

PEOPLE BEHAVIOUR ON SAVINGS AND INVESTMENT AFTER COVID – 19

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Abstract

After COVID – 19 there have been many changes in the society. It affects all the communities in the society. Now a days Investing has become more complicated. As savings and investment companies proliferate and offer multiple offerings, investment rules and regulations become more stringent. The motive of every investor is to earn income on their investment. There are many factors that influence the people behaviour on savings and investment. While doing investment the investor should think about safety, security and optimum return on investment. The foremost objective of the study is to analyze the people behaviour on savings and investments after pandemic situation. For this study we collected data thorough structured questionnaire from 120 respondents in Anantapur region. The conclusions were drawn by applying various statistical tools.

Keywords: Savings and Investment, Safety, Security, Liquidity, Investment regulations and Avenues.

INTRODUCTION:

Generally, investments contribute a lot to the development of a country. People should have savings to invest. During COVID-19 people were faced many difficulties for money, especially migrant workers and non-organizational workers. Before COVID most of them used only a small amount of their earnings for savings. Many people invest in fixed assets and stock market. Especially daily laborers spend most of their earnings on household needs. During the survey I found that very few people have financial literacy. Due this reason so many them not able to budget their earnings. The motive of investment is to get capital gains and savings is to meet future needs. Savings provides freedom and security when people have financial difficulties. Savings helps us to avoid borrowings and reduces stress. But due to inflation nobody unable to make savings.

Savings vs. Investment

- Savings refers to keep some amount out of our income for future requirement. But investment means which is generate additional income in future.
- Most probably, people do saving to meet unforeseen or sudden expenses in future. On the other hand investment do for increase capital appreciations and generate returns over the period of time.
- Saving do not have risk when compare to investment. But investment has risk, sometimes they may loss desire revenue as well as capital also.
- Savings can easily use at any time when we want and it is highly liquid and convenient. But when come to investment it is not flexible as compare to savings. Because it takes some time to convert from investment into liquid form.

Investment Avenues

There are many avenues for doing investment and savings. Those are as follows: Savings Bank Account, Money Market instruments, Bank Deposit (fixed deposits, recurring deposits), POSS (Post Office Savings Schemes), PPF (Public Provident Fund), Company Fixed Deposits (FDs), Debentures & Bonds, Mutual Funds, Insurance schemes, Equity Shares, Gold, Pension Schemes, Real Estate and Government Securities so on.

REVIEW OF LITERATURE

Karthikeyan, they conducted research on the understanding of small investors on post office savings schemes and found that older people were more aware of the level of awareness on Kisanvikasapatra, national savings schemes and deposit schemes for retired employees than younger ones. The analysis states that living needs and tax benefits are the two main factors affecting investors in semi-urban and urban areas. Approximately 73.3% of investors prefer to invest in small savings schemes in semi-urban and urban areas because the risk is low and profitable.

Kumar, Banu and Nayagam, they conducted a study on Invested in investment factors such as post office savings, bank deposits, gold, real estate, equity investments and mutual funds, as well as the ranking of investors' preferences and options in Tiruchirappalli. They noted that investor preferences depend on features such as investment security, liquidity, income stability, capital growth and tax benefits. Therefore, investors need to consider the priority, need and other factors of the investment factors available to them.

Priti Mane. Talked over the schemes that investors are interested in, the plans they choose, the main reasons for such a choice and customer awareness regarding mutual funds. The research deals with investors' investment interests such as bank deposits (fixed deposits, and recurring deposits), mutual funds such as bonds, debt and shares, and a variety of other investment options. They concluded that they had faced many difficulties due to not taking proper advice from the Mutual Funds Authorities on investment factors such as debt and equity associated with the mutual fund.

Shukla – conducted a research on Priority on investment avenues and study on their investment policies that earn their salaries per month. Usually investors invest based on their education skills. They have mainly invested in Lands and Long Term Investments. As well as adherence to criteria such as investment security and low risk

Amudhan and others - Discussed options, performance and investment behavior in relation to purchases of small amounts of securities, deposits, mutual funds, insurance and chit funds. And they found that there is correlation between financial theories and earlier observed substantiation recognized the normal investors. This results that the return received on investment such as interest on deposits, dividend on shares, rent, premium, annuities, and gains on investment.

Mishra – they were conducted an Analysis on investments and investor understanding on mutual funds. Investor feedback was collected using the "t" test. Focusing on Small Investors Savings and Tax Purpose and Large Investors Future Higher Returns. Mutual Funds institutions need to take appropriate steps to grow and survive in India.

Kumar - analysis on before investing, investors are encouraged to think about what factors play a key role in their thinking. They said that in their research, nine factors that influence investor investments are investment security, risk tolerance, return, investment period, periodic return, share fondness, long-term investment, future returns and investment dynamics. They also said that the investor would compare the difference between the time and the return on which their return was invested. He said these factors can be used to assess the equity investor's future goals and level of satisfaction.

