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A Study on the Impact of Pandemic on Investment Pattern of Investors WRT Chennai City

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Abstract

Investment means positioning our hard earned money into useful avenues in order to reap rewards. The pandemic has engendered many changes in people's daily lives in almost every domain, including HR, marketing, and finance.[9] The study aim is to find the impact of Covid 19 on investors' investment patterns when the entire world is involved in all of their activities. The study centred on investors' perceptions of their investment patterns during the pandemic and how pandemics influenced their investment decisions. A structured questionnaire was used to collect 71 responses. The study discovered that age and education have an impact on investment decisions.

Keywords: Investment; Pandemic; Financial services; Investors.

INTRODUCTION

The engagement of financial resources on assets with the goal of earning revenue or capital appreciation is known as investment. Investment entails putting money to work in order to earn more money, or in other words, foregoing money today in exchange for a higher return tomorrow. Investment is one method of making financial provisions for the future in a world where most situations are uncertain and unpredictable.[7] A well-planned investment can provide security and certainty in life. Diversification in the financial services sector has provided each individual investor with a variety of investment opportunities.[2] Any investment advisor will always recommend saving money. The difference between what is earned and what is spent is referred to as savings. Many investors save to meet their future needs and to ensure their safety in old age. Savings in banks, deposits in banks, investment in the debt and equity markets, mutual funds, insurance, property and jewellery investments, and so on are all options for investment. However, the recent pandemic situation has altered everyone's life pattern which includes individuals' daily living patterns, spending patterns, investment patterns, and working patterns. This shift brought about by pandemics surprised everyone because no one expected such an event to occur in a country where people were struggling financially. People realised the value of passive income and how it can help in these situations. Investing is an important way to generate passive income.[6] The research looks at how the pandemic Corona has affected investors' investment patterns.

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OBJECTIVES OF THE STUDY

- To find out the impact of pandemic corona on investors' investment pattern.
- To find out about the investor's Opinion on investments to be made during the pandemic corona.

REVIEW OF LITERATURE

Arpita Gurbaxani and Rajani Gupte (2021)[3] stated that factors such as risk competency, mental calculation, willingness to take financial risk, and risk aversion influence an individual's investment decision. According to the study, there was a drop in Systematic Investment Plan investments during the pandemic COVID-19 outbreak due to lower household income, a stock market crash, and a shift in investor preferences toward more secure investment options such as bank deposits. It was discovered that SIP investments had decreased. The decline in investment is typically caused by gender factors, but the difference in percentage decline in investment was not statistically significant. Furthermore, the age factor has no effect on investment behaviour. The discovery emphasises that socioeconomic factors influence investors' investment decisions during the Pandemic on a micro level.

Fanyi Wang, Ruobing Zhang, Faraz Ahmed, and Syed Mir Muhammed Shah (2021)[5] state that the global financial market has been negatively impacted in recent years by the sudden outbreak of pandemics, which has influenced business decisions. The impact of COVID-19 on investors' investment decisions can be determined by their risk perception and overall risk tolerance level. Because of the global adversity that has affected the business sectors, investors are also experiencing insecurity. This adversity has increased the risk associated with various financial investment patterns anticipated by financial investors.

Aamir Sohail, Abid Hussain, and Qamar Afaq Qurashi (2020)[1] identifies that the global market factors play an important role, while psychosomatic factors have the least influence on individual investors' investment patterns. According to the study, the most influential factors that influence investors' investment behaviour are market instability, investor confidence, government policies, political firmness, broker advice, herding, and financial returns. Other factors that influence investors' investment decisions include religious beliefs, social status, and the opinions of family members.

Dr. Shebazbano Khan, Dr. Charu Upadhayaya, Dr. Shuchi Gautam, and Dr. Pankaj Natu (2020)[4] explain that the preferences of investors' towards investment are dynamic. Investors are influenced by their investment behaviour as well as a variety of other factors. Typically, investors prefer to invest in assets that provide a consistent and stable return with little risk. In general, investors prefer asset classes that provide consistent and consistent returns with minimal risk. Investors base their decisions on the investment's risk and return.

RESEARCH METHODOLOGY

This study employs descriptive research methods. The survey and interview methods were used by the researcher to conduct the research. The convenience sampling method is used in this study to collect primary data via a questionnaire. This study has a total sample size of 71.

DATA ANALYSIS & INTERPRETATIONS

Table 1: Showing the Level of income used to invest before the pandemic

Particulars	No of Respondent	Percentage
Lesser than 5%	33	47%
6% to 10%	26	37%
Greater than 10%	12	16%
Total	70	100%

Source: From Primary data

RESULTS

From the above chart it is inferred that 47% of respondent had invested less than 5% before the pandemic, 37% had invested between 6% to 10% and 16% had invested more than 10%.

Table 2: Showing the Level of income used to invest during the pandemic

Particulars	No of Respondent	Percentage
Lesser than 5%	48	68%
6% to 10%	14	20%
Greater than 10%	9	12%
Total	71	100%

Source: From Primary data

From the above chart it is inferred that 68% of the respondent have invested less than 5% during the pandemic, 20% have invested between 6% to 10% and 12% have invested greater than 10% during the pandemic.

Table 3: Showing the Awareness of Investment Schemes introduced during the pandemic

Particulars	No of Respondent	Percentage
Yes	24	24
No	47	66
Total	71	100

Source: From Primary data

From the above chart it is inferred that 66.2% of the respondent are not aware of investment schemes during the pandemic and 23.8% were aware of investment schemes during the pandemic.

