh Chawda, Dr. Rajan K. Shrikhande(2021) 'Impact of Pandemic (Covid-19) on Saving and Investment pattern: A study on investors of Pune City.' Published in International Journal of Creative Research Thoughts Volume 9, Issue 3
- Arpita Gurbaxani and Rajani Gupte (2021) 'A Study on the Impact of COVID- 19 on Investor Behaviour of Individuals in a Small Town in the State of Madhya Pradesh, India' published in Australasian Accounting , Business and Finance Journal Vol:1, Issue:1
- <https://www.business-standard.com/article/economy-policy/tens-of-millions-plunge-into-poverty-in-covid-ravaged-india->
- Kansime, M. K., Tambo, J. A., Mugambi, I., Bundi, M., Kara, A., &Owuor, C. (2021). COVID-19 implications on household income and food security in Kenya and Uganda: Findings from a rapid assessment. *World development*, 137, 105199. <https://doi.org/10.1016/j.worlddev.2020.105199>
- <https://www.statista.com/statistics/1111510/india-coronavirus-impact-on-household-income/#:text=Household%20income%20in%20India%20was,45.7%20percent%20in%20mid%20April.>
- https://economictimes.indiatimes.com/news/economy/indicators/household-consumption-growth-to-remain-impacted-in-2021-bcg-report/articleshow/79783664.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst
- <https://www.livemint.com/industry/retail/covid-to-hit-india-s-household-consumption-in-2021-as-well-bcg-report-11608203169343.html>.
- <https://indianexpress.com/article/india/household-financial-savings-rise-to-21-4-of-gdp-rbi-report-7048427/>
- Websites
 - www.livemint.com
 - www.economic times
 - www.businessstandard.com
 - www.who.int.