



“A STUDY OF AN IMPACT OF COVID 19 ON SAVING AND INVESTMENT PATTERN”

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Abstract

Novel Corona virus or COVID 19 has affected millions of people around the world. It has not caused huge health crises but also affected the Economy around the world. Imposed of Lockdown in most of the countries has drastically affected the general population and their business and job suffered a lot. Lockdown aims was to reduce the virus infection but it has very huge affected to individual country economy. In current situation therefore, Saving and Investment are major pillars for our country by which our country can survive in these globally pandemic situations. Saving and Investment are root cause for any individual expenses and savings and also helps in major time of crises when it has occurred. The aim of these article is to analyse. The impact of COVID 19 on saving and investment pattern of individuals around the world. The aim of these article is to understand that up to what extent patterns of saving and investment has change to individual and done during COVID 19, also in lockdown period. And How people have played a role in crises period on their individual Saving and Investment pattern.

Keywords:- COVID 19, Economic Impact, Saving and Investment patterns, Income and Expenses, Sectoral Impact

Introduction

COVID 19 has huge cause on countries economy and individual saving and investment behavior, Due to corona virus there has been lockdown to many countries which has globally impact on countries economy. Many of business and job were shut down or closed and source of income was nil or partially for below lower middle class or lower class people.

Saving and Investment are two most important pillars of country and their survival.it has benefited on many crises period of time in past which were occurred. During lockdown and crises period there has been many changes in individual saving and investment pattern for their survival. Saving is important for individual to do any investment for necessary things and in crises period. Investment plays a vital role in which we have invested and we can get benefited from it or not. There are many sources of incomes from which we can saving and from it we can do investment. There were many factors which we have seen that prices of gold were very high a historical record price in crises time. Others factors like luxury things, petrol, shares, etc. prices were very high. We know that investment gives higher return than saving if it is invested in proper way and proper value. There are many forms of investment like savings account, money market, certificate of deposits(CDs), bonds, real estate, mutual funds, gold etc. As we talk about savings its incudes bank account, PPF, mutual fund ELSS, real estate, gold, insurance

Differentiate between saving and investment

SAVING

- Savings are ideally smaller, for short-term goals in the near future like a vacation, emergency etc.
- Liquidity is high, giving ready access to cash when needed.
- There is typically no risk involved.
- You can earn interest on your savings.

INVESTMENT

- Investments involve putting money to work to create wealth for achieving long-term goals like child's education, house etc.
- Liquidity is usually not easy when you invest money.
- Risk involved is usually high.
- Investments have a potential to yield higher returns, where investments appreciate over time.

Both saving investment plays an important role on individual spending pattern both are necessary and beneficiary to each other. Economic growth is related to investment, with growth of industries and company, business it will boost our economy to grow fast.

Literature Review

1. "CA SWETA AGRAWAL JAIN - ASSISTANT PROFESSOR - IMDR, PUNE" (2020)

Due to COVID 19 pandemic it has affected to whole economy of the world. Industrial recession to predicted will worst condition in history. Spending has reduced in many areas like Fuel, eating out, travelling etc. With respect of individuals income increase/decrease in saving and investment it has worst effect to the country. Pre-& Post COVID-19 impact in India and to analyse the changes in saving pattern & preferred saving modes, Pre-& Post COVID-19 impact in India.

2. NIRANJANA CHAKRABORTY (JUNE-2020)

The impact has seen in individual changes in spending and expenditure pattern. Due to which digital transactions are focusing more to work effectively and contactless.

Its main objectives are

- 1) Making ends meets
- 2) Growing conservative
- 3) Going contactless

3. DISHA SANGHVI (AUGUST-2018)

India's overall savings rate has declined by 30% from 34.6% over the period of five years, ending FY2016-17. The difference between household's disposal income and expenditure we can get household saving rate. If household savings will continue to decline it will huge impact on economic growth. Household contribute more than half the total savings in the country.

4. SANCY K. BOSE JULY -2020

It is clear that COVID 19 has vital issue has a deep impact on India's ordinary people's savings. For to come back in normal life it will take years of time to growth of individual and after that it will take time to countries growth. Health expert's opinions are contradicting. Covid-19 has made it a hard time for ordinary people to take extraordinary risks for their survival.

