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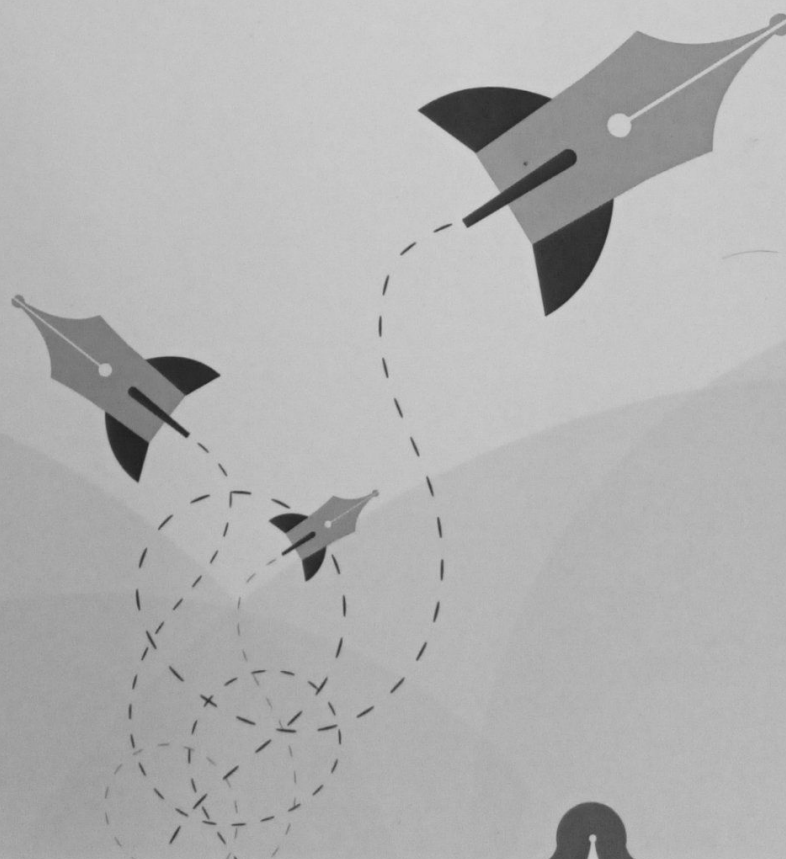
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A STUDY ON THE IMPACT OF CORONA PANDEMIC ON SALARIED EMPLOYEE'S SAVINGS AND INVESTMENTS STRATEGIES

□ Prof. Vora Manoj Laxmichand*
Dr. Shiragave Sadashive Laxman**

ABSTRACT

Corona Pandemic has disrupted the normal lifestyle of every individual and entity globally. Commercial activities literally came down to a stand still for a few months and slow and gradual improvement in the business activities is witnessed towards the end of 2020. It has certainly has an effect on the incomes of Governments, entities and individuals. Many changes in the consumer behavior are taking place. There is no clue of retrieving to the normal conditions yet. Many new models and areas of exploration are inevitable. The research scholar is inquisitive to know the impact of the pandemic on the behavior and saving and investment habits among the salaried employees. A small survey has been conducted among exactly (50%), Government and (50%) private employees. Some interesting findings and inference have been made.

Keywords: Corona Pandemic, Salaried Employees', Savings, Investments, Level of Savings and Investments, Change in the level of Total Income.

Introduction:

Savings and Investments among the salaried employees are largely dependent upon the current earnings & current spending rather than the past accumulated wealth, and future earnings prospects. With the global outbreak of the unexpected Pandemic the pattern of spending's among individuals are largely affected. Corona Pandemic which is considered as a bioterrorism is no less than a World War. A widespread economic destruction and displacement of resources has commenced, which shall have a long lasting effect on every Economy, Government, Entity and every human. It has led to an Economic lockdown, shock and crisis.

Corona Virus which is highly infectious and transmits easily from one person to another. Governments all over the world have therefore

taken numerous measures to control and reduce the widespread destruction of human resource. Residents have been ordered to stay at home; Educational Institutes and Entities have been shut down, Non-essential activities other than seeking medical treatments and purchase of basic necessities have come to a standstill.

Stock Markets have fallen sharply, business houses have incurred huge losses due to lockdowns, Governments have lost their revenues on one hand and expenses have and will increase considerably. Demand and Supply of goods and services has been totally disrupted. Cash crunch among business will lead to increased borrowings among business houses and individuals. Even Governments will be forced to borrow from World Bank and other Nations. Small business entrepreneurs and entire industries may permanently shut due to prolonged restriction of

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economic activities. Individuals and Entities have lost and will lose huge amount of wealth.

Ministry of Economic Affairs, Ministry of Finance and Regulatory bodies will be forced to take some measures to tackle the current situation. Individuals will have to modify their spending budgets. Priorities will change and it may affect long term saving and investment plans. The current study is undertaken to learn the employee behavior during this crises.

Working Definition:

Savings – Sacrificing the part of current income on the current expenditure and keeping aside for future needs.

Investment – Putting the saved income into productive investment avenue with an expectation to earn some recurring income on a regular basis for a long term along with some capital appreciation.

Change in the level of Savings and investments – Increase or decrease in the amount of saving and investments from the usual annual savings and investment plans.

Change in the level of Total Income – Increase or decrease in the total income (salary + other incomes)

Literature Review:

Bhushan Puneet (2014) in the research paper has studied the relationship between financial literacy and choice of investment products and knowledge of right choice of financial product for investment purpose.

Patil Sonali, Nandawar Kalpana, (2014) in their research paper on investment preference among salaried people in Pune, have focused on identifying various investment avenues by people with different demographic components.

Meenakshi Sundaram K. S , Ramanathan K.V.(2015) in their research paper have studied that among bank employees the preferred investment avenues are Life Insurance policies, gold and real estate.

