Journal of Positive School Psychology http://journalppw.com
2022, Vol. 6, No. 3, 7621– 7627

THE IMPACT OF PANDEMIC ON INVESTMENT BEHAVIOUR: SPECIFICALLY, ON GOLD INVESTMENT IN INDIA

Mrs. Prathibha Vikram
Research Scholar, Visvesvaraya Technological University Sr. Assistant Professor, New Horizon Degree College prathibhavikram2004@gmail.com
Dr. Rajendra Kumar Sinha
Professor & Chairperson - Centre for Excellence in Banking Jagdish Sheth School of Management rajendrakumar.sinha@ifim.edu.in

ABSTRACT

The emergence of the contradictory approach on investing decisions is reflected in Behavioral Finance. Investment behaviour has witnessed a huge change after the pandemic and the investor is leading a new trend in the pattern of investment. The Investment avenues include both real assets and financial assets. Investment is based on savings and these investment portfolios take their shape as per the Investor's attitude. The priority on which to invest at what percentage lies with the investor's desire and one such desirable, attractive and emotional investment is GOLD. The perception of Gold in an Indian Investor is different when compared to other avenues of investment. This paper examines the pattern of Gold investment during the pandemic – Covid 19 by individual investors. The paper is based on the primary data analyzed through the questionnaire prepared for the purpose of studying the determinants of investors in gold. This paper highlights the gold Investment plan structured by an investor in their portfolio. The statistical tests conducted include Cross-tabulation, Chi-square and Anova Test.

Keywords – Investment Patterns, Gold Investments, Pandemic period and Gold Price.

Introduction

The outburst of the pandemic, Covid-19, has affected the entire globe and has its impact on the ground level of income impacting the investment pattern. The determinants of gold investment includes Prices of gold, Inflation rates, Interest rates, Demand-Supply factors, Indian Jewelry Market, Import Duty and Government Reserves. The negative impact of this pandemic has damaged numerous businesses and resulted in the shift of many investment decisions. The priorities of investment seems to be drafting its tendency and the new normal conditions motivates a new trend in investment pattern.

People choose their avenues depending upon specific income, risk and return preference. In India, today, the various avenues include Bank Deposits, Government Securities, Insurance, Public Provident Funds, Real Estates, Commodities, Mutual Funds, Debt and Equity. With this wide range of investment alternatives available, broadly it can be categorized into financial and real assets. Indian investor are found inclined towards one special type of avenue among the different types of investment avenues that makes the basket of the investor portfolio strong and risk free. The most appreciated investment avenue among them is the yellow metal - gold. Gold is attached to many investors as an emotional/sentimental asset and sometimes as a psychological asset too. This asset is extracted from the mines as a natural resource and historically has been in abundance India.

Gold has a special place in Indian culture and was always considered auspicious for presenting gold as a gift or purchasing for oneself, almost all occasions like wedding, baby showers, naming ceremonies, birthdays, house warming ceremony, etc. The legendarily supreme and enigma nature of Gold makes it even more special for traders and consumers to deal with this special attractive asset. Indian Culture has evidenced this asset class from various times with reference to Vedas, Epics, Puranas, Upanishads and many more ancient scripts. India stands as one of the largest consumers of Gold in the world.

REVIEW OF LITERATURE

The re-allocations of portfolios during the pandemic situation are well drafted in this paper (Suryavamshi, Himanshu and Mushir, 2021) The behavior of investor during the pandemic, on shifting risky assets to a risk-free asset varies from investor to investor. The variables affecting the investment avenues to be selected by the individual investor for diversifying the portfolio is compared between gold and stocks as safer and risky investments respectively. (Marwaha Kanika and Arora Sangeeta, 2015) The study compares the variables preferred by Individual Investors for Gold (Safer Investment) Vs Stocks (Risky Investment). The Long and Short run determinants of the price of gold (Levin, E.J. and Montagnoli, A. and Wright, R.E., 2006) studied the rise of gold price, examined for over hundred years with various iterations of gold standards and its significant short term fluctuations.

The reaction of Indian stock market is influenced by the Indian gold market (Mukhuti Somnath and Bhunia Amalendu, 2013) - The prices of gold influences the Stock market index in India (Sensex and Nifty) which was compared with data for a period of two decades using Time series data applying bi-variate and multivariate co-integration test. Gold which is considered as safe haven and solid asset is examined with national crisis, bank failures and rupee depreciation along with other macro factors. The determinants of gold prices based on empharical analysis and implications, (Imad B. Baalbaki, Said Elfakhani and Hind Rizk, 2009) - This paper considered factors effecting gold supply and demand by employing a model starting from 1971 to 1998 and factor analysis for later period between 1991 to 2001.This paper emphasized on the impact of gold price related to the financial crisis of the world and credit crunch where governments restore to stabilize the currency. The price of gold based on error correction (Gangopadhyay K, Jangir A and Sensarma R, 2016) identifies investment decision and the major movers of the data by inflation hedge. The role of behavioral finance in deciding investment in India (Vinay Kandpal and Rajat Mehrotra, 2018) describes how a wise investment decision requires the entire investor's factors considered like financial goals, spending habits, perception towards investments, time period, lifestyle changes, liquidity and expected returns.