5. JPMORGAN CHASE & CO. (MARCH-2020)

Due to novel corona virus, there has been volatility in revenue for small and large investors of country. Due to volatility, there were many small businesses which were forced to closed. Small businesses in different sectors may experience the effect of COVID-19 differently due to it being a public health emergency. Importantly, small businesses in majority-minority communities and communities with lower amounts of human and financial capital have materially lower levels of cash liquidity and small businesses operating on smaller profit margins, small scale business and industries. Policymakers responding to the impact of COVID-19 on small businesses might target country economy responses to communities in which small businesses typically have the least cash liquidity.

OBJECTIVES:

- 1) To study on the individuals Savings and investments patterns due to Covid-19 Situation.
- 2) To Survey the spending and saving behavior of individual on account of covid-19 situation include how much savings and investment is done by individuals
- 3) To conclude that due to these Covid-19 Pandemic there is lot of changes in patterns of saving and investment in people
- 4) To analyse the pattern of investment and saving among the salaried and business persons.
- 5) To know the factor that are influencing investment behaviour of the peoples.

RESEARCH METHODOLOGY

RESEARCH DESIGN:

We have used Descriptive Research design.

SOURCES OF DATA:

The Research will be conducted through a Survey containing Structure questionnaire, circulated digitally. The study based on both secondary and primary data. The secondary information will be collected from different published materials vis. Books, Journals, magazines & websites etc. And primary data will be collected by communicating with respondents through a structured questionnaire.

DATA COLLECTION METHOD:

We Have chosen Distributive type of method and have used Primary data and secondary data for collecting data regarding "A study of an impact of COVID-19 on savings and investment pattern. We have used Questionnaires and Interviews as a data collection instrument.

SAMPLE SIZE and Method

Data collection size is 117 and we have used Simple Random Sampling Method.

Data Analysis

Figure1.1. People who have invested during lockdown

Count of Have you invested during lockdown?

