

A Study on Investment Pattern of Investors After COVID-19 in Mumbai Region.

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Abstract

The Covid-19 virus has had a negative impact everywhere. The Covid-19 epidemic has not only created new health problems but has also increased existing ones, disrupted people's financial situations, and altered their patterns of saving and investing. The unforeseeable and unheard-of disaster has caused economies to struggle and work hard. The majority of the economy's sectors took a massive hit, which caused financial difficulties. The cyclical flow of money has undergone a tremendous change that has altered peoples' spending and investing patterns as well as their way of life. The goal of the study is to comprehend how the COVID-19 epidemic has affected individual investors' financial and investing decisions in the Mumbai region. A survey of 100 investors in the Mumbai region was undertaken using a random sample in order to learn more about and comprehend the investing patterns during COVID-19. Using a descriptive research design, the investment trend is studied. To ascertain the influence of the pandemic on individual investment decisions in the Mumbai region, a sample survey was carried out using a structured questionnaire. Both primary and secondary data are gathered in accordance with the requirements of the research study. The basic data for the study were gathered using a simple random sampling approach, while secondary data were gathered from government publications, websites, journal articles, theses, and books. The study's data will aid in understanding how individual investors invested following COVID-19.

Keywords: Investment pattern, Covid-19, Investment behaviour, Investors.

Introduction:

The global spread of the highly contagious infection Corona Virus has significantly impacted human existence. In order to stop Covid -19 from spreading throughout the nation, the government has implemented measures like social isolation, self-isolation, and lockdown, all of which have significant economic repercussions. The lockdown, among all the government's actions, has had an impact on peoples' income, spending, and investment patterns. Offices were essentially closed, industry had ceased, and many individuals had lost their employment. Aside from the significant death count brought on by the Covid -19 epidemic, the countries continue to experience financial troubles.

Covid-19 had an effect on people's investing strategies, portfolios, and general view on life. The emphasis has shifted, and health investment now comes first. Following Covid-19, investors have started looking for alternatives that are safer, more reliable, and low-risk. The first and most significant quality of safe and liquid investments. Due to their fear of losing money, individual investors' investment habits have drastically changed. The bulk of investors have shifted their preferences due to the lockout. Covid-19 has also had an impact on people's income. The way that people spend money has also changed.

As it makes up a significant portion of the resource market, individual savings and investment patterns play an important role in any economy. The tactics of India's service sector have undergone a major transformation recently.

The financial markets present investors with fresh and better chances. Companies are creating efficient marketing and advertising strategies based on their research and understanding of investor behaviour in order to tap into this huge and rising market. Marketing is focused on a consumer's behaviour and understanding of that consumer. Financial institutions have recently become preoccupied with customer

retention and relationship marketing, which is essentially studying consumer behaviour after the original purchase is made.

Age, Gender, Education, Family Status, Employment, Spirituality, Primary Language, Lifestyle, Family Structure, Job Experience, Income, Yearly Savings, Net Worth, Number of Getting paid Members, Financial Dependent family members, Financial Literacy, Group Influence, Family And friends, Learning, Information processing, Interpretation, Personality, Tolerance for risk, Income expenditure ratio, Lending Habit, and Perception on Risk are just a few of the variables that can affect an individual's investment decision and choice of investment option.

Factors Affecting Investing Decision of Individual Investors

Return on investment

An indicator of an investment's profitability is return on investment (ROI). ROI measures the effectiveness of an investment by comparing the amount you invested to the amount you earned. Earning a sufficient return on investment is the basic goal of investors. Investors therefore always research higher-returning investment choices.

Inflation

The rate at which prices increase over a specific time period is known as inflation. Inflation is often measured in broad terms, such as the general rise in prices or the rise in a nation's cost of living. Because every investor wants to keep up with inflation and have strong future earnings, inflation is one of the key investment considerations.

Liquidity

Liquidity is the speed at which an investment can be sold off without suffering a loss in value. An investment can be sold more rapidly and vice - versa. If it is more liquid, and selling it for fair value or current market value is simpler. Any investment decision heavily relies on liquidity. It is the condition of having valuable possessions that can be sold for money. When making investments to meet an emergency need, investors take this element into consideration.

Safety in investment

Safety is the most significant factor in investment decision. It will be considered by those investors who are not ready to take any kind of risk and they want safety in investment.

