



THE EFFECT OF COVID-19 ON FAMILY BUDGET: CHANGES IN FAMILY FINANCIAL

V.VISHAL

School of management studies, sathyabama institute of science and technology

Dr M. Sudha Paulin MBA., Phd.,

Assistant Professor, sathyabama institute of science and technology Chennai,
Tamil Nadu, south India

ABSTRACT

This paper explores the effect of “severe acute respiratory syndrome coronavirus 2 (SARS- CoV-2)” on the finances of families located in India. COVID-19 pandemic has flare-up frenzy, nervousness, and sorrow level in both youth and adult individuals and changed food consumption preferences. To assess the financial effect of COVID-19 on individuals (households), a microeconomic model is created to appraise the immediate effect of COVID-19 on family income, savings, consumption, and expenses. The model assumes two periods: an assurance period during which people experience a stable income; and a crisis period, when families don't have conviction on their pay and can utilize their savings to keep up the consumption of pre-crisis level during this emergency period. Keywords: COVID-19, crisis, consumption, financial, microeconomic.

INTRODUCTION

I. INTRODUCTION

Humankind is facing a global health crisis with the COVID-19 pandemic, not at all like any in the 75-years history of the United Nations. It kills individuals, makes human enduring at the outrageous levels, and overturning individuals lives. However, this unexpected case is substantially more than a basic wellbeing emergency. It is a human crisis. The COVID-19 disease is assaulting social orders at its core.

Coronavirus is an illness with a very high mortality rate (1.81%)¹. It brought about a wide pandemic topography and around 210 nations and districts all over the world were

impacted by its unendurable impacts.

The spread of COVID-19 is expected to result in a considerable slowdown of economic activities.

According to an early forecast of the International Monetary Fund² (2020a), the global economy would contract by about 3 percent in 2020. The contraction is expected to be of far greater magnitude than that of the 2008-2009 Global Financial Crisis. However, in its latest update (June 2020), the International Monetary Fund (2020b)² revised the forecast to 4.9 percent contraction in 2020. The report cites the following reasons for the updated forecast: (I) greater persistence in social distancing activities; (II) lower activity during lockdowns; (III) steeper decline in productivity amongst firms which have opened up for business; and, (IV) greater uncertainty. The economic implications will be wide-ranging and uncertain, with different effects on the labor markets, production supply chains, financial market, and the World economy.

To comprehend the expected negative monetary effect of COVID-19, it is critical to comprehend the financial transmission channels through which the shocks will adversely influence the economy. As indicated by Carlsson-Szlezak et al. (2020a) and Carlsson-Szlezak et al. (2020b)¹, there are three principle transmission channels.

OBJECTIVE OF THE STUDY

- To find the impact of Covid19 on consumer behavior especially on families residing in Chennai.

To analyze household income before and after crisis period.

II. REVIEW OF LITERATURE

(Codagnone et al. 2020; Dzigbede and Pathak 2020)The number of scholarly works available on the COVID-19 pandemic shows its negative effect on everysector of the global world.

(Topcu and Gulal 2020; Ibn-Mohammed et al 2020; Phan and Narayan 2020).These adverse effects are not limited to healthcare casualties, but has also severely affected the financial sector, destabilizing investors' confidence in stock trading.

Amankwah-Amoah 2020; Awan 2020; Heinonen and Strandvik 2020).The sustainable development goals are lost their momentum during the pandemic (Heggen et al. 2020). Hence, there is a greater need to devise innovative policies to combat the increased social and environmental sufferings.

(Kumar et al. 2020)The increased need for coronavirus testing capacities may shorten the learning curves by sharing knowledge and technological spillovers.

(Kou et al. 2014, 2019, 2021; Chao et al. 2019, 2020)The financial risk reporting based on generating algorithms can use to avoid bankruptcy, which required prudential economic policies to prevent it from systemicrisk.

III. RESEARCH

METHODOLOGY NEED FOR

THE STUDY

For last two years our world affected mostly in economically physically and healthy.

Most of the middle class families affected mainly in financial and they faced lot of troubles during this pandemic situation.

SCOPE OF THE STUDY

- ✚ By taking this survey on the topic of “The effect of COVID-19 on Family budget Changes in Family Financial to know the situation of families.
- ✚ Most of the families were affected by covid19 and most of the families were not affected by covid19 but every family face the trouble of financial situation.
- ✚ From this survey some improvement or changes can be arised to solve this situation

RESEARCH DESIGN DESCRIPTIVE

RESEARCH DESIGN

Descriptive research is a study designed to depict the participants in an accurate way. More simply put, descriptive research is all about describing people who take part in the study

SOURCES OF DATA

Data collection is the term used to describe a process of preparing and collecting data.

PRIMARY DATA: The data regarding the effect of COVID-19 on Family Budget were collected through questionnaire with multiple choices.

SECONDARY DATA: Secondary data have been collected from the general public.

STRUCTURE OF QUESTIONNAIRE

Questionnaire was divided into two sections. First part was designed to know the general information about customers and the second part contained the respondent's opinion about their satisfaction.

ANALYTICAL TOOLS PERCENTAGE

ANALYSIS

Research questions are always answered with a descriptive statistic: Generally, either percentage or mean. Percentage is appropriate when it is important to know how many of the participants gave a particular answer. Generally, percentage is reported when the responses have discrete categories.

