

Available online @ www.iaraindia.com
 RESEARCH EXPLORER-A Blind Review & Refereed Quarterly International Journal
 ISSN: 2250-1940 (P) 2349-1647 (O)
 Impact Factor: 3.655(CIF), 2.78(IRJIF), 2.77(NAAS)
 Volume XI, Issue 38
 July - December 2023
 Formally UGC Approved Journal (63185), © Author

A STUDY OF INVESTOR'S INVESTMENT PREFERENCES BEFORE AND AFTER COVID-19 PANDEMIC

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Abstract

In March 2020 India was hit by COVID 19 pandemic. Every sector was affected and it had a great impact across the world. To understand how Covid-19 pandemic has affected the pattern of investment of individual investors in developing country like India. The investing patterns and behaviours of the citizens of Kota City serve as the foundation for this study work. The present research aims to determine the pre- and post-pandemic effects on investors' investment behaviour in Kota City, Rajasthan. Primary and secondary data have been gathered for this investigation. Using a standardized questionnaire, more than 180 individuals provided primary data. Multiple research papers, internet sites, and publications were used to gather secondary data. It is discovered that there is significance difference in the investor's preference before and after COVID-19.

Keywords: *Individual Investors, Investment Behaviour, Investment Preferences, Covid-19 pandemic.*

Introduction

Investment and savings are essential to the country's economic growth. As a result, the government's principal goal is to mobilize individual savings by promoting appealing investment opportunities. Many investment opportunities are accessible in India, including bank deposits, PPF, post office, mutual funds, stock market, real estate, and precious metals. Based on their risk tolerance, all investors invest their excess funds in the aforementioned routes.

The COVID-19 epidemic has a negative impact on every country's economy, including India's. Every element of human life has been impacted by the COVID-19 epidemic. The influence is, however, taken into account differently depending on a person's status as a member of society. India reported its first corona case on January 30, 2020, in the

Keralan towns of Thrissur, Alappuzha, and Kasargod. (The Hindu)

On March 25, 2020, the government declared a national lockdown. The lockdown was initially declared by the government for only 21 days, but as the number of confirmed cases of the corona virus rises, the lockdown was extended in stages with varying restrictions.

The authorities also divided different towns and cities into red, orange, and green zones during this lockdown period based on the quantity of positive COVID-19 instances. (the BBC News)

Most people lost their employment and savings as a consequence of the COVID-19 pandemic and government limitations (ILO-OECD, 2020). The primary objective of this study is to examine investor investment preferences pre and post Covid-19 pandemic.

Literature Review

Khanna, A., & Singh, H. K. (2022). To understand the effects of the Covid-19 epidemic on private investment choices made by investors in developing countries such as India. The transmission of Covid-19 had a strong correlation with personal income, which had an impact on people's saving and investment habits in the post-pandemic period. Additionally, a decline in SIP investments was seen during Covid-19.

Sharma, R., Rani, N., & Bansal, (2022). The study wants to know how the COVID-19 pandemic has impacted individual investors' choices about SIP investment opportunities. Individual financial transaction data has been gathered using the sample survey approach. The study's focus was a small town in UP, India. The quantity of investment made by investors before and during COVID-19 differs significantly, according to this study's findings. The amount invested may be affected by a number of factors, including wage reduction, uncertainty about future income, India's slowing economy, and excessive inflation.

Jain, A., & Sanchawat, (2020). The primary goal of the research is to determine the overall change in investor preferences about investment in pre and post covid-19. This study is being undertaken to learn about the behaviour of investors in the pre and post covid 19. I had collected data from 136 investors via questionnaire and analysed the results. I discovered that as the market becomes more uncertain, investors' investment choices move from mutual funds to fixed deposits.

Kalpna Naidu. C and Paramasivan. C (2015) explain Indian financial system is highly influence with the banking and insurance sector which attracts flow of savings and investments to the country. Insurance sector in India is one of the growing sectors of the economy. It has been mobilizing long-term saving through life insurance to support economic growth and also facilitating economic development and additionally, a decline in SIP investments was seen during Covid-19.

Khan et al (2020). This study paper's primary goal is to examine and evaluate investor choice levels for various types of assets, including gold, stocks, and real estate, both before and after the COVID-19

pandemic. The research's purview was restricted to Mumbai. Investor tastes for real estate have been significantly impacted by COVID-19, but investor tastes for gold and stock have not been much impacted. Qualification and income have also had a big impact on certain investment avenues.

Shukla, J. V., & Kediya, S. (2022). The purpose of this study is to ascertain how the pandemic has affected inhabitants of Nagpur City's investing behaviour. Primary and secondary data were gathered for this investigation. A systematic questionnaire was used to obtain primary data from more than 180 respondents. Individual investors' investment behaviour has altered as a consequence of the impact of COVID-19 and government regulations. The study also discovered the characteristics that influence investment decisions, such as the investors' income level, risk and return proportion, and market experience.

Ashish, V., & Fazalbhoy, S. (2022). The impact of COVID-19 on undergraduate students' investment knowledge and behaviour toward cryptocurrencies and the stock market is the subject of this researcher's study. Data needed for the study's analysis were gathered via a self-administered questionnaire. Numerous university students at the UG level received the questionnaires. 142 student replies were used as the study's sample size. It is very clear that following the epidemic, internet resources for investment education exploded, greatly contributing to the promotion of sound investment practises throughout the period.