Review of literature

(Farheen Siddiqui, 2022) observed in their study “Impact of the Covid-19 on the spending pattern and investment behaviour of retail investors” that the highly contagious disease Corona Virus outbreak has had a significant global impact in the year 2020. The unforeseeable and unheard-of catastrophe has caused economies to struggle and work hard. The majority of the economy's sectors took a beating, which caused financial hardship. The circular flow of income has undergone a paradigm shift that has altered peoples' spending and investment patterns as well as their way of life. This study tries to comprehend how the Covid-19 epidemic has affected retail investors' financial judgments and investment preferences. This research paper also examines how consumer buying patterns changed as a result of the Covid-19 lockdown. To ascertain the effect of the pandemic on individual investment decisions in the city of Lucknow, a sample survey using a structured questionnaire was carried out. The data for the study were gathered using a random sampling technique. The study's findings demonstrate how the pandemic fear and lockdown have had a substantial impact on people's spending and lifestyle choices. The study also shows that people's spending preferences have changed to favour healthier goods and necessities.

(Prof. Shivganga S. Maindargi, 2022) analyses in their study “A study on Impact of COVID-19 Pandemic Situation on Investment Pattern of Investors in Solapur City (Maharashtra) -INDIA” that every single human existence was profoundly disturbed by the COVID-19 epidemic, a highly contagious disease. Businesses suffered enormous losses and millions of people lost their employment, which had a negative

influence on everyone's financial situation. The goal of the study is to comprehend and analyse how the COVID-19 pandemic condition in the tiny town of Solapur city has affected investors' financial and economic activity and decisions through income, savings, expenditure level, and investment pattern. Investors of today are looking for investing methods that address environmental, social, and governance (ESG) issues. Corporate ethics, resource conservation – both environmental and employee – and socially and morally responsible sectors are at the forefront of investing issues. Investors want a portfolio strategy that is resilient and durable, as well as safety and wealth preservation. even when it results in poorer profits.

(Gurbaxani, 2021) in their study “A Study on the Impact of COVID- 19 on Investor Behaviour of Individuals in a Small Town in the State of Madhya Pradesh, India” mentioned that the goal of the study is to comprehend how the COVID-19 epidemic has affected people's financial and investment choices in rural areas of developing countries like India. To ascertain the effect of COVID-19 on people's financial transactions in Madhya Pradesh, a sample survey was carried out (MP). The economy has been severely hit by the COVID-19 outbreak. Lockdown and social isolation have proven to be uncomfortable given the enormous population and challenging economic conditions, particularly in the financial industry. The government's lockdown and stock market crash efforts to stop the spread of COVID-19 have had a severe impact on ordinary investors' willingness to invest in mutual funds and the stock market. Investors today appear to be increasingly risk-averse and favour investments that are pretty safe and offer a moderate return with low risk. Investors should also be informed on mutual fund schemes, the best times to enter and exit the stock market, and gold ETFs. It also sheds some light on the need for mutual fund bodies and governments to launch financial literacy programmes in smaller communities.

(Himanshu, 2021) in their study “Impact of COVID-19 on portfolio allocation decisions of individual investors” mentioned that Covid-19 has had a significant impact on the financial markets. Investors have rebalanced their portfolios as a result of changing risk and return expectations. This essay tries to examine how Covid-19 affects how individual investors decide how to allocate their portfolios. The study looks at how investors saw various investment opportunities both before and after the period of utter uncertainty brought on by the COVID-19 epidemic. The information was gathered from Delhi- and Mumbai-based individual investors. The respondents' preferred investments are ranked using AHP. The findings demonstrate that investors have begun reallocating their portfolios as a result of the current financial crisis related to COVID-19. Investors are shifting towards a cautious strategy since the returns on riskier assets are not what was anticipated. However, not all investors experience the same shift from risky to risk-free assets.

(Zanvar, 2016) In the article entitled “An Empirical Study on An Investment Pattern of Individual Investors in Pune City” has concluded that the financial services sector's flexibility has given the individual investor a variety of investment choices. Any investing advisor will emphasize as mantra saving. The amount an investor saves is the gap between what they make and what they spend. Following economic changes, Indian investors' preferences in choosing various financial instruments, investment activity, and evaluation and analysis of investment opportunities have all undergone a significant change. The study's goal was to determine how Pune investors invested their money (India). The information was gathered via a structured questionnaire that was given to 770 individuals in Pune from various socioeconomic classes. According to the data, there is a big gap between safer and riskier investing possibilities. One Way ANOVA has been used for analysis. According to this argument, bank deposits and insurance are the most popular investment options, and the majority of criteria influencing investment choices include high yields, tax advantages, and safety.