A study on various forms of gold investment (Nishad Nawaz and Sudindra V R, 2013) highlights the various forms in which an investor can opt to choose gold. The gold forms is not reserved to only jewels but spreads over gold coins, gold idols, bullions, ETF, gold mutual funds, e-gold, etc. The financial decision made amidst the pandemic (Aslishan Gizem Korkmaz, Pengpeng Yue and Haigang Zhou, 2020) period will surely change the household portfolio pattern and there will be a shift in risk behavior of the investor. The Linear probability models are used to analyse the household level effects of Covid19.

Research Gaps

This paper studies the variations brought in by the pandemic in the investors' decisions. To analyze if there is a significant change in gold investments and to study the shift in these patterns due to this price fluctuations.

Purpose of the Study

To analyze if there is a magnificent change in gold investments due to pandemic and to study the shift in these patterns due to the price fluctuations during this period.

Research Objective

To analyze the pre and post pandemic decisions of investing in gold by individual investors correlated to the fluctuations in the market gold price.

To study the demographic factor influencing investment behaviour.

Research Design & Methodology

The paper measures the dimension of gold investment passing through the pandemic at different price levels and at different stages of life.

The Primary data was from the respondents of the structured questionnaire. While the Secondary data was from the literature sources on this.

Primary data included individual investors across India, responding to self-administered structured questionnaire with 5-point Likert scale on Gold Investment and other investment avenues with different income levels, gender, occupation, and marital status.

Sample Size:

A sample of 202 people have taken as per their convenience. The population size for this study is Infinite Population.

Research Design/Methodology/Approach

Primary data collected from the Individual Investor across India. To validate the research objectives with a series of statistical tests will be performed using SPSS
Software v.26.

Hypothesis

1. Based on Individual Investor correlated to Gold Price -

H_{01} : There is no significant impact of Gold Price on Gold Investment

2. Based on Investment behavior according to occupation-

H_{02}: There is no significant impact of Gold price on Gold Investment based on occupation

Data Analysis

The research involved demographic variables like gender, marital status, occupation and age. The male respondents constitute the sample size with 51.98% (105) while the female respondents with 48.02% (97). The total 33.66% (68) of the respondents fall into the age group between 20 to 29 and 37.62% (76) respondents were Salaried as per the occupation. The table below represents the frequency and percentage of each variable as responded in the pattern of investment scale ranging from Never, Rarely, Sometimes, Often and Always ranging from 1 to 5 respectively.
The data collected comprised of more Male than female and Salaried employees are more. The investors with age between 20 to 40 were on the higher numbers who were investing in Gold.
The pre and post covid period was analyzed with the primary data collected and various tests were conducted.

Demographic Value

Gender			
Gender	Mean	N	Std. Deviation
Female	3.7423	97	1.12988
Male	3.4952	105	1.21785
Total	**3.6139**	**202**	**1.18002**

Occupation			
Occupation	Mean	N	Std. Deviation
Salaried	3.7500	76	1.04722
Professional	3.3500	20	1.46089
Home Maker	3.9615	26	.91568
Others	3.4717	53	1.21851
Business	3.3704	27	1.39085
Total	**3.6139**	**202**	**1.18002**

Age Group			
Age Group	Mean	N	Std. Deviation
Between 20-29	3.5882	68	1.19994
Between 30-39	3.5079	63	1.17601
Between 40-49	3.6522	46	1.15888
Between 50-59	3.8421	19	1.21395
Above 60 years	4.0000	6	1.26491
Total	**3.6139**	**202**	**1.18002**

Table 1: Before_Covid19_Gold * GOLDPRICE

Cross-Tabulation							
Pre-Covid19 Behaviour of Gold Investment with price fluctuations							
		GOLDPRICE					
		Never	Rarely	Sometimes	Often	Always	**Total**
Before Covid19	Never	7	6	3	1	2	**19**
	Rarely	3	7	5	7	5	**27**
	Sometimes	2	2	39	18	21	**82**

	Often	0	2	12	10	7	**31**
	Always	0	2	6	9	26	**43**
Total		**12**	**19**	**65**	**45**	**61**	**202**

Table 2: Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	97.115[a]	16	.000
Likelihood Ratio	80.831	16	.000
Linear-by-Linear Association	44.122	1	.000
N of Valid Cases	202		
a. 10 cells (40.0%) have expected count less than 5. The minimum expected count is 1.13.			