Table 4: Showing the Amount of investment risk taken during the pandemic

Particulars	No of Respondent	Percentage
Very High Risk	6	9
High Risk	14	20
Medium Risk	30	42
Low Risk	5	7
Very Low Risk	16	22
Total	71	100

Source: From Primary data

From the above chart it is inferred that it 42% of the respondent have medium amount of risk taken during the pandemic, 22% have taken very low amount of investment risk, 20% have a High investment risk, 9% have taken a very high amount of investment risk and 7%.

Table 5: Showing "Post COVID is the Right time to invest" – Investors opinion

Particulars	No of Respondent	Percentage
Strongly Agree	14	20
Agree	14	20
Neutral	42	58
Disagree	1	1
Strongly Disagree	1	1
Total	71	100

Source: From Primary data

From the above chart it is inferred that 58% of respondents have neutral opinion on investing post COVID is the right time, 20% have agreed and strongly agreed for investing post COVID and 1% have disagreed and strongly disagreed to the statement that Post COVID is the right time to invest.

Table 6: Showing Satisfaction towards investment returns during the pandemic

Particulars	No of Respondent	Percentage
Highly Satisfied	1	1
Satisfied	12	17
Neutral	47	66
Dissatisfied	6	9
Highly Dissatisfied	5	7
Total	71	100

Source: From Primary data

From the above chart it is inferred that 66% are neutrally satisfied with their income during the pandemic, 17% are satisfied, 9% are dissatisfied, 7% are highly dissatisfied and 1% are highly satisfied with the income during the pandemic.

Table 7: Showing factors influencing investment decision post COVID-19

Particulars	No of Respondent	Percentage
GDP	20	28
Job Status	30	42
Hike in Interest rate	7	10
Rupee Value	14	20
Total	71	100

Source: From Primary data

From the above chart it is inferred that 42.3% of the respondent think post COVID Jobs will be affected, 28.2% think it will be a drop in the GDP, 19.7% will think they will be a decline of the Indian rupees and 9.8% think there will be a hike in the interest rates by the financial institute.

Null Hypothesis (H1): There is no association between the age of the respondents and their selection of the financial services during COVID-19

Table 8: Chi square showing the association between the age of the respondents and their selection of the financial services during COVID-19

Profession	18 to 25	26 to 30	31 to 40	Above 40	Total	P Value
Banking	25	13	5	2	45	
Stock Market	8	1	2	1	10	
Mutual Funds	4	1	1	2	4	0.000**
Other	2	2	1	1	12	
Total	39	17	9	6		

Source: From Primary data ***Note:*** ** denotes significant at 1%

The Pearson chi square significant value is 0.000 which is lesser than 0.05. Hence, reject null hypothesis. There is association between the age of the respondents and their selection of the financial services during COVID-19.

Null Hypothesis* (H_1)*: There is no significance difference between the gender and respondent opinion towards financial service during COVID

Table 9: One way ANOVA test showing the significant association between the Educational Qualification and Investment Decisions during COVID 19

Attributes		Sum of Squares	Df	Mean Square	F	Sig.
Upto 12th Standard	Between Groups	0.285	1	0.285		
	Within Groups	107.011	69	1.551	0.184	0.000**
	Total	107.289	70			
Under Graduate	Between Groups	0.513	1	0.513		
	Within Groups	69.205	69	1.003	0.511	0.000**
	Total	69.718	70	–		
Post Graduate	Between Groups	0.008	1	0.008		
	Within Groups	55.175	69	0.800	0.10	0.000**
	Total	55.183	70	–		
Diploma Holders	Between Groups	0.706	1	0.706		
	Within Groups	123.266	69	1.786		
	Total	123.972	70	–	0.395	0.000**
	Within Groups	129.848	69	1.882		
	Total	129.859	70	–		

Source: From Primary data

Note:** denotes significant at 1%

Since the P value is less than 0.001, null hypothesis is rejected at 1% significant level. Hence there is a significant association between the educational qualification and investment decisions during COVID 19.

DISCUSSIONS & IMPLICATIONS

- Before Pandemic, 47% of respondents had invested less than 5% of their income.
- During Pandemic, 68% of the respondent has invested less than 5% of their income.
- 42% of the respondents have taken a medium amount of risk in investments during the pandemic.
- 66.2% of the respondent are not aware of investment schemes during the pandemic.
- 58% of respondents are still in a dilemma on whether investing post-COVID is the right time.
- 66% are somewhat satisfied with their income during the pandemic
- 42.3% of the respondent think jobs may be affected post-COVID
- Age of the investors has an influence on the selection of the financial services during COVID-19.
- Educational qualification will have an impact on the investment decisions during COVID 19.

CONCLUSION

Financial institutions around the world are monitoring and dealing with the COVID-19 pandemic.[8] They are working to understand the immediate challenges as well as the long term impact on the interconnected financial system. They use their knowledge to assist themselves and their customers in making sound decisions in today's highly volatile operating environment. The COVID-19 pandemic has had an impact on people's social and professional lives. Everyone is talking about the "new normal life," but no one is sure what it will be. Whatever the new normal is, the financial services sector, which primarily consists of banking companies, non-banking financial services, and the insurance industry, has been and will continue to be severely impacted.

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