Siddiqui et al (2022). This study attempts to understand how retail traders' investing preferences and financial judgments have been impacted by the Covid-19 pandemic. This study also looks at how the Covid-19 lockout affected customer purchasing behaviour. In order to determine how the pandemic affected specific investment decisions made in Lucknow, a standardized questionnaire was used to conduct a sample poll. The study's conclusions show how people's purchasing and decision-making processes have been significantly impacted by their apprehension of the epidemic and the government lockdown. The report also demonstrates that consumers' buying choices have shifted in favour of needs and healthier products.

Research Objective

1. To determine whether investors are making investments during the COVID-19 pandemic
2. To ascertain if the COVID 19 pandemic affected investors' choices for investment opportunities differently before and after.

Research Methodology

The main and secondary data used in the study are both sources. To collect primary data, an organized survey was employed. The convenience sample approach was used to choose more than 200 respondents from Kota city. Individual investor was categorized on the basis of demographics, investment objectives and Investment avenues. Through a variety of publications, internet sites, and academic papers, secondary data was gathered. The SPSS (version 20) has been employed to investigate the data, average and percentage analyses have been used to examine the gathered data.

Data Analysis and Interpretation

Descriptive Analysis

1. Age

Kindly Specify Your Age

	Frequency	Percent	Valid Percent	Cumulative Percent
1	55	27.6	27.6	27.6
2	36	18.1	18.1	45.7
3	59	29.6	29.6	75.4
4	49	24.6	24.6	100.0
Total	199	100.0	100.0	

The above output shows that there is normal distribution of participants based on age. Maximum participants around 29.6% belong between 41 and 50 years. However, 27.6% participants are also belonging to below 30 years age.

2. Gender

Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
1	150	75.4	75.4	75.4
2	49	24.6	24.6	100.0
Total	199	100.0	100.0	

The above output shows that majority of the participants are male. Hence, the output will be applicable on male participants.

3. Percentage of annual income invest by participants

What percentage of your annual income do you invest?

	Frequency	Percent	Valid Percent	Cumulative Percent
1	75	37.7	37.7	37.7
2	63	31.7	31.7	69.3
3	37	18.6	18.6	87.9
4	10	5.0	5.0	93.0
5	14	7.0	7.0	100.0
Total	199	100.0	100.0	

Around 69.4% participants invest between 10% and 20% their annual income in investment. There are few participants around 5%, who invests between 30% and 40% of their income on investment.

4. Source of motivation

Source of Motivation for Investment

	Frequency	Percent	Valid Percent	Cumulative Percent
1	60	30.2	30.2	30.2
2	17	8.5	8.5	38.7
3	2	1.0	1.0	39.7
4	15	7.5	7.5	47.2
5	105	52.8	52.8	100.0
Total	199	100.0	100.0	

The above output shows that for 52.8% participants, main source of motivation for investment is combination of parents, spouse and so on. On the other hand, 30.2% participants were found to be self-motivated towards investment.

5. Whether investment preference changed after COVID-19.

Is your investment preference changed after COVID-19 pandemic?

	Frequency	Percent	Valid Percent	Cumulative Percent
1	145	72.9	72.9	72.9
2	54	27.1	27.1	100.0
Total	199	100.0	100.0	

Based on above output, majority of the participants around 72.9% have accepted their preference towards investment has changed. On the other hand, only 27.1% investors have disagreed upon changing preference towards investment after COVID-19 pandemic.

Paired Samples Test

	Paired Differences					Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference		
				Lower	Upper	
Pair 1	-.055	.780	.055	-.164	.054	.319
Pair 2	-.508	1.614	.114	-.733	-.282	.000
Pair 3	-1.161	1.575	.112	-1.381	-.941	.000
Pair 4	.055	2.058	.146	-.232	.343	.705
Pair 5	-.095	1.416	.100	-.293	.103	.343
Pair 6	.503	1.442	.102	.301	.704	.000
Pair 7	-1.518	1.792	.127	-1.768	-1.267	.000
Pair 8	-.894	1.148	.081	-1.055	-.734	.000
Pair 9	-.779	1.508	.107	-.990	-.568	.000
Pair 10	-1.643	1.654	.117	-1.874	-1.412	.000
Pair 11	-1.623	1.335	.095	-1.810	-1.437	.000
Pair 12	-.809	1.926	.137	-1.078	-.540	.000
Pair 13	-1.407	1.694	.120	-1.644	-1.170	.000
Pair 14	-.337	1.074	.076	-.487	-.187	.000

The above result has shown that except pair 1, 4 and 5, all pairs have shown significance difference at 5% level. Pair 1 indicates participants preference towards Bank Deposit Schemes; Pair 4 indicates preference towards Government Securities; and Pair 5 reflects preference towards Mutual Funds of the participants. Hence, it can be interpreted that there is no significance difference in participants choice towards secured investment. On the other hand, significance difference has been observed for risky investments. Majority of the mean value has shown negative values. This signifies that mean after COVID-19 is higher than before COVID-19 mean. Hence, it can also be interpreted that risky investments were ranked higher before COVID-19 as compared to after COVID-19.

Conclusion

From the above analysis, it can be concluded that there is significance difference in the preference of investors after COVID-19. Further analysis shows that mean after COVID-19 has increased as compared to before COVID-19. This indicates that investors have given high preference to the risky investment options as compared to after COVID-19. From this, it can be commented

that before COVID-19, investors were have good financial condition. As a result of which, they were able to take high risk as compared to after COVID-19.

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