Table 3 :Symmetric Measures					
		Value	Asymptotic Standard Error[a]	Approximate T[b]	Approximate Significance
Interval by Interval	Pearson's R	.469	.062	7.500	.000[c]
Ordinal by Ordinal	Spearman Correlation	.424	.066	6.628	.000[c]
N of Valid Cases		202			
a. Not assuming the null hypothesis.					
b. Using the asymptotic standard error assuming the null hypothesis.					
c. Based on normal approximation.					

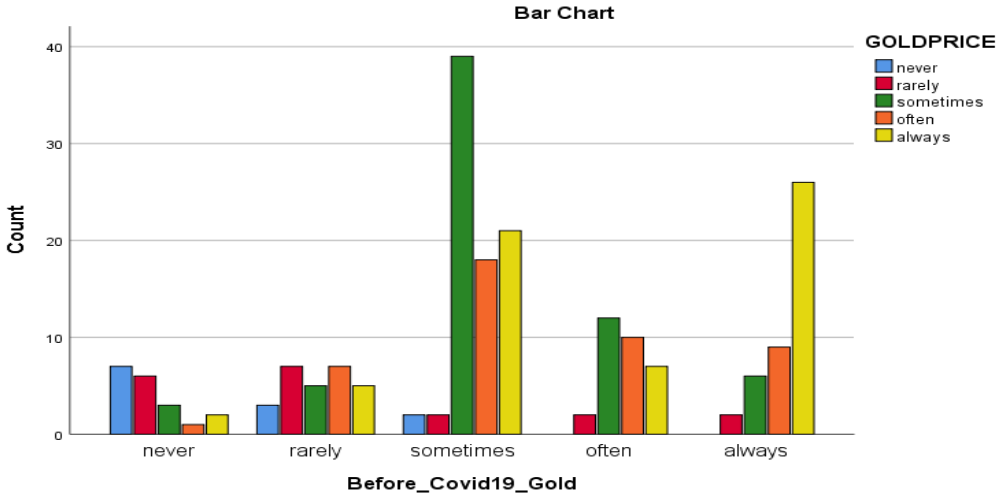

Table 4: After_Covid19_Gold * GOLDPRICE

Cross-Tabulation							
Post-Covid19 Behaviour of Gold Investment with price fluctuations							
		GOLDPRICE					
		Never	Rarely	Sometimes	Often	Always	**Total**
POST Covid19	Never	9	5	1	1	4	**20**
	Rarely	2	5	10	9	5	**31**
	Sometimes	1	5	32	15	15	**68**
	Often	0	1	15	10	7	**33**
	Always	0	3	7	10	30	**50**
Total		**12**	**19**	**65**	**45**	**61**	**202**

Table 5: Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	108.002[a]	16	.000
Likelihood Ratio	83.832	16	.000
Linear-by-Linear Association	41.442	1	.000
N of Valid Cases	202		
a. 10 cells (40.0%) have expected count less than 5. The minimum expected count is 1.19.			

Table 6: Symmetric Measures					
		Value	Asymptotic Standard Error[a]	Approximate T[b]	Approximate Significance
Interval by Interval	Pearson's R	.454	.067	7.207	.000[c]
Ordinal by Ordinal	Spearman Correlation	.410	.068	6.358	.000[c]
N of Valid Cases		202			
a. Not assuming the null hypothesis.					
b. Using the asymptotic standard error assuming the null hypothesis.					
c. Based on normal approximation.					

