A Study On Investors Perception Towards Investment With Respect To Inflation During Post Covid-19 In India

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Abstract:
This study looks at investors' opinions of investment strategies and inflation-related decisions in India after COVID-19. The COVID-19 epidemic had far-reaching economic consequences around the world, and understanding investor behaviour in reaction to inflationary pressures is critical for making informed financial decisions. The study intends to shed light on how Indian investors perceive the impact of inflation on their investment decisions, and whether these opinions have altered in the aftermath of the pandemic.

The purpose of this study paper is to examine the preferences, perceptions, and awareness of various investment routes among Indian investors in order to battle inflation. The study's goal is to determine the level of awareness and investor preferences about various investment possibilities. Previously, investment alternatives were restricted to bank deposits, bonds, fixed deposits, and so on, but currently, a wide range of investment options are available, including equity, real estate investment, gold, government securities, forex, mutual funds, and so on. We acquired primary data from respondents for this study using a specially designed questionnaire. ANOVA is used to analyse the data. The study contributes to an understanding of investors' desire for alternate sources of income following Covid 19 in order to overcome inflation.

Keywords: Investors Preference, Investors Perception, Inflation, Covid 19.

Introduction
An investment could be a financial asset accumulated for the purpose of generating income, with the expectation that the item would give further income or be sold for a profit at a future price. As a result, when speculating, investors should look for investment opportunities. The COVID-19 epidemic caused significant economic hardships around the world, including India. Inflation has emerged as a major concern for investors as the economy gradually recovers. Inflation can erode buying power and reduce investment returns. This study investigates how Indian investors perceive inflation, its impact on investment decisions, and any changes in these perceptions following COVID-19.

A potential investor is someone who has spare cash and is willing to invest it in financial assets. Allocating capital efficiently to maximise return has now become the most crucial challenge in today's world. The current circumstance necessitates having a secondary source of income in order to survive. The Covid-19 epidemic has taught us a lot about this. Inflation is defined as a reduction in the purchasing power of money, which implies we will have to pay more than
we do now to buy the same quantity of products in the future. This is referred to as the time value of money. If we do not compound our money at a rate greater than inflation (about 5.5-6%), we may have to buy fewer products in the future while paying the same amount. To beat inflation, we must invest in a different source such that our money compounds at a faster pace than the inflation rate.

The current interest rate on a fixed deposit is 6%, which is equal to the current rate of inflation. As a result, we must invest in several avenues that provide a higher rate of return and aid in wealth growth. If we keep cash at home and do not invest it, the value of that money will continue to decline over time. People must invest in asset classes that have a high level of liquidity so that they can easily redeem their money when needed. "History tends to repeat itself," is a very familiar statement that we hear all the time. As a result, we must learn from this pandemic crisis and be prepared for any similar circumstances that may develop following Covid19.

**Literature Review**

K.A. (2013) writes in his work "Creating an adaptive asset allocation fund to outperform inflation in the South African financial market": In this dissertation, the researcher described the process of developing a new asset allocation product in the South African financial market area with the goal of outperforming inflation over the long term. This technique has focused on various combinations to reduce risk by diversifying portfolios, which would yield a good return for the investor by outperforming inflation.

Individual investors, according to Bagchi R (2002), are concerned about the safety and return on investment in mutual funds. Before making an investment, investors analyse factors such as the tax rebate under Section 80 C and the company's previous success.

Mudit (2020) "Impact of Inflation on Indian Mutual Fund Investor Perception During Recession - An Empirical Study": Mutual funds are one of the best vehicles for defeating inflation, and with inflation hanging around 5% per year on average, only by investing regularly in MFs will one be able to construct a good portfolio of assets after 20 to 30 years.

Gyan Yadav (2018), the majority of investors choose to invest their money in fixed deposits with banks, followed by gold, UTI units, fixed deposits of non-government companies, mutual funds, equity shares, and debentures for safety and liquidity.

Tripathi et al. (2020) conducted a study to determine the factors that influence investor attitudes towards investing and discovered that the five most influential factors based on investor rankings are the company's business, the valuation of the company's shares, the 10Q of the company Annual report, the price-earnings ratio, and whether the company is profitable.