(Praba, 2014) In the article “Investment pattern and the factors influencing the investment preference among different age groups” has concluded that Since age is strongly related to life stage and dictates the investment target to be achieved within a specific tenure, age is a crucial component in investment decisions. The best investment path is chosen based on the investment objective and duration. Age and risk tolerance are strongly correlated, and the investment pattern varies appropriately. Today's investors are better educated, more knowledgeable about investing, and have simple access to financial data.

There are many factors that can affect a person's investment behaviour, but the goal of this study is to see if age influences investment preferences and decision-making. Additionally, it identifies the similarities and differences in investing patterns between various age groups in order to pinpoint what factors affect each group's decision-making process.

Research objective

- To understand the impact of Covid-19 on Investors behaviour.
- To evaluate pre and post changes in the behaviour of Investment of Investors.
- To analyze the impact of Covid-19 on the Investment preference of the Investors.
- To identify the investment preferences of investors, post Covid-19.

Scope of the study

It was suggested that this effort should focus on a specific area and conduct in-depth research rather than adopting a broad approach and producing a comprehensive study. As a result, the researcher suggests focusing on Mumbai for this project. The study focused on the effects of the COVID 19 Pandemic scenario on investor investment patterns and took into account investors who invested in a variety of portfolios. Future studies should look at the steps taken by different authorities to improve financial literacy in Indian rural towns and how those actions affected people's investment patterns.

Problem of the study

- This study is geographically restricted to Mumbai region and findings may not be generalized to other regions.
- The study's sample might not fairly represent the entire universe.
- The behaviour and mood of the respondent on whom the survey is conducted may have an impact on the primary data.

In order to avoid summarizing the findings of this study, care must be used.

Research Methodology

Research methodology refers to the procedures a researcher will use to conduct their investigation. It is a methodical approach to solving a research issue. It comprises methods for data collecting and analysis as well as sampling design. A research technique enables the researcher to comprehend the strategy and procedures employed to arrive at results.

Research approach: The structured Survey approach has been adopted for the study.

Research Instrument: Close-ended questionnaires have been employed as research instruments.

Sampling: The participants belonged to Mumbai region. A well-structured questionnaire was framed and randomly circulated among different individual investors. However

Data source: Data collection is very important step for the study of research. In present research, as per the need of the research study both primary and secondary data are collected.

Data Collection: The primary data for the present study were collected through a structured questionnaire.

Primary Data:

This is first hand collected information which can be obtained through schedule, interview method, questionnaire and etc. Information will be obtained through a designed "questionnaire", for obtaining information about Investment pattern of individual investors.

Secondary Data:

Such data was previously accessible in any format, which refers to information that was gathered by a third party in addition to the main user. For the relevant time period of the study, secondary data will be gathered from published reports, papers, periodicals, journals, etc. of various institutions. Different proportions will be used to assess the information that has been gathered thus far.

Secondary data for the study will be collected from the following sources

- a) Surveys
- b) Websites
- c) Books
- d) Journal articles, Thesis
- e) Internal records
- f) News papers

Analysis and interpretation

Table: 1 Demographic Profile of Samples

(Sample size-56)

S. N	Profile Particulars	Variables	Frequency	Percentage
1	Gender	Female	35	63
		Male	21	38
		Total	56	100
2	Age	Up to 25 years	32	57
		26-35 Years	16	29
		36-45 Years	4	7
		45 Years & Above	4	7
		Total	56	100
3	Qualification	Under graduate	3	5
		Graduate	20	36
		Post graduate	27	48
		Professional	6	11
		Total	56	100
4	Marital status	Married	12	21
		Unmarried	44	79
		Total	56	100
5	Occupation	Private Employee	51	91
		Retired/housewife	3	5
		Business/ Profession	1	2
		Government Employee	1	2
		Total	56	100
6	Monthly Income	Up to 10,000	3	5
		10,001 to 25,000	23	41
		25,001 to 50,000	24	43
		Above 50,000	6	11
		Total	56	100
7	Experience in Investment	Less than 1 year	20	36
		1 - 3 years	19	34
		3 - 5 years	5	9