Shanbhag, A. N. (2006)., In the book titled "In the Wonderland of Investment "(25th Edition) has explained various investment options

available for an Indian Investor, through which investment planning can be made.

Mario Inigo, A (2012) in his book titled "Financial Markets and Services" has attempted to make an overview of the Financial Systems and the Financial Services available in India.

Many studies have been made on the factors affecting savings and investments, saving habits and preferences, awareness levels among the individuals. No specific survey has been carried on the impact of change in income levels due to the current pandemic on the levels of savings and investments among the individuals. Hence the above survey is conducted.

Objectives of the Study:

- To study the impact of lockdown on the savings and investment habits of the salaried investors in non – equity investment avenues among Government and Private Employees.
- To study the impact of lockdown on the savings and investment habits of the salaried investors in non – equity investment avenues among Men and Women.
- To study the impact of lockdown on the savings and investment habits of the salaried investors in non – equity investment avenues among different income groups.

Hypotheses:

- H₀₁: There is no significant change in the savings and investments level among employees of different gender.
- H_{A1}: There is a significant change in the savings and investments level among employees of different gender.
- H₀₂: There is no significant change in the savings and investments among the salaried employees' with a corresponding change in the income level.
- H_{A2}: There is a significant change in the savings and investments among the

salaried employees' with a corresponding change in the income levels.

- H₀₃: There is no significant change in the savings and investment levels among Government and Private employees.
- H_{A3}: There is a significant change in the savings and investment levels among Government and Private employees.

Scope of Study:

The current study is focusing on the impact of the lockdown on the saving and investment habits among the salaried employees in Pune city. This study focuses mainly on the impact of savings and investment habits among the salaried employees with different variables such as the type on employment, Income brackets, gender and Change in income level

Testing of Hypotheses:

Particulars	Null Hypothesis	Alternate Hypothesis
Hypothesis H1	Rejected	Accepted
Hypothesis H2	Accepted	Rejected
Hypothesis H3	Rejected	Accepted

Hence it is concluded that:

There is a significant change in the level of savings among women than men as an impact due to lockdown. The levels of savings have significantly reduced during the lockdown period among women.

There is a no significant change in the level of savings and investments among the salaried employees' with a corresponding change in the income levels. The result reveals that there

Research Methodology

Analytical research has been used for the present study. Primary data was collected from the respondents through structured questionnaire. For the purpose of this study, Convenience Sampling Method was adopted. A pilot study was conducted to ensure sufficiency of data for analysis among 12 respondents, 6 Government Employees and 6 Private Employees. 146 fully complete responses were received (73 from Government and 73 from Private employees.) Secondary data was collected from newspapers, websites, books, journals and relevant magazines.

For Data analysis, mean, variance and percentage were used as statistical tools. Hypothesis was tested using Chi square test. Excel Data Analysis tool was used for all tabulations, tests and analysis.

no association between the change in level of saving and the change in level of income.

There is a significant change in the level of savings among Non-Government (Private) Salaried employees than the Government employees as an impact due to lockdown. The levels of savings have significantly reduced during the lockdown period among Private Employees.

Findings & Conclusions based on the analysis of primary data:

Table1: showing change in savings (percentage wise) among salaried employees with following variables - gender, employment and change in total income

Particulars	Gender wise %			Employment wise %			Change in Total Income wise %			
	Men	Women	Total	Govt	Pvt	Total	Decreased	No Change	Increased	Total
Decrease in Savings	18	26	44	8	36	44	24	12	8	44
No Change in Savings	26	10	36	27	9	36	12	13	11	36

Increase in Savings	12	8	20	16	4	20	6	6	8	20
Total	56	44	100	51	49	100	42	31	27	100

- Level of savings is an independent and individual decision made by each employee irrespective of any relationship with any demographic factor.
- Both men and women have their own choices and priorities and planning of savings and investments.
- Those employees who had entered into long term saving and investment contracts could not make any adjustments on the savings and were forced to the commitment, in spite of reduction in income, through additional borrowings.
- A few respondents realized (during the lockdown crisis) the need and importance of regular savings and investments for longer term periods and revised the existing savings and investment plans
- Government employees were not much affected in terms of loss of reduction of income but the private employees were much affected and had an influence in the levels of savings due to loss and reduction of income.

Limitations of the study

Generalization cannot be drawn based on the sample drawn from Pune city. The sample is drawn from a limited population of salaried employees in Pune city, assuming it will be a fair representation of Indian population. Thus the researcher does not claim the conclusions and inference for entire India.

The Researcher faced difficulty in collecting the financial data. Many of the respondents were reluctant to share their exact savings, spending, investment and income data.

The Researcher was not able to collect the data from the desired number of respondents due to the ongoing corona virus panic among the Pune salaried employees. Scope of personal interview and observation got limited.

Scope for further research

A full-fledged research can be carried out post corona pandemic to assess and analyze the change in the saving and investment habits of salaried employees due to change in working style due to the lockdown.

Various factors affecting the level of changes in savings and investments among the salaried employees can be studied.

A similar type of survey can be conducted among business men, professionals, and individuals earning incomes from other sources.

A similar research can be conducted in different cities.

Suggestions based on the observations:

With the floating of new income tax slabs, salaried employees may slowly come out of the forced savings as there is no motivation and incentive for savings. Hence self-motivation and self-planning for savings will become inevitable.

Salaried employees must consider savings as a compulsory part of current expenditure, irrespective of the income earned every month and must keep a side a part of the income into a separate saving account in order to overcome such unexpected situations.

Savings should be considered as a regular practice. Savings should be a continuous and long term planning.

Every salaried employee must fix a percentage or an amount which needs to be kept aside as savings from the total monthly income.

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