Bhavna et al. (2019), the relationship between inflation and stock prices has not been assessed using advanced econometric techniques such as the Vector Error Correction Model (VECM). From 2006 to 2014, CPI and PSEI statistics were used in the study. It can demonstrate that there is a significant positive relationship between inflation and share prices. Equity prices appear to have little effect on short- and long-term inflation variations in the Philippine economy, both in the short and long run. This implies that a 1% increase in the inflation rate can raise stock values by 5.94% over time.
Brigelli (2018) discovered in his research "Investor's attitude towards investment options in Nellore region" that most investors are unaware of corporate investment options such as preference and equity shares, corporate debt securities, mutual funds, and deposits. According to the poll, most respondents were aware of traditional investment choices such as bank deposits, real estate, life insurance schemes, bullion, and small savings schemes.

Research Methodology

Quantitative Phase: A systematic online survey will be administered to a representative sample of Indian investors. The survey will ask investors about their inflation perceptions, investing strategy, risk tolerance, and demographic information. Multiple-choice and Likert scale questions will be used.

Qualitative Phase: In-depth interviews will be undertaken with a selection of survey respondents to acquire a better understanding of their inflation and investment perceptions and decision-making processes. Content analysis techniques will be used to analyse qualitative data.

Data Collection

Throughout the investigation, both primary and secondary data were collected. However, the primary data was prioritised. Respondents were asked to rate their opinions on a 5-point Likert scale in a specific format. The study's overall population is 50. For the same study, the researcher issued a questionnaire to 75 investors and obtained 52 responses, of which the researcher considered 50 responses for the study and excluded two responses. Purposive sampling procedures were utilised by the researcher.

Scope of the Study - This study covers responses from India. The study will adopt a mixed-methods approach, combining qualitative and quantitative research methods.

Objectives of the Study

• To study the most preferred asset class as an investment by investors to beat inflation.
• To investigate investors' perceptions of inflation and its influence on investments.
• To see if investors' opinions of the impact of inflation on investments have changed as a result of the COVID-19 outbreak.
• To determine the investing techniques used by investors to reduce the risk of inflation.
• To suggest people to invest in assets that compounds at rate which is higher than inflation.

Hypothesis of the study

• There is no substantial gender difference in investment options preferred to beat inflation.
• There is no discernible difference in the aim of investment between age groups.
• There is no discernible gender difference in the criteria evaluated before investing in any asset type.
Expected Contribution
This study intends to add to the current literature by elucidating how Indian investors perceive inflation in the post-COVID-19 context and how these perceptions influence their investment decisions. The findings may have ramifications for financial institutions, politicians, and individual investors.

Data Analysis and Interpretation
Statistical approaches such as descriptive statistics, correlation analysis, and regression analysis will be used to analyse quantitative data. To extract relevant patterns and insights, qualitative data from interviews will be transcribed and thematically analysed.

Techniques of Selection: Purposive sampling, a sort of probability sampling, is employed in the research article. Because the researcher found basic random sampling to be both convenient and natural for this investigation.

Statistical Tools used:
The ANOVA test was performed in the study because there were more than two groups, and it is also used to determine whether the means of multiple groups are equal. Because there is an independent variable and a dependent variable in the study, the One-way ANOVA test is utilised.

Demographic profile of the study

Age Group

According to the above data, 84 of the 100 respondents are between the ages of 18 and 25, while 11 are between the ages of 26 and 40.

Gender
According to the following graph, there are 65 male respondents and 35 female respondents out of a total of 100.

**Hypothesis 1 – Results and Discussion**

Hypothesis –

There is no substantial gender difference in investment options preferred to beat inflation.

To test above null hypothesis ANOVA is obtained and F-test is applied. Results are follows:

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>151.47</td>
<td>1</td>
<td>151.47</td>
<td>0.69</td>
<td>0.302</td>
</tr>
<tr>
<td>Within Groups</td>
<td>20437.50</td>
<td>99</td>
<td>212.06</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>21273.97</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Interpretation:**

According to the above table, there is no substantial variation in gender preference for investment avenues to combat inflation.