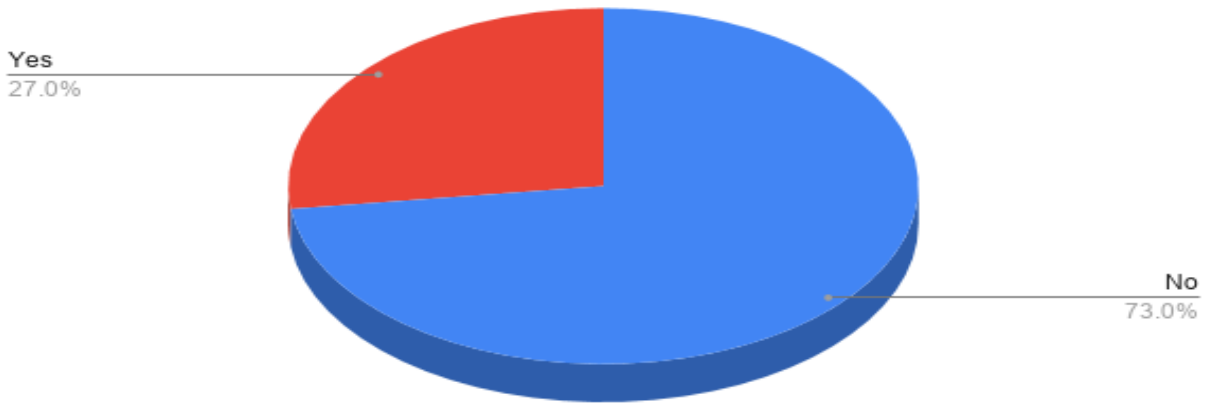


Figure1.2. Occupation of individuals

Count of Occupation

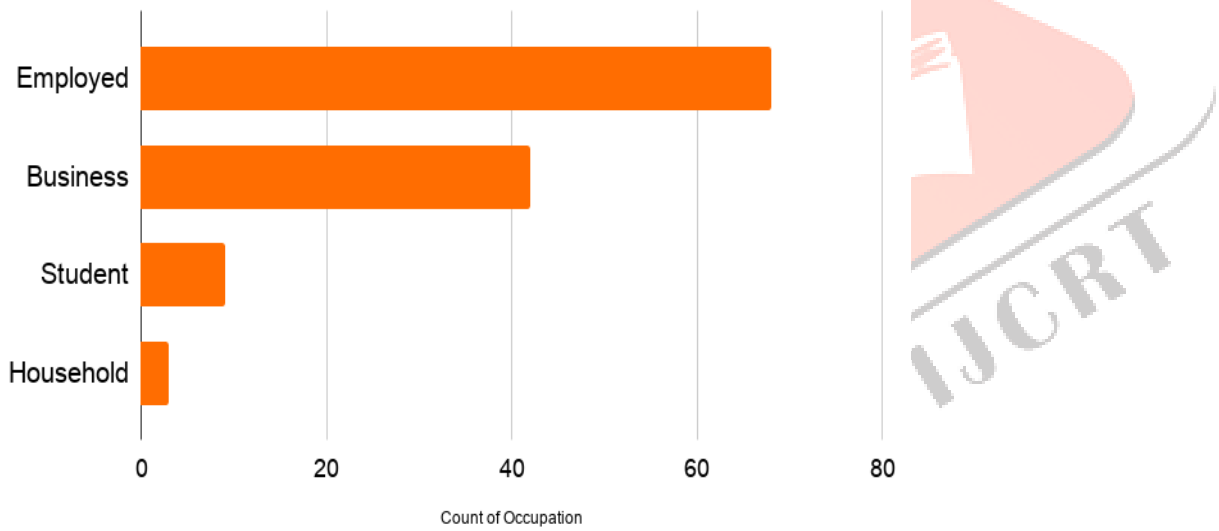


Figure1.3. Expenses was decreased in below segment

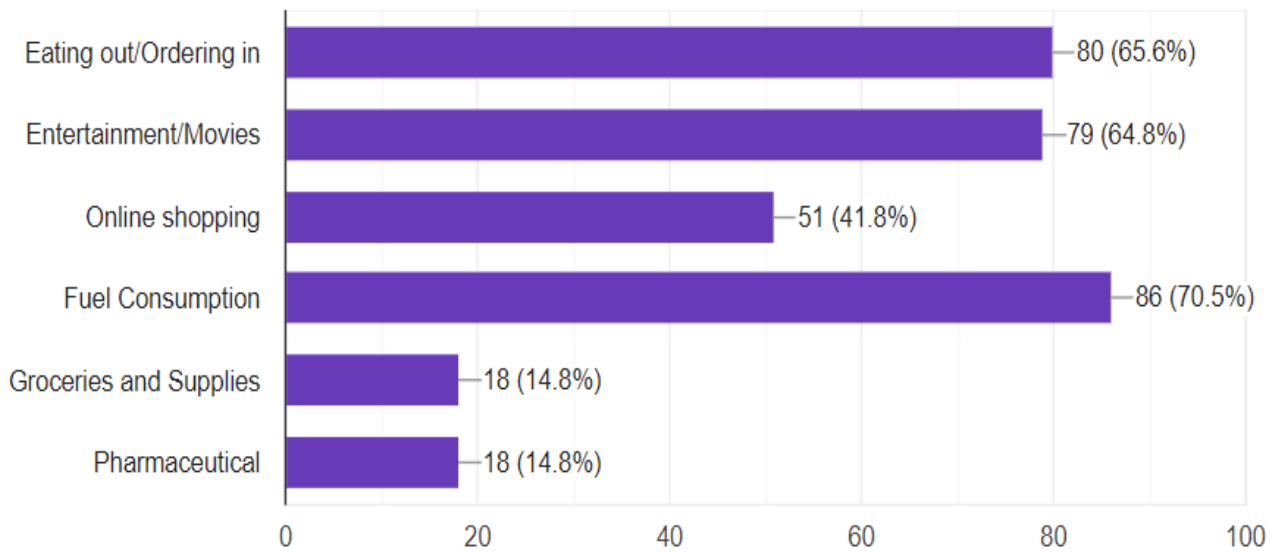
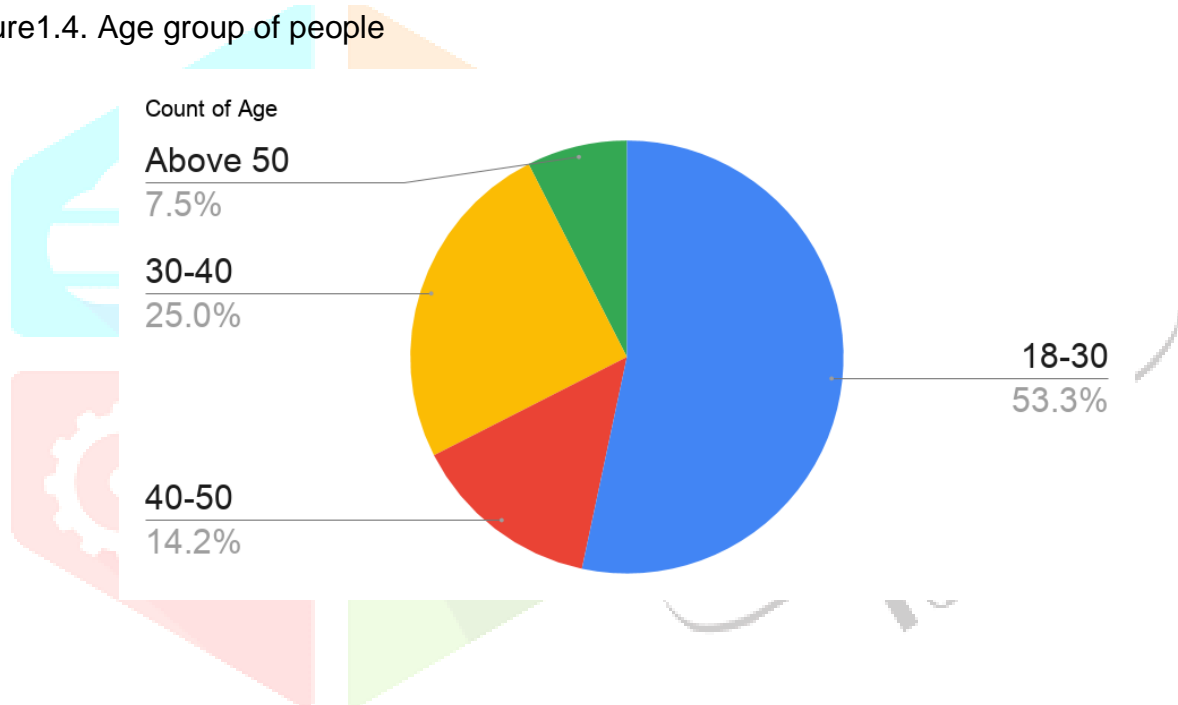


