

# “A study on perception of investors on investing in this covid-19 situation”

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## Abstract:

While talking about investment we have to know where the investment belongs to and which area does it refers. Investments are part of Investment Industry and investment industry is a part of financial service industry. The financial services industry manages money for individuals and corporations. It comprises such organizations as commercial and investment banks, insurance companies, hedge funds, credit-card companies, consumer finance firms, accounting agencies, and brokerage firms. The industry's services are mainly related to banking and insurance services, asset management, investments, foreign exchange, and accounting. Financial services form the lifeblood of economic growth and development. They facilitate the setting up of big and small businesses and the expansion of businesses. Employment and entrepreneurship created with the help of the services enable people to earn and save. The 80's saw the biggest stock market crash of all time. It started in Hong Kong and spread to other nations. The 1990's saw the great Asian crisis, which originated in Thailand. Despite having a huge debt, Thailand chose to float its currency leading it into financial ruin. This impacted the whole of South East Asia adversely. The 2000's saw the dot-com burst, with several millions of dollars put behind non-profitable ideas. As a result, the industry had very restricted access to outside savings. It simply means that the financial system was not responsive to opportunities for industrial investment. Such a financial system was clearly incapable of sustaining a high rate of industrial growth, particularly growth of new and innovating enterprises.”

Key Words : Covid 19, Investment, Pandemic

## INTRODUCTION:

“A study on perception of investor for investing in this covid-19 situation” The world had faced many difficult situations from the past one year because of a pandemic which has shown us that each and every situation is temporary nothing at all remains the same. Many businesses had been crashed while some started to dive into a new possible startup which was rather necessary. This situation has changed the lives of many and has created a new way of looking toward every possible situation. Here, we are going to study about an aspect that is directly related to the lives and is inseparable. The aspect is investment which is something that could not be diluted or cannot be vanished as the people truly don't resist when we talk about investing as they want their life and future to be safe and for the same investment is very necessary. So, if any situation like covid arises one could be secured for facing the same and that could be possible with investment only but, today due to the falling economy one finds it difficult to manage the same and thus, for this same we are going to carry a survey and try to know about the perception of people for investment in this period.

## Pandemic Effect on Investment

The UN Conference on Trade and Development (UNCTAD) has released the World Investment Report 2020, which states that the coronavirus pandemic has caused a “steep drop” in investment flows and has hit developing countries the hardest. The report finds that lockdown measures have slowed existing investment prospects and caused multinational enterprises to reassess new projects. The World Investment Report 2020 titled, ‘International Production Beyond the Pandemic,’ projects that global foreign direct investment (FDI) will decrease up to 40 percent in 2020, bringing FDI below USD 1 trillion for the first time since 2005. FDI is expected to decrease 5-10 percent in 2021 and to begin to recover in 2022, led by global value chains, replenishment of capital stock, recovery of the global economy, and restructuring for resilience. The 2020 report highlights three technology trends of the industrial revolution that are expected to shape international production: additive manufacturing; enhanced supply chain digitalization; and robotics-enabled automation. The policy environment for trade and investment and sustainability concerns, such as differences between regions and countries on emission targets and environmental, social, and governance standards, will influence the pace and extent of technological adoption. The report states that there is an opportunity for increased sustainability if countries and regions take advantage of the new industrial revolution and overcome growing economic nationalism.

## LITERATURE REVIEW:

**Coronavirus pandemic impact: Keep your investments liquid and focus on short term goal**(By Rama Karmakar) The whole world is experiencing uncertainty and hardship due to the unprecedented COVID-19 pandemic. This pandemic came at a time when the global economy was already facing tough times. Hence, in the given situation, it is important to take prudent financial actions, both preventive and corrective, to ensure overall financial wellness of an individual and his/ her family.

**Impact investing and COVID-19: A moment for growth or a flight from risk?**(By Adva Saldinger) The economic shock of the COVID-19 pandemic has led most investors to lose money, many to adopt a sort of holding pattern, and a large amount to pull back on investments in low-income countries. The United Nations Conference on Trade and Development is predicting that foreign direct investment globally could drop by 30% to 40% from 2020-2021, and significant decreases have already been seen in sub-Saharan Africa in a number of months.

**3 key investment trends for a post-COVID world** In the post-COVID-19 landscape, new consumer trends will emerge. These trends include a shift to online shopping and working from home, while videoconferencing will grow in popularity. The first-half of 2020 has seen record levels of investment in ESG. This focus on sustainability will be a key investment trend in the future. Meanwhile, alternative data will become an important tool in analyzing future investment trends.

**How Investors Can Navigate Pandemic-Related Risk in Emerging Markets**(by Grant T. Harris) Long after developed markets have Covid-19 relatively under control, the virus will remain a threat in emerging markets, where uneven governance, weak health systems, dense urban slums, and high rates of poverty multiply the challenges of fighting the pandemic. In a few countries there are already early signs of political instability and civil unrest; in others the political effects will become clearer as the virus and government responses unfold over the months ahead.