Because there are no differences in gender preferences for investment avenues to fight inflation, the computed p-value (sig value) of the F-test is 0.302. It is more than the normal p-value of 0.05 (at the 5% threshold of significance). As a result, the F test is acceptable. As a result, the null hypothesis is accepted and the alternate hypothesis is rejected. There is no substantial gender difference in investment options preferred to beat inflation. Investors’ preferences for investment opportunities to beat inflation are consistent across gender. To investigate hypothesis findings, mean scores of investors’ preferred investment avenues to beat inflation for each gender are obtained and displayed in the table below.

<table>
<thead>
<tr>
<th>Descriptive</th>
<th></th>
<th></th>
<th></th>
<th>95 % Confidence Interval for Mean</th>
<th>Min.</th>
<th>Max.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>N</td>
<td>Mean</td>
<td>Std. Deviation</td>
<td>Std. Error</td>
<td>Lower</td>
<td>Upper</td>
</tr>
</tbody>
</table>

[Diagram of gender distribution with 65 male respondents and 35 female respondents]
The above table shows that the mean scores of investors' preferences for investment avenues to beat inflation for each gender are 37.9% for Male and 35.43% for Female.

**Hypothesis 2 – Results and Discussion**

There is no discernible difference in the aim of investment between age groups. To test above null hypothesis ANOVA is obtained and F-test is applied. Results are follows:

<table>
<thead>
<tr>
<th>Sum of Squares df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>121.23</td>
<td>3</td>
<td>43.03</td>
</tr>
<tr>
<td>Within Groups</td>
<td>23941.95</td>
<td>97</td>
<td>235.60</td>
</tr>
<tr>
<td>Total</td>
<td>23347.04</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

**Interpretation:**

The table above illustrates that there is no substantial difference in investing purpose between age groups. Because there are no differences in the aim of investment between age groups, the computed p-value (sig value) of the F-test is 0.879. It is greater than the normal p-value of 0.05 (5% level of significance). As a result, the F test is approved. As a result, the null hypothesis is accepted and the alternative hypothesis is rejected. There is no discernible difference in investment objectives between age groups. It can be seen that the motivation for investing differs little amongst age groups. To investigate hypothesis findings, mean scores of investment purpose for each Age Group were acquired and displayed in the table below.

<table>
<thead>
<tr>
<th>Age</th>
<th>N</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Std. Error</th>
<th>95% Confidence Interval for Mean</th>
<th>Min.</th>
<th>Max.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Lower Bound</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18–25</td>
<td>80</td>
<td>41.15</td>
<td>14.99</td>
<td>1.72</td>
<td>35.79</td>
<td>21.00</td>
<td>100.00</td>
</tr>
<tr>
<td>26–40</td>
<td>15</td>
<td>37.01</td>
<td>15.79</td>
<td>4.27</td>
<td>27.49</td>
<td>23.00</td>
<td>65.00</td>
</tr>
<tr>
<td>41–60</td>
<td>6</td>
<td>33.03</td>
<td>18.74</td>
<td>13.00</td>
<td>-139.79</td>
<td>19.00</td>
<td>47.00</td>
</tr>
<tr>
<td>Above 60</td>
<td>9</td>
<td>29.34</td>
<td>8.43</td>
<td>6.32</td>
<td>19.00</td>
<td>33.00</td>
<td>54.00</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>38.79</td>
<td>14.49</td>
<td>1.49</td>
<td>35.69</td>
<td>23.00</td>
<td>100.00</td>
</tr>
</tbody>
</table>

According to the table above, the mean score for the purpose of investing for each age group is 41.14% for those aged 18 to 25, 37.01% for those aged 26 to 40, 33% for those aged 41 to 60, and 29.33% for those aged over 60.
Hypothesis 3 – Results and Discussion

Hypothesis: There is no discernible gender difference in the criteria evaluated before investing in any asset type.