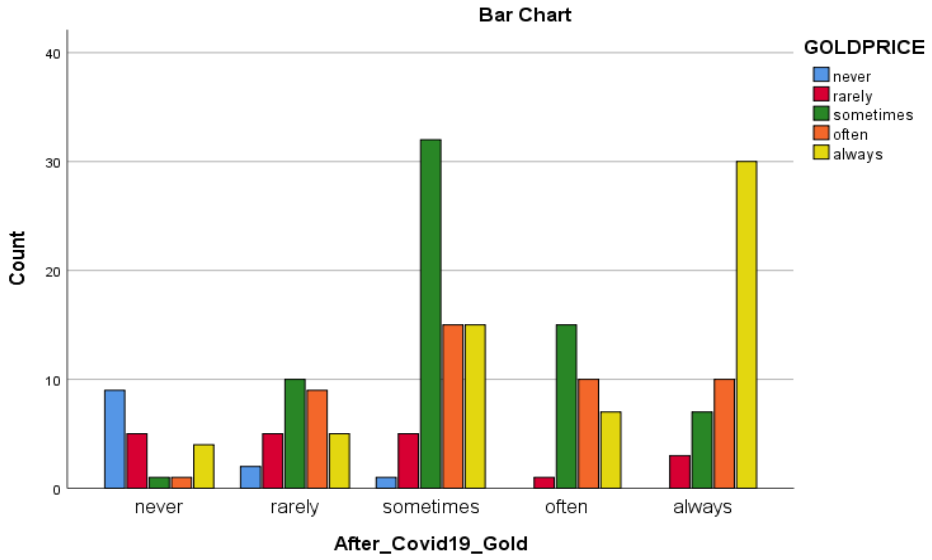

Table 7: T-Test

T-Test						
	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Gender	43.128	201	.000	1.51980	1.4503	1.5893
GOLDPRICE	43.527	201	.000	3.61386	3.4501	3.7776

Table 8: ANOVA

ANOVA					
Occupation					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	9.626	4	2.406	1.043	.386
Within Groups	454.458	197	2.307		
Total	464.084	201			

Source: Primary Data

Research Findings

The data on which Chi-square is performed, belongs to pre (before) covid19 period and gold price fluctuation. Based on the above Table 2, it is found that Chi-square value = 97.115[a] and *p* value is 0.000, which reflects there is an association between the kind of Occupation an investor holds and gold investment. Based on the Hypothesis, there is significant association between occupation on Gold Investment and hence we reject the Null Hypothsis: H_{01}.

One way Anova was performed for the occupation and Gold Price. The Test Variables were selected as Occupation and group variable selected was Prices of Gold. The result reflects that Occupation (*p* value = 0.3863) which indicates that there is statistically insignificant among the occupation of investors. Based on the Hypothesis, there is significant difference between Income Level and Gold Investment and hence we fail to reject the Null Hypothsis: H_{02}.

Implications

The investor has a unique attraction towards Gold and they are not either depending on price of the asset. During the period of first and second wave of Pandemic in India, the investor has shifted his investment pattern but gold investors seem to be increasing due to the appreciation capacity of this asset.

Conclusion

The investment pattern of shift in gold prices affecting an investment avenue during the pandemic period is studied and analyzed as conclusion. Investor's attitude for gold has traditions and emotions attached which make it very easy for the investor to put gold in their basket of portfolio as one of the compulsory asset which has to be present for most of the auspicious occasions like wedding, house warming ceremony, festivals, etc.

Reference

Himanshu, R., Mushir, N., & Suryavanshi, R. (2021). Impact of COVID-19 on portfolio allocation decisions of individual investors. *Journal of Public Affairs*.

Mulyadi, M. S., & Anwar, Y. (2012). Gold versus stock investment: An econometric analysis. *International Journal of Development and Sustainability*, *1*(1), 1-7.

Yue, P., Gizem Korkmaz, A., & Zhou, H. (2020). Household financial decision making amidst the COVID-19 pandemic. *Emerging Markets Finance and Trade*, *56*(10), 2363-2377.

Nawaz, N., & VR, S. (2013). A study on various forms of gold investment. *Available at SSRN 3525301*.

Mirza, N., Naqvi, B., Rahat, B., & Rizvi, S. K. A. (2020). Price reaction, volatility timing and funds' performance during Covid-19. *Finance Research Letters*, *36*, 101657.

Singh, A. (2020). COVID-19 and Safer investment bets. *Finance research letters*, *36*, 101729.

Kandpal, V., & Mehrotra, M. R. (2018). Role of Behavioral Finance in Investment Decision–A Study of Investment Behavior in India. *International Journal of Management Studies*, *4*(6), 39.

Hassani, H., Silva, E. S., Gupta, R., & Segnon, M. K. (2015). Forecasting the price of gold. *Applied Economics*, *47*(39), 4141-4152.

Gangopadhyay, K., Jangir, A., & Sensarma, R. (2016). Forecasting the price of gold: An error correction approach. *IIMB management review*, *28*(1), 6-12.

Levin, E. J., Montagnoli, A., & Wright, R. E. (2006). Short-run and long-run determinants of the price of gold.

Elfakhani, S., Baalbaki, I. B., & Rizk, H. (2009). Gold price determinants: empirical analysis and implications. *Journal for International Business and Entrepreneurship Development*, *4*(3), 161-178.

Mukhuti, S., & Bhunia, A. (2013). Is it true that Indian gold price influenced by Indian stock market reaction. *E3 Journal of Business Management and Economics*, *4*(8), 181-186.

Marwaha, K., & Arora, S. (2015). A comparative study of variables influencing preferences of individual investors for gold (safer investment) vis-a-vis stocks (risky investment). *IPE journal of management*, *5*(2), 1.