**Has financial attitude impacted the trading activity of retail investors during the COVID-19 pandemic?** Examining retail investors' COVID-19-related investment behavior is especially vital because no documented epidemic or viral infection outbreak has yet had this same level of impact on the financial markets (Baker et al., 2020). The swift and unprecedented spread of the COVID-19 outbreak has made the financial markets extremely volatile, leaving investors with huge losses in a short timeframe (Zhang et al., 2020). To estimate the nearly unfathomable commercial impact of the COVID-19 pandemic, we must first consider that the Severe Acute Respiratory Syndrome (SARS) outbreak in 2003, which was confined mainly to a single country (i.e., China), cost the global economy between 30 to 100 billion USD (Smith, 2006). In comparison, COVID-19, the so-called "once-in-a-century pathogen" (Gates, 2020), has hit more than 200 countries and can be expected to have a far greater and far more long-lasting global economic cost for many years to come.

## OBJECTIVES OF THE STUDY:

1. To know the customers preferences about investing.
2. To suggest some profitable investment alternatives in this covid 19 situation.
3. To know how covid 19 affected the investors financial decisions.

## RESEARCH PROBLEM:

Clearly identifying the root cause of a problem. Developing a detailed problem statement that includes the problem's effect on a population's health. Problem Number of alternatives available, Income had been reduction due to covid but, need of investment is atmost important so, customers are in dilemma where to invest, Inflation has also affected the investment decisions so how to tackle them is a question. *"A study on perception of investors on investing in this covid-19 situation"*

## RESEARCH METHODOLOGY

Type of research – Quantitative

Tools utilizes - Percentage analysis, Graph chart

Type of research design – convenient sampling methods

Here, researcher taking questionnaire as data collection instrument because it will help us to ask some question regarding my research, through which we can easily analyze the data.

According to the objective of my research study it is necessary for me to obtain all the information through primary data and secondary data. It will help me to analyze the actual objective of the research

The sample size determined for this research work is 100 respondents.

## HYPOTHESIS:

H0: There is a significant impact of pandemic on investment decisions.

H1: There is no significant impact of pandemic on investment decisions.

## Hypothesis testing

### Step 1:-

Ho= There is no significant impact of pandemic on investors decision

H1= There is significant impact of pandemic on investors decision

**Step 2:-**

Chi square test of goodness of fit

**Step 3:-**

Significance level 5% e.g. 0.05

Step 4:-

Degree of freedom= N - 1

$$= 3 - 1$$

$$= 1$$

Step 5:-

Analysis and gathering of data

Where, Fo= Observed frequency

Fe= Expected frequency

Impact	Fo	Fe	Fo - Fe	(Fo - Fe) <sup>2</sup>	(Fo - Fe) <sup>2</sup> / Fe
Yes	65	33.33	31.67	1,002.9889	30.09
No	17	33.33	-16.33	266.6689	8.00
Somewhat	18	33.33	-15.33	235.0089	7.05
Total	100			1,504.6667	45.14

Step 6:-

Calculation of chi-square:-

$$= (Fo - Fe)^2 / Fe$$

$$= 45.14 \text{ (chi-square calculated)}$$

Step 7:-

Chi-square cal = 45.14

Chi-square Tab with DOF N-1= 5.99

Step 8:-

Interpretation

If  $\chi^2_{cal} > \chi^2_{tab}$ , then H<sub>1</sub> is accepted

If  $\chi^2_{tab} > \chi^2_{cal}$ , then H<sub>0</sub> is rejected

$$\chi^2_{cal} = 45.14$$

$$\chi^2_{tab} = 5.99$$

$$\chi^2_{cal} > \chi^2_{tab}$$

$$45.14 > 5.99$$

Hence H<sub>0</sub> is rejected,

H<sub>1</sub> is accepted

**FINDINGS:**

From the research we can see that corona has impacted the investor's decision. Almost all believe in investing. More than half percent people invest their money from 0-20% out of their income. Most of the investors prefer to invest for more than 5 years plans or upto 5 years. While choosing a plan the factors that almost investors keep in mind are risk and return. 22% investors invest for health plans, 18% for retirement plan and 17% for real estate investment. Almost all investors prefer to invest their money in public and private sector. 82% investors said that they have target amount for investment every year.

**LIMITATIONS OF THE STUDY:**

This analysis is conducted in covid-19 situation so, it resulted with limitations.

As the analysis is based on the responses given by the individual's study may not always be reliable'

Time constraint, students were busy in study or work and did not have time to give their feedback.

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Limited interest of students.

Formulation of research aims and objectives

### **CONCLUSION:**

I can conclude that Covid-19 has impacted the investors and investment sectors also. There is low investment due to this pandemic situation and it seems like there is a recession periods in the market. The return on investment is also low and there is a economic slowdown in the whole world. The market is also fluctuating every day which has also lead to less investment. The financial budget has also impacted the decisions of investors and from the survey almost investors agreed that pandemic has negative impact on investment.

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