

Post-Covid Impact Assessment : Re-assessing Investment and Personal Financial Planning – with focus on young professionals in Rajasthan

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Abstract

This is a study on young professionals to know the impact of the Covid Tragedy on their perception regarding investment, personal financial planning and life management. The study was conducted on the basis of survey of 200 young professionals were selected randomly from Rajasthan and their views were identified and the study concluded that the overall sentiments of people has changed due to covid, however, due to lack of proper responses only 150 responses were considered for data analysis purpose. The findings show that due to Covid19, people have now started investing / spending more resources towards healthcare and they are now aware of need of savings for meeting emergencies. People are now realizing the importance of investment and investment education. They are finding it important to have proper financial planning.

Introduction and Literature Review

Covid19 has created a new situation for everyone. The crisis created a change in overall approach towards life. People have started revisiting their approach towards investment, savings and personal financial planning. The young professionals have quickly changed their overall approach towards personal financial planning, healthcare and investment on health. This study is directed to study this phenomenon. Birari&Patil (2014) studied youth with regard to personal financial planning and found that youth have some approach towards investment and personal financial planning. Idris, et al. (2015) found that health related issues have a negative impact on overall investment and personal financial planning of the investors. They observed that people tend to allocate resources towards health related issues and investment becomes secondary issue. Young professionals have been found to have an inclination towards investment decisions for safety of future income and towards a better life in future (Murphy & Yetmar, 2010). However, healthcare and related issues have started becoming important among young professionals while making investment decisions. (Boon, et al., 2011). Nielson (2011) mentioned that there is a shift in the overall attitude of investors towards investment and the young professionals are spending / investing less. A study by the

American Savings Education Council and AARP (2008) suggested that young professionals to today face more challenges and the situations of crisis created more stress for the young professionals of present times (Mohd, et al., 2015). When the research was started, there were hardly any studies on impact of Covid19. The research has been undertaken to identify, understand and document this phenomenon.

Research methodology

The research is based on following objectives : -

- a. To understand the impact of Covid19 on attitude of the people towards investment and financial planning
- b. To understand the impact of the impact of Covid19 on covid crisis on people
- c. To understand the the impact of Covid19 on preparedness of people for financial crisis

The research involved interviews and survey of 200 people selected randomly – however, data from 150 people is usable and this data has been used for data analysis in this study. These persons were asked

Questions and questionnaire : -

In the survey, the participants were asked on the following themes: -

Purpose of investment / goal of investment and change if any due to Covid19

Overall impact of Covid19 on their expenditure pattern / investment pattern

Is there any financial crisis / difficulty due to covid19

Is there any change in attitude towards investment and financial planning due to covid19

Is preparing a personal financial plan important;

Is it good to have such a plan;

Facts and Findings

Objective 1: Impact of Covid 19 on financial planning

The respondents were asked about allocation of funds post-covid – The allocation is presented below. Due to Covid-19, the respondents have now started allocating 25% towards savings and they admitted it that earlier it was less. They mentioned that due to rise in dearness they are unable to save more but they have a desire to save more due to tragedies like Covid19

Table 1	
Income Allocation	% allocated (average)
Savings	25%
Investments	15%
Emergency Funds	15%
Consumption	45%

% allocated (avg)

- Savings
- Investments
- Emergency Funds
- Consumption

Objective 2: Change in Investment direction due to Covid19

As can be observed from the data below, the purpose of investment / expenses has now a few changes. Medicines and healthcare is the number one priority (the average ranking is 2.71 based on 150 responses) and this is due to Covid19 and its effect. People are now buying health supplements and spending money on regular health check-ups.

Purpose of Investment	Average Rank (1 being highest rank)
Healthcare and medicines	2.71
Children's needs	3.00
Tax Saving	3.02
Retirement / business closure needs	3.14
Maintenance	3.45
Vacations / Foreign trips	5.69

Objective 3: Impact of Covid19 on investment options

As can be observed, health insurance and medical insurance and related expenses have taken the top priority post-covid.

Investment Option	Total	Male	Female	Total (%)	Male (%)	Female (%)
Medical Insurance	126	61	65	22.70%	21.33%	24.16%
Gold/Bullion	90	39	51	16.22%	13.64%	18.96%
PPF	84	33	51	15.14%	11.54%	18.96%
Insurance	83	57	26	14.95%	19.93%	9.67%
Mutual Fund	66	34	32	11.89%	11.89%	11.90%
Stock Market	55	35	20	9.91%	12.24%	7.43%
Real Estate	36	16	20	6.49%	5.59%	7.43%
Commodity	14	10	4	2.52%	3.50%	1.49%
Others	1	1	0	0.18%	0.35%	0.00%
Total	555	286	269	100.00%	100.00%	100.00%

Table 4 this table shows the response of Males and Females with regard to objectives of investments. The average of the rankings (out of 5) given to various objectives are mentioned in the table below: -

	Gender	Mean	Std. Deviation	N
Meeting health related emergency	Male	3.69	.972	75
	Female	3.89	.969	75
	Total	3.79	.988	150
Meeting economic emergency	Male	3.53	.777	75
	Female	3.83	.964	75
	Total	3.68	.885	150
Safety of money	Male	2.95	1.218	75
	Female	3.09	1.080	75
	Total	3.02	1.150	150
Tax Saving	Male	3.67	.949	75
	Female	3.77	.994	75
	Total	3.72	.970	150
Support to children	Male	3.28	1.034	75
	Female	3.57	.932	75
	Total	3.43	.992	150
retirement_income	Male	3.04	.892	75
	Female	2.67	.991	75
	Total	2.85	.958	150

The study found that there is a strong evidence of change in investment / expenditure pattern of young professionals due to Covid19 crisis.

Hypothesis

Ho: There is no impact of Covid19 on the pattern of investment / expenditure of young professionals .

The hypothesis is rejected based on data collected, interviews of the respondents and based on the overall assessment by the researcher.

Limitations

The study has its own limitations in the form of limited sample size, limited geographic reach and limited sample profile. The findings may not replicate in other situations or in other countries.

Conclusion

Covid19 has created a strong impact on the overall consumption habits of people. People have now become more health-conscious and they are willing to invest their resources towards health insurance, healthcare, health check-ups, health related products etc. The research is an indication that there will be greater opportunities for insurance companies in health-care domain. The study also indicated that in the future, the allocation of resources towards healthcare and related products and services will be more.

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