Figure1.4. Age group of people



Count of If you are employed, have your Salary received during lockdown?

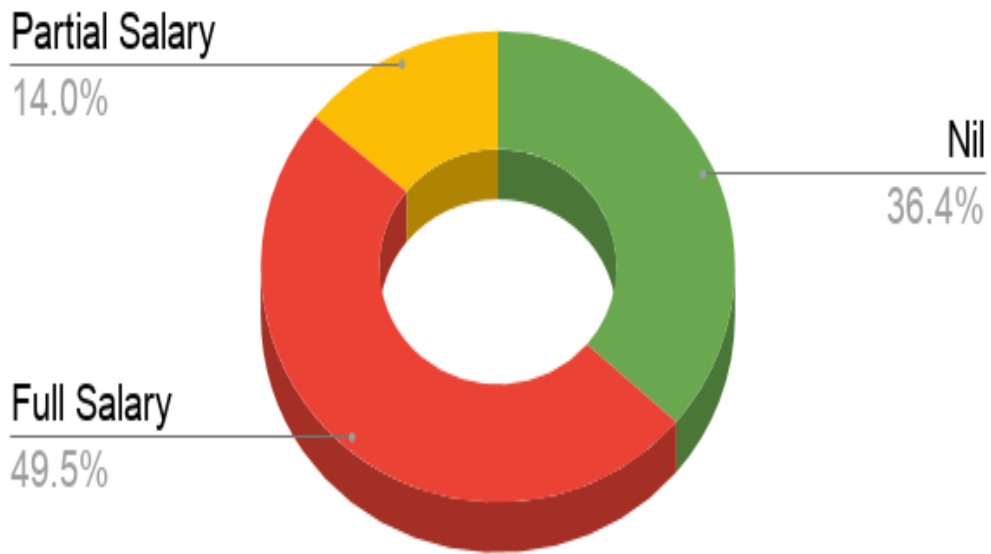
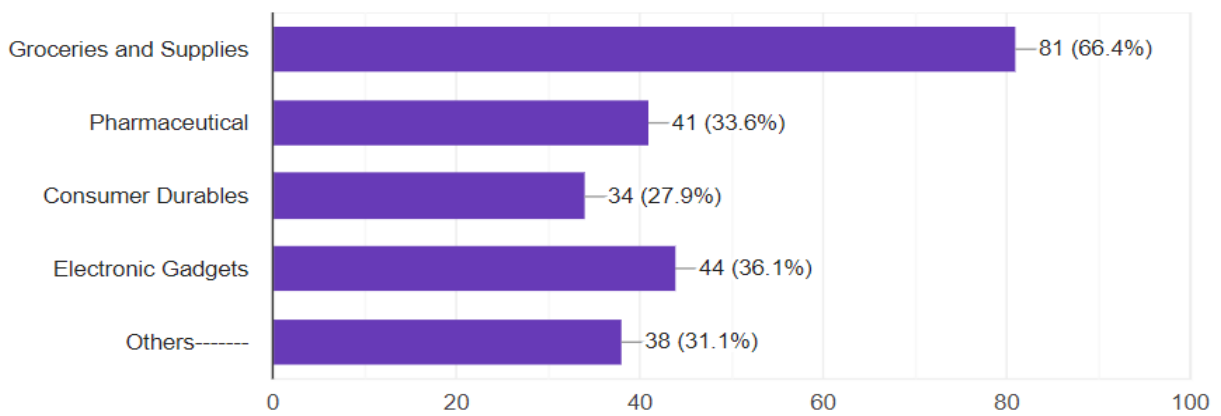