CHI SQUARE TEST

A Chi-square test is a hypothesis testing method. It is a statistical test used to compare observed results with expected results.

ONE WAY ANOVA

One-way anova is used to determine whether there are any statistically significant differences between the means of three or more independent groups.

DATA ANALYSIS AND INTERPRETATION

SHOWING GENDER WISE CLASSIFICATION OF RESPONDENTS

PARTICULARS	NO.OF.RESPONDENT	PERCENTAGE
Male	44	62
Female	27	38

SHOWING AGE WISE CLASSIFICATION OF RESPONDENTS

PARTICULARS	NO.OF RESPONDENT	PERCENTAGE
25-35	42	59.1
35-40	10	14
40-50	10	14
50-60	0	0
Above 60	0	0

How many members in your family are working

PARTICULARS	NO.OF. RESPO NDENT	PERCENTAGE
1	25	35.2
2	25	35.2
3	9	12.7
More than 3	12	16.9

Count Is your family still face any financial crunch related to the covid-19 pandemic

PARTICULARS	NO.OF. RESPO NDENT	PERCENTAGE
Yes	48	67.7
No	23	32.4

If yes, highlight few of the problems you have faced

PARTICULARS	NO.OF.RESPO NDENT	PERCENTAGE
Underpaid	19	26.8
Unemployment	18	25.4
Others	34	47.9

CHI SQUARE

Case Processing Summary

	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
age *	71	98.6 %	1	1.4%	72	100.0 %
affected_financially_during_covid19						

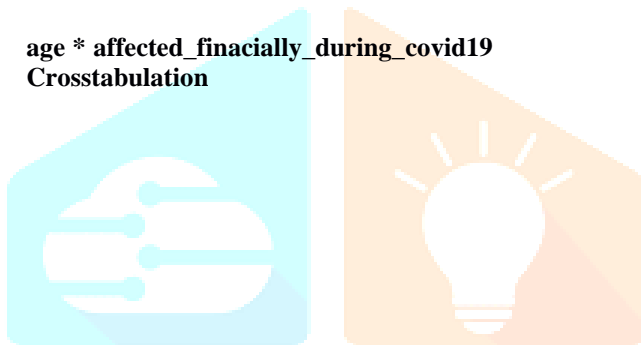
Chi-Square Tests

	Value	df	Asymptotic Significance (2- sided)
Pearson Chi-Square	21.253 ^a	2	.000
Likelihood Ratio	20.713	2	.000
Linear-by-Linear Association	17.793	1	.000
N of Valid Cases	71		

INTERPRETATION

Since p value 0.000 is less than 0.05 null hypothesis is rejected alternate is accepted. Hence, there is significant association between the age of the respondents and people were affected financially during covid-19.

age * affected_financially_during_covid19 Crosstabulation



affected_financially_during_covid19

		A	D	Total
age 25-35	Count	42	0	42
	Expected Count	37.9	4.1	42.0
35-40	Count	10	0	10
	Expected Count	9.0	1.0	10.0
40-50	Count	12	7	19
	Expected Count	17.1	1.9	19.0
Total	Count	64	7	71
	Expected Count	64.0	7.0	71.0

ANOVA

Descriptives

gender	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
A	64	1.30	.460	.058	1.18	1.41	1	2
D	7	2.00	.000	.000	2.00	2.00	2	2
Total	71	1.37	.485	.058	1.25	1.48	1	2

ANOVA

gender	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	3.119	1	3.119	16.112	.000
Within Groups	13.359	69	.194		
Total	16.479	70			

INTERPRETATION

Since p value 0.000 is less than 0.05 then null hypothesis is rejected alternate is accepted. Hence, there is significant difference between gender of the respondents and financial position of every country has decreased during this pandemic

V. FINDINGS AND CONCLUSION

FINDINGS

- ✚ Majority 62% maximum in the gender of male.
- ✚ Majority 59% maximum in the age 25-35.
- ✚ Majority 35.2% maximum in the 1,2.
- ✚ Majority 67.7% maximum in yes.
- ✚ Majority 47.9% maximum in others.
- ✚ Majority 33.8% maximum in Protect yourself.
- ✚ Majority 56.3% maximum in 1-2 years.
- ✚ Majority 39.4% maximum in others.
- ✚ Majority 66.2% maximum in yes.
- ✚ Majority 85.9% maximum in yes.
- ✚ Majority 90.1% maximum in agree.
- ✚ Majority 90.1% maximum in agree.

CONCLUSION

A popular meme shows Dr. Emmett Brown and Marty McFly from “Back to the Future” sitting in their time machine, with Doc Brown warning, “Whatever you do, don’t set it to 2020!” Indeed, 2020 may be only at its third-forth, but for many it is already “the worst year ever.” When the dust finally settles, history should record how most of the misfortunes were self-inflicted. While researching and working on this paper, I came across many interesting findings about consumer behavioral responses to market’s volatility. I have discussed some of them above, and the answer to this question, what is the financial effect of Covid19 on family finances? is somewhat hiding in the findings mentioned above. To elaborate this further, we have discussed that there is a significant decrease in transportation expenses and savings of the consumer. On the contrary, there is a significant increase in consumer’s medicinal expenses which is perfectly in elastic to change in price, and all other expenses shows an increase.

[SorrowThe-Changing-Risk-Profile-of-Sub-Saharan-Africas-Debt.pdf.](#)

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