To test above null hypothesis ANOVA is obtained and F-test is applied. Results are follows:

<table>
<thead>
<tr>
<th>ANOVA</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>478.16</td>
<td>1</td>
<td>479.17</td>
<td>2.78</td>
<td>0.089</td>
</tr>
<tr>
<td>Within Groups</td>
<td>16987.87</td>
<td>99</td>
<td>169.49</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>16874.05</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Interpretation:**

According to the above table, there is no substantial variation in the criteria examined before investing in any asset class based on gender. The computed p-value (sig value) of the F-test is 0.089 since there is no significant difference in considerations examined before investing in any asset class based on gender. It is more than the normal p-value of 0.05 (at the 5% threshold of significance). As a result, the F test is acceptable. As a result, the null hypothesis is accepted and the alternate hypothesis is rejected. There is no discernible gender difference in the criteria evaluated before investing in any asset type. It can be shown that the variables considered before investing in any of the asset classes are irrespective of gender. To investigate hypothesis findings, mean scores of criteria considered before investing in any asset class for each gender are obtained and displayed in the table below.

<table>
<thead>
<tr>
<th>Descriptive</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Std. Error</th>
<th>95 % Confidence Interval for Mean</th>
<th>Min.</th>
<th>Max.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Lower Bound</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>65</td>
<td>41.08</td>
<td>14.69</td>
<td>1.78</td>
<td>35.21</td>
<td>42.74</td>
<td>20.00</td>
</tr>
<tr>
<td>Female</td>
<td>35</td>
<td>34.49</td>
<td>8.99</td>
<td>1.49</td>
<td>33.38</td>
<td>37.46</td>
<td>20.00</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>37.49</td>
<td>12.99</td>
<td>1.41</td>
<td>34.68</td>
<td>42.55</td>
<td>20.00</td>
</tr>
</tbody>
</table>

The above table shows that the mean scores of criteria examined before investing in any asset class for gender are 41.08% for Male and 34.49% for Female.

Manor Findings of the study

Investors are familiar with the equities market, fixed deposits, mutual funds, life insurance, and government securities, but they need also be aware with the forex market, commodities market, debt instruments, crypto currency, and AIF NCD, as they can also assist investors in combating inflation. Investors are becoming increasingly aware that a supplementary source of income is essential not just to outpace inflation, but also to save money during a crisis. 65% of respondents stated that a second source of income was essential following covid19. According to 52.4% of respondents, inflation reduces the purchasing power of money. Previously, the rate
of return on fixed deposits ranged from 8 to 9%, but it has since decreased to 6%, almost in line with the current rate of inflation, which is 5.6 to 7%. As a result, investors must be mindful that their returns are not even keeping pace with inflation. Investors' choices for investment options that outperform inflation are similar across genders. The stock market is preferred by the majority of respondents, followed by mutual funds and fixed deposits. It may be demonstrated that the variables taken into account before investing in any of the asset classes are unrelated to gender. It may be demonstrated that the purpose of investment is substantially comparable across age groups.

**Conclusion:**
According to the findings of the survey, individuals are investing a very tiny amount of their income for wealth development, although there are attractive possibilities accessible in the market that can yield good returns if invested with discipline and expertise. Individuals are unaware of the rate of inflation and how it depreciates the purchasing power of their money over time. Investors are aware of several asset classes such as the capital market, commodity market, forex, crypto currency, and so on, but they lack expertise and confidence in taking risks. Investors are aware of and eager to invest in equity and mutual funds, but they also assume that fixed deposits are a solid source of income and would help them appreciate the value of their money, which is a myth. The general economic trend reveals that FD returns have been declining over the years, thus individuals should explore for other investment options that may provide greater returns.

Understanding how investors view the effects of inflation on their investment decisions following the COVID-19 epidemic is critical for developing effective investment strategies and policies. The purpose of this study is to shed light on the shifting attitudes and behaviours of Indian investors in response to inflation, hence contributing to educated financial decision-making.

**References:**


Falsifications from India Samrat Ray-Alagappa University, Tamil Nadu, India. samratray@rocketmail.com. Вестник МИРБИС, (2), 26-34.


