

Investors’ Predilection towards Investment Avenues During Covid–19 Pandemic

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Abstract:

In this modern era, money plays an important role in one’s life. Investing is a critical action of each individual, as it involves a lot of fear and panic that the investments should not erode in value. The research aims to study Investors’ predilection towards various investment avenues available in the market during Covid - 19 pandemic. Generally investors invest in secured investments such as gold, government bonds, Fixed Deposits, Post office schemes, government bonds, tax saving schemes and also in risk related securities such as mutual funds, shares, etc. based on the risk and return trade-off. The psychology and the mind-set of the people have changed a lot in the covid-19 pandemic. The study focuses on determining the investors’ preferences and the factors that aid in decision making in selecting the best arena for investing the funds.

Keywords —Investment, preferences, Covid – 19 pandemic.

I. INTRODUCTION

Many Investment avenues are available in India, where few are very attractive with higher returns and are risky, while others are non-attractive with less returns but practically riskless. **Yogesh P. Patel and Charul Y. Patel (2012)** in their study observed that mutual fund investment in the form of SIP was considered as the most favoured option amongst youngsters. Traditional investment options like Fixed Deposits, Post Office Schemes are losing their sparkle. Due to the constant increase in the Gold prices the authors observed that gold is still one of the investment options. They also observed that youngsters are fully aware of the market and are intelligent enough to decide the best investment to be made from their hard-earned money. **Bharathraj Shetty and M. Muthu Gopalakrishnan (2013)** proved that while investing, all the benefits available in a particular investment are not known to individual investors and they have

to make all possible efforts to see that the terms of investment are known. The study also concluded that individuals’ in order to reduce their tax burden through tax planning does resort to tax saving investments. **Sonali Patil and Kalpana Nandawar (2014)** found that majority of investors were aware of the investment avenues and made investments appropriately. The awareness amongst men was more compared to women. The study also revealed that there was no relationship between income level and awareness of investment avenues. **Gurbaxani, A., &Gupte, R. (2021)** in their study observed that, due to measures taken by the government to control the spread of COVID-19 such as lockdown and the stock market crash, individual investor’s willingness to invest in mutual funds and the stock market has been impacted negatively. Investors have become more risk averse, and prefer relatively secured investment options offering moderate return with low risk.

The research aims to determine the investment avenues which investors prefer during uncertain periods like the present covid-19 pandemic situation. Whether they prefer safe secured investments or are they ready to take risk and invest in equity related securities, mutual funds, etc.

II. RESEARCH METHODOLOGY

Objectives

- To study the Investors' Predilection towards Investment avenues during Covid – 19 Pandemic.
- To analyse the change in the pattern of investment among the investor due to covid impact.

Methodology

A sample size of 150 active investors are selected in Chennai using stratified sampling technique. Primary data is collected through structured questionnaire.

III. DATA ANALYSIS & INTERPRETATION

The data collected is analysed using SPSS Software.

TABLE I

INVESTORS PREFERENCE TOWARDS INVESTMENT

Investment	Percentage
Equity Market	11
Gold Investment	24
Mutual Fund	19
Life insurance	22
Bond, Fixed Deposits, Post office schemes	24

Interpretation:

Investors preferred Gold investments and secured investments such as Bond, Fixed Deposits, and Post office schemes than equity markets.

TABLE II

INVESTORS' OBJECTIVES FOR INVESTMENT

Investment	Percentage
Future Safety	35
Income	13
Capital gain	20
Tax minimisation	32

Interpretation:

Majority of the investors 35% invest for Future safety, 32% to minimise tax, 20% for capital gains and 13% for income.

TABLE III

PREFERABLE PERIOD OF INVESTMENT OF THE RESPONDENTS

Investment	Percentage
Short term (0-1 years)	35
Medium term (1-5 years)	53
Long term (>5 years)	12

Interpretation:

It is inferred from the above table that 53% of the respondents prefer to invest in medium term (1-5 years), 35% of the respondents prefer to invest in short term (0-1 year), 12% of the respondents prefer to invest for a long period of time more than 5 years.

TABLE IV
CORRELATION

HYPOTHESIS:

H0: There is no association between Covid- 19 pandemic and investors' investment preference.

H1: There is an association between Covid- 19 pandemic and investors’ investment preference.

Correlaton between Covid- 19 pandemic and investors’ investment preference		Covid- 19 pandemic	Investors’ investment preference
Covid- 19 pandemic	Pearson Correlation	1	.050
	Sig. (2-tailed)		.542
	N	150	150
Investors’ investment preference	Pearson Correlation	.050	11
	Sig. (2-tailed)	.542	
	N	150	150

Interpretation:

Since the significance value is greater than 0.05 H1 is accepted. So, there is an association between Covid- 19 pandemic and investors’ investment preference.

TABLE V
CHI-SQUARE

HYPOTHESIS:

H0: There is no association between Covid- 19 pandemic and period of investment.

H1: There is an association between Covid- 19 pandemic and period of investment.

Covid- 19 pandemic and period of investment	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	47.484 ^a	8	.000
Likelihood Ratio	51.483	8	.000
Linear-by-Linear Association	.860	1	.354
N of Valid Cases	150		

Interpretation:

Since the significance value is greater than 0.05, H1 is accepted. So, there is an association between Covid- 19 pandemic and period of investment

IV. FINDINGS AND DISCUSSION

The research proves that Investors preferred Gold investments and secured investments such as Bond, Fixed Deposits, and Post office schemes than equity markets due to covid – 19 pandemic. The investors’ fear and the perception of market uncertainty are observed. So, most of the respondents prefer Gold investments and secured investments, followed by mutual funds with minimum risk. It is also observed that 53% of the respondents prefer to invest in medium term (1-5 years),35% of the respondents prefer to invest in short term (0-1year),12% of the respondents prefer to invest for long period of time more than 5 years. This clearly shows that investors prefer to invest in medium term secured funds. The research shows that the covid – 19 pandemic has created a new way of how investors’ look at investment avenues. Most of the investors risk taking ability has declined because of financial crunch due to lockdowns and reduced level of business.

V. CONCLUSION

The study concludes that Covid-19 pandemic has changed the investment pattern of investors especially risk taking investors. Market uncertainties, global economic crisis, lock downs, job cuts, salary cuts, psychological stress have forced the investors to invest in gold and secured investments compared to market securities.

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