		More than 5 years	12	21
		Total	56	100
8	Type of Investor	Moderate (risk-neutral)	27	48
		Conservative (Avoid risk)	25	45
		Aggressive (Risk taker)	4	7
		Total	56	100
9	Covid affect Income	It has remained same	43	77
		It has reduced	10	18
		It has increased	3	5
		Total	56	100

Table 2: Shows change in investment behaviour after the Covid-19

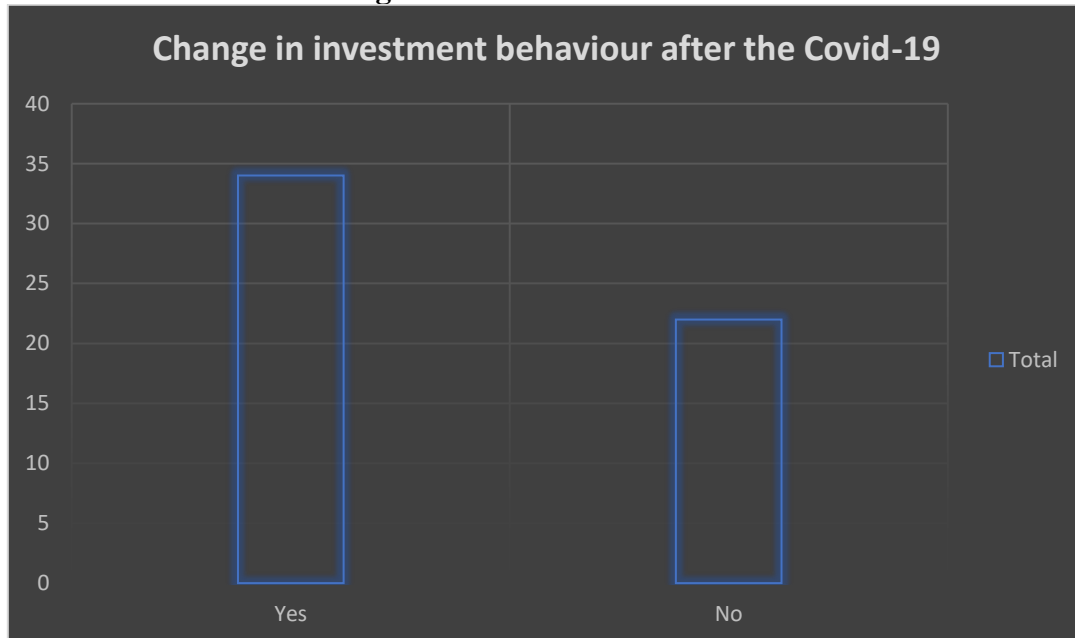


Table 2 Shows, that there is a drastic behavior change in investment pattern after the Covid-19. Almost 61% of the population agrees that there is change in investment behaviour after the Covid-19.

Table 3: Average amount invested changed as a result of COVID-19

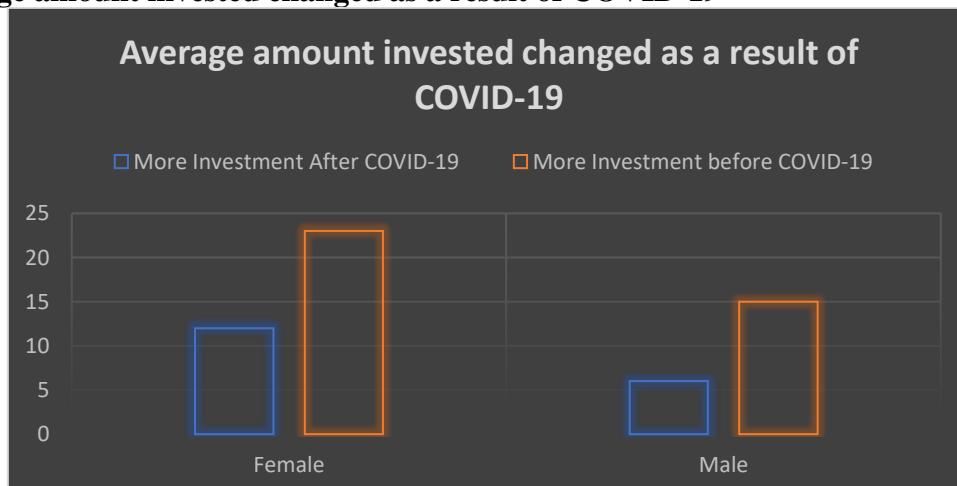


Table 3 shows that most of the population has More Investment before COVID-19 irrespective of the gender.