Figure1.5. Expenses were Increases in below segment



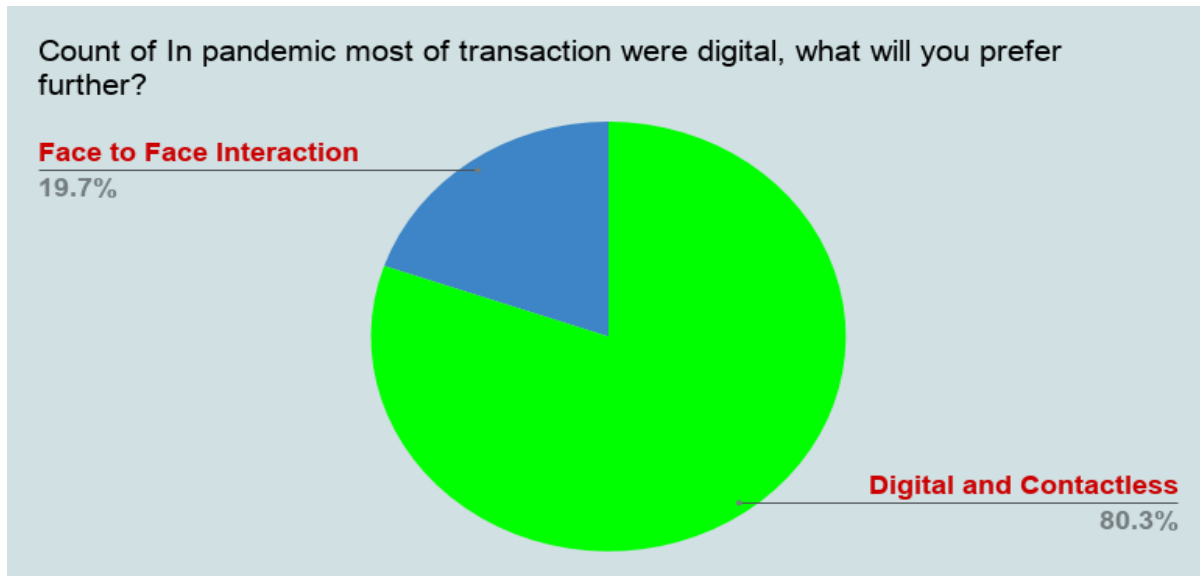
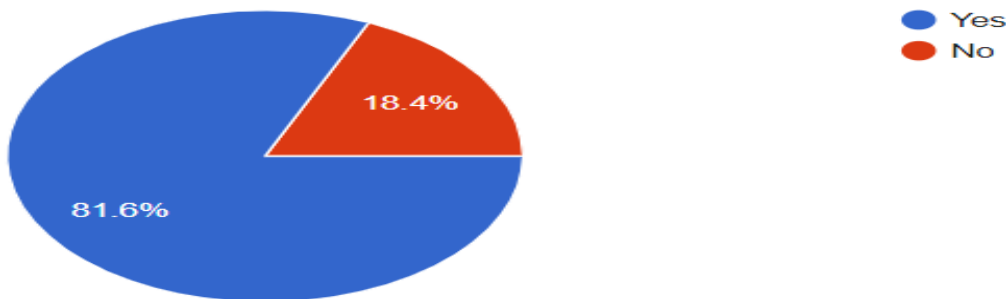