OBJECTIVES OF STUDY

- To study the people preferences towards various financial instruments.
- To analyze the people savings and investment pattern.
- To examine the people awareness level and their preferences of investment
- To draw suggestions in order to enhance investment awareness

RESEARCH METHODOLOGY

This research is a descriptive one. The finding and conclusions of the study is based on primary and secondary data during the course of action. The primary data was collected from 120 respondents in Anantapur region. Primary data was collected by the scheduled method and prepared structured questionnaire. Various tools were used for the study in order to collect respondent's opinion. For secondary data collection we had gone through the academic literatures, journals and also various sources of secondary data were used for the study.

Statistical tools:

- Anova: Two-Factor Without Replication
- T-test: Paired Two Sample for Means
- Frequency table and charts/Graphs

Hypotheses – 1

H₀= There is no significance relationship between income and investment

H₁= There is significance relationship between individuals income and investment

Hypotheses – 2

H₀= There is no significance relationship between education level and investment

H₁= There is significance relationship between individuals education level and investment

ANALYSIS

Gender

Gender	Respondents	Percentage
Male	69	57%
Female	51	43%
Total	120	100%

Education:

Education level	Respondents	Percentage
Illiterate	9	8%
Primary	37	31%
Secondary	41	34%
Graduation	24	20%
Post-graduation	9	8%
Total	120	100

Monthly income

Income level	Respondents	Percentage
Below Rs. 15,000	17	14%
15,000-25,000	28	23%
25,000-35,000	18	15%
35,000 – 40,000	26	22%
Above 40,000	31	26%
Total	120	100

When do you think most about saving money?

Education level	Respondents	Percentage
Beginning of the month	56	46.7%
End of the month	25	20.8%
Day – by – day	18	15.0%
Anytime	21	17.5%
Never	0	0.0%
Total	120	100

Source of Investment information

Source of information	Respondents	Percentage
Relatives	39	33%
Friends	23	19%
Consultant	7	6%
News Paper	26	22%
Internet	25	21%
Total	120	100

Ratio of savings and expenditure

Savings proportion	Number of Respondents	Percentage
1:9	36	30.00%
2:8	36	30.00%
3:7	33	27.50%
5:5	15	12.50%
Total	120	100

Objectives of Investment

Objectives	Respondents	Percentage
Safety	40	33.33%
Return	9	7.50%
Liquidity	50	41.67%
Reliability	13	10.83%
Low risk	8	6.67%
Total	120	100

Investment Principles

Principals	Respondents	Percentage
Liquidity	36	30.00%
Safety	36	30.00%
High returns	33	27.50%
Transparency	15	12.50%
Total	120	100

Investment period

Term	Number of Respondents	Percentage
Long	50	41.67%
Mid term	46	38.33%
Short term	24	20.00%
Total	120	100

Hypotheses – 1

H₀= There is no significance relationship between income and investment

H₁= There is significance relationship between individuals income and investment

Anova: Two-Factor Without Replication						
SUMMARY	Count	Sum	Average	Variance		
Below Rs. 15,000	2	57	28.5	264.5		
15,000-25,000	2	37	18.5	180.5		
25,000-35,000	2	68	34	512		
35,000 – 40,000	2	39	19.5	84.5		
Above 40,000	2	39	19.5	264.5		
income	5	120	24	38.5		
Investment	5	120	24	383.5		
ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Rows	382	4	95.5	0.292496172	0.86954	6.388233
Columns	0	1	0	0	1	7.708647
Error	1306	4	326.5			
Total	1688	9				

The above analysis shows the decision of relationship between respondent's income level and investment. Here we could notice that the F value 0.2924961 is less than the F critical value 6.388233 and P value is 0.86954 at a significance level of 5% which means the null hypothesis is cannot be rejected, it implies H₀: There is no significance relationship between income level and investment.

t-Test: Paired Two Sample for Means		
	income	investment
Mean	24	24
Variance	38.5	383.5
Observations	5	5
Pearson Correlation	-0.95054	
Hypothesized Mean Difference	5	
Df	4	
t Stat	-0.43752	
P(T<=t) one-tail	0.34216	
t Critical one-tail	2.131847	
P(T<=t) two-tail	0.68432	
t Critical two-tail	2.776445	

Degree of freedom = (n - 1)

$$= (5 - 1)$$

$$= 4$$

Significance level (α) = 0.05

t- tabular = 4.6040

t-test = -0.43752

$t_{\text{calculated}} < t_{\text{tabular}}$

Here 't' tabular 4.6040 is more than the 't' calculated -0.43752 which means we accept null hypothesis, and reject alternate hypotheses, H_0 = There is no significance relationship between income and investment.