Table 4: Covid-19 have an impact on people income

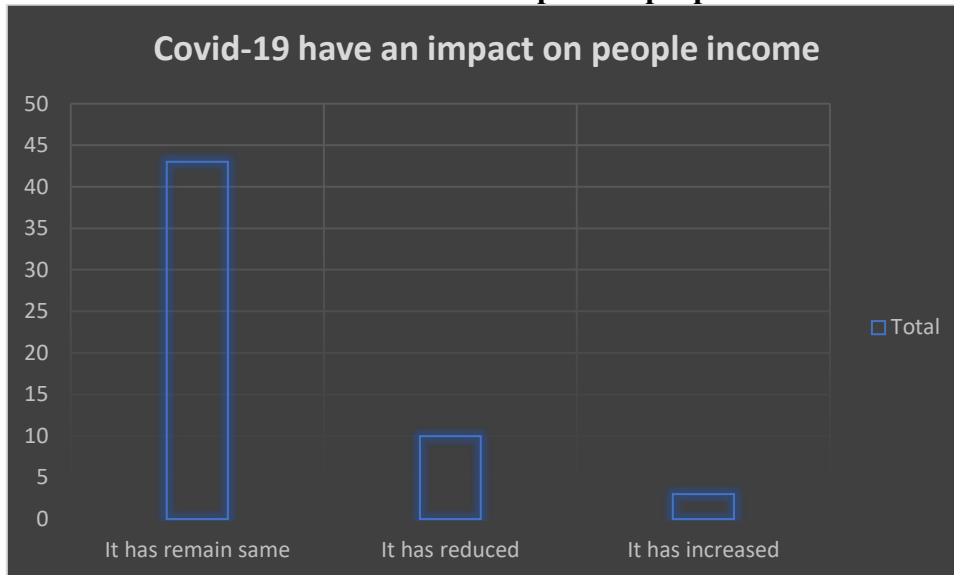


Table 4 shows that 77% of population has the same income it means that there is no increment in the income of the people. Whereas 18% of the population has face the problem of reduction of Income due to the Pandemic. Only 5% of the population's income is increased during Covid-19.

Table 4: Shows the Investment option choose by Investors

Investment Option	Investment Percentage	Rank
Mutual Fund	17%	1st Rank
Share Market	16%	2nd Rank
Fixed deposits	14%	3rd Rank
LIC Policy	13%	4th Rank
Bullions	9%	5th Rank
Real Estate	9%	5th Rank
Post office scheme	7%	6th Rank
National Pension scheme	6%	7th Rank
Other	5%	8th Rank
Cryptocurrency	4%	9th Rank
Bond/Debenture	2%	10th Rank

According to the table 2 above, roughly 17% and 16% of the population, respectively, invest in mutual funds and the stock market, and they prefer to accept moderate risk in exchange for a high return. As a result, they took 1st Rank and 2nd Rank. Around 14% of the population invested in safe investments with high returns, placing them 3rd in Rank. LIC Policy secures Rank 4th, and there is tie between Bullions & Real Estate which secures Rank 5th. According to our research, the Post Office scheme Ranks 6th, and the National Pension scheme Ranks 8th. Other Investment determines Rank 9th. Cryptocurrency manages Rank 10th, and Bond/Debenture manages Rank 11th.

Conclusion

A successful investor will go to any length to maximize his or her profits. Investment options range from simple and risk-free assets like bank deposits to complex and risky assets like stocks and bonds. The COVID-19 outbreak has had a significant economic impact. Because of the large population and the economy's problematic circumstances, particularly in the financial sector, lockdown and social distancing have been unsettling. Individual investors' willingness to invest in mutual funds and the stock market has been harmed as a result of government COVID-19 spread control measures such as lockdown and stock

market crash. Investors today appear to be more risk averse, preferring relatively safe investment options with a moderate return and low risk.

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