Figure1.6. How many of people were affected during COVID 19 on saving and investment



Discussion

1) We have find that, out of total responses there about 53.3% people are between 18-30 years of age i.e., equal to 107, 25% people are between 30-40 years of age i.e., equal to 50, 14.2% people are between 40 to 50 years of age i.e., equal to 28, 7.5% people are between 40 to 50 years of age i.e., equal to 15

2) From above figure we can say that, majority of people find under salary group/ business income less than 15000 are 23.5% i.e., between 47 people are at less than average salary which also affected due to pandemic, between 15000-30000,33.6% i.e., 67 people are at average salary/ business income, between 30000-45000 ,24.4% i.e.,49 people are at normal salary/ business income so we can say that they are least affected ,between 45000-60000, 8.4% i.e., 17 people are at neutral and more than 60000 , 10.1% i.e., 20 people their income is high from pre COVID-19 so we say that pandemic is not affected this class of people.

3) Out of total responses majority are employed among total occupation more than 60% no of people are employed and more than 40% no of area business person followed, there were many business and job which were closed for long period occupation is important factor because it is sources of income are identified

4) 81.6% of people think that an Impact of COVID-19 on individual saving and Investment affected while only for 18.4% the pandemic and lockdown period was normal.

- 5) Only from survey 27% people have invested in stocks and make a good profit on that investment while 73% people have not invested in stocks.
- 6) There was relaxed time given for EMI holders from that 67.8% says that it was not good option and 32.92 say that it was at good option. It has affected too many CIBIL [Credit Information bureau (India) Limited] also which is negative impression.
- 7) We came into known that about full salary was received by only 49.5% population and 14% population was received partial and 36.4% of people income source was nil. The sources of income play a vital role on saving and investment.
- 8) About 70.7% of business was closed by majority of people was affected due to pandemic and only 29.3% business were open.
- 9) From above graph and tabular we find that majority of people have given 7topmost priority to their healthcare and insurance because it is necessary in today's time. Secondly, they have followed priorities on household expenses, utilities and education which is a needed option for every house hold. At last personal spending, recreation and entertainment etc has provided on last priority because it is not necessary but needed at occasion period of time
- 10) The people of 75.2% think that the package which was released by government has not benefited to majority of people and only 24.8% only people were benefited.
- 11) Above 81.6% of people think that an Impact of COVID-19 on individual saving and Investment affected while only for 18.4% the pandemic and lockdown period was normal.

Results and Findings

Due to Pandemic and lockdown, there has been change there has been change of saving and Investment pattern because majority of people are been affected by above givens figures

- 1) Around 50% of people has received full salary and likely 15% of people received partial salary and 35% of total people has not received their salary in pandemic and lockdown period.
- 2) Majority of people have experienced that there has been reduction in expenses like fuel, entertain, eating and going out. And increased in things like, Groceries and supplies, Pharmaceutical, consumer durables.
- 3) 81.6% of people thinks that there has been impact of covid-19 on individual saving and investment pattern and 18.4% people doesn't get affected.
- 4) There has been drastically increase in prices like GOLD and due to reduction in stock market people has affected more because of the price rise at very high level which has affected on individual saving and investment.

Limitations

There are some of its limitations which are as follows

- The data which are collected may be bias
- The sample size is only 100*plus
- The information filled out by individual may not be 100% sure due to digital form of questionnaire
- The data are collected randomly so many of sectors like students and household are also included which are not directly related to saving and investment

Conclusion

For Economy, the saving and Investment plays a key and important role in individual life and country growth, but due to COVID-19 there has been major changes in individual saving and investment pattern because of many factors. Due to pandemic and lockdown situation the factors like increase in price rise and reduction or no sources of income for individuals.

In our analysis we conclude that reduction in people salary/ business income and business closes due to which no income or less income was seen in majority of people which has affected individual and countries growth. We also have seen that there is decrease in expenditure in luxury things etc. and increase in things like groceries, pharmaceutical, consumers durable, electronics, online learning and digital form of services.

People were forced to save money instead of invest more as compared to pre COVID-19 pandemic and lockdown period and from now people will save more to do investment more in future and if any pandemic occur in future and fight back against uncertainty situation. People should learn from these Pandemic that how saving and investment plays an important role in individual life. And we take right decision for saving and in best investment.

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