Hypotheses – 2

H_0 = There is no significance relationship between education level and investment

H_1 = There is significance relationship between individuals education level and investment

Anova: Two-Factor Without Replication						
SUMMARY	Count	Sum	Average	Variance		
Illiterate	2	48	24	512		
Primary	2	46	23	392		
Secondary	2	91	45.5	40.5		
Graduation	2	37	18.5	60.5		
Post-graduation	2	17	8.5	0.5		
Education	5	119	23.8	234.7		
Investment	5	120	24	383.5		
ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Rows	1467.4	4	366.85	1.459519	0.361506	6.388233
Columns	0.1	1	0.1	0.000398	0.985042	7.708647
Error	1005.4	4	251.35			
Total	2472.9	9				

The above analysis shows the decision of relationship between respondent's educational level and investment. Here we could notice that the F value 1.459517 is less than the F critical value 6.388233 and P value is 0.361506 at a significance level of 5% which means the null hypothesis is cannot be rejected, it implies H_0 : There is no significance relationship between education level and investment.

t-Test: Paired Two Sample for Means		
	Education	Investment
Mean	23.8	24
Variance	234.7	383.5
Observations	5	5
Pearson Correlation	0.192492	
Hypothesized Mean Difference	5	
df	4	
t Stat	-0.5186	
P(T<=t) one-tail	0.315703	
t Critical one-tail	2.131847	
P(T<=t) two-tail	0.631407	
t Critical two-tail	2.776445	

$$\begin{aligned} \text{Degree of freedom} &= (n - 1) \\ &= (5 - 1) \\ &= 4 \end{aligned}$$

Significance level (α) = 0.05

t- tabular = 4.6040

t-test = -0.5186

$t_{\text{calculated}} < t_{\text{tabular}}$

Here 't' tabular 4.6040 is more than the 't' calculated -0.5186 which means we accept null hypothesis, and reject alternate hypotheses, H_0 = There is no significance relationship between education level and investment.

Investment Ranking

Investments	Rank							Total	Garrett's score	Garrett's mean score	Ranking
	1	2	3	4	5	6	7				
Shares	7	14	14	s	11	25	30	120	7.14	67.10	I
Debentures	4	6	13	28	23	17	30	120	21.43	57.30	II
Real state	33	29	21	18	6	8	4	120	35.71	50.30	III
Mutual funds	27	17	19	16	24	15	3	120	50.00	42.30	IV
Bank deposits	16	18	24	10	25	13	14	120	64.29	38.40	V
Postal deposits	8	14	16	15	23	20	24	120	78.57	33.50	VI
Insurance	1	9	18	22	19	15	25	120	92.86	27.80	VII

The above table showed about investment ranking on various investment avenues. Out of that shares mean score is 67.10 which is highest score, its due to higher return on investment but risky investment and debentures got 57.30 its due to constant income on investment and not risky compare to as much as shares. Real state score is 50.30, mutual funds score is 42.30 which provide moderate return and return on investment. Bank deposits, postal deposits, and insurance are 38.40, 33.50, 27.80 respectively these are risk free investment and having low rate of return on investment, these investment are best for people who are not take much risky on investment.

RECOMMENDATION TO INVESTORS:

➤ Making financial roadmap:

The investor must prepare a financial plan to invest in advance. He will need to find the level of return on investment and the risk tolerance by considering professional or expert guidance. The return on investment may or may not be as expected by the investor.

However proper planning should be done without considering the past and present realities otherwise the investors will not get the right return on their investments.

➤ **Find your flexible area:**

With all kinds of investments there must be some risk in something. For example, when investing in stocks, bonds and mutual funds, you have to be determined that some or all of it may not be enough. The higher the risk the higher the return can be obtained. If you are expecting long term returns then investing in shares, bonds and mutual funds is the best term investment. On the other hand, investing only in cash investments may be appropriate for short-term financial goals. The main concern of people who invest in cash equivalents is the risk of inflation, which is the risk of overcoming inflation over time and reducing returns.

➤ **Proper investment mix:**

When investing in stocks, bonds and other stock market items, investors should pay special attention to security and return. The chances of incurring losses are high by investing all the cash in a single category. You can reduce the risk to some extent by investing in a different category. If you have prepared the right portfolio you can reduce the loss on one investment by the gain on another investment. So that it is worth to continue for a long time without losing stability. By investing in Mutual Funds, the investment will have a proper security and return on investment.

➤ **Awareness and guidance from experts:**

We need to have a proper understanding of the investment we are making. Because business is always unexpected. Internal Factor (Managerial Issues, employee Strikes etc..) and External Factors (Government Policies, Political Issues, Strikes, Foreign Investments, Inflation, and Technology so on) have an impact on our investment and return. Taking expert advice can also help you plan properly and reduce risk and reap the benefits.

SUGGESTIONS:

If countries are to develop economically, investment must grow but if investment is to grow, savings must also grow. Investment decision is based on the investor's preferences. Investment decision is influenced by the investor's gender, income level, employment and savings. Financial institutions change their policies to attract investors. Generally every investor wants to have high returns and low risk on their investment. In this study we observed, after covid-19 they were number factor influenced on people investment decision. Investing in stock to get a return in the long term. However, investing in stocks is risky. Investing with Mutual Funds can be somewhat rewarding. When an investor is investing, there are several factors to consider. By getting the experts' advice you can reduce the risk and get optimum benefit on investment. Without investing in one place, it is possible to reduce risk and earn good returns by building the right portfolio. There is a thought that is "no pain no gain" like that if you bear high risk, you will get high returns.

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