



# INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

## A STUDY ON THE INFLUENCE OF COVID-19 PANDEMIC ON THE MUTUAL FUND INVESTMENT

*RamlaBeevi A P, Rahmath M K & Praveen E P*

Assistant Professors Department of Commerce, M E S College Marampally, Aluva -7  
Ernakulam, Kerala, South India

### ABSTRACT

The goal of this research paper is to analyze the impact of COVID 19, on the investment preference of mutual fund investment by the investors and whether they are willing to invest money during this pandemic time. The outbreak of the highly infectious Corona Virus( COVID-19 )significantly disrupted human life. Measures to fight the pandemic included social distancing, self-isolation, shutting down of institutions and establishments, restricting modes of transport, and nation-wide lockdowns. While such steps seemed necessary considering the fact that this was a novel disease with no known cure, the impact on economic activity around the globe was significant. While such steps seemed necessary , the impact on economic activity around the globe was affected seriously. Investment is the action or processes of investing money for profit. An Investment is an asset or item acquired with the goal of generating income on appreciation. The person making investment has to part with his funds. The return for investment is an award for abstaining from present consumption for parting with the money or liquidity and for taking a risk. The term Mutual Fund refers to a pool of money accumulation by several investors who aims at saving and making money through their investment. Mutual funds give small or individual investors access to professionally managed portfolios. People have shifted to safer investment avenues which carry zero or low risk. Investors have prioritized safety of their investments over returns due to COVID 19. It is a descriptive study of the influence of Covid 19 Pandemic on the Mutual fund investment pattern through primary and secondary data. On the basis of the study, the Government can makes suitable changes to promote the various mutual funds schemes according to the respective needs of investors. It also give an awareness about the problems faced by the investors during this pandemic period.

**KEYWORDS:-**Pandemic, Mutual fund, Investment avenue, portfolio , prioritisation

### INTRODUCTION

The outbreak of the highly infectious COVID-19 significantly disrupted human life. Measures to fight the pandemic included social distancing, self-isolation, shutting down of institutions and establishments, restricting modes of transport, and nation-wide lockdowns. The COVID-19 pandemic has been considered a cause of systematic risk, hence, its impact on financial transactions must be examined. There are Five unique stages of global financial crisis: 1) the beginning of the subprime mortgage disaster; 2) the expansion of credit risk with mounting losses of financial institutions; 3) liquidity crunch; 4) the commodity price bubble; and 5) the ultimate freeze of credit markets. Significant research attention has also been paid to the effects of the COVID-19 pandemic on gold prices, crude oil prices, crypto currencies and market indices. However, the influence of the COVID-19 on individual investor behaviour is an area that remains relatively under-examined. An Investment is an asset or item acquired with the goal of generating income on appreciation. In an economic sense, an investment is the purchase of goal that are not consumed today but are used in the idea that the asset will provide income in the future. The person making investment has to part with his funds. The

funds may be converted into monetary assets or a claim on future money for a return. The return is an award for abstaining from present consumption for parting with the money or liquidity and for taking a risk.

The term Mutual Fund refers to a pool of money accumulation by several investors who aim at saving and making money through their investment. The corpus of money so created is invested in various asset classes. Investing in mutual fund can be as simple buying or selling stock or bond in online. In India, the first mutual fund was started in 1964 with the establishment of Unit Trust of India.

The basic aim of this research is to analyze the impact of COVID 19 on the investment preference of mutual fund investment by the investors. People have shifted to safer investment avenues which carry zero or low risk. Investors have prioritized safety of their investments over returns due to COVID 19. Most of the investors could not aware of investing their fund in mutual funds and other investment options. This study is to find out the impact of Covid-19 pandemic on mutual fund industry as well as fluctuation of Net Asset Value and its performance.

## OBJECTIVES OF STUDY

- To analyze the impact of COVID-19 on the Investment preference of the retail Investors.
- To understand whether investors are willing to invest money during the pandemic
- To identify the investment preferences of investors, post COVID 19
- To analyze the changes in returns given by investment avenues due to the pandemic
- To analyze the trend of retail investor participation in the pre-COVID and post-COVID scenario

## RESEARCH METHODOLOGY

.Methodology used for the study are:

**PRIMARY DATA:** Primary data collected for the study is through a structured questionnaire distributed among investors.

**SECONDARY DATA:** Internet, Newspaper, Magazines etc.

## SIGNIFANCE OF STUDY

The significance of this study helps to understand how investors are affected in the period prior to Covid-19 pandemic as well as during the outbreak of Covid-19 pandemic in terms of their risk and returns

## LIMITATIONS OF STUDY

- Since all questions are direct, there is a chance for biased answer from respondents.
- The numbers of respondents are restricted to 50.
- The study is restricted only to the investors.
- Due to Covid issues there is restriction in collecting data directly from respondents

## THEORETICAL FRAMEWORK

COVID-19s impact on individuals, communities, and organizations is rapidly evolving. While COVID-19's impact on the investment management industry is not nearly as high a priority as protecting people's health and well-being, it is still important for investment professionals to learn from these challenges. Eventually, when people turn their attention to their investments, they will likely to hope that their investment professionals were diligently working to safeguard their portfolios during these difficult times.

A Mutual fund is an investment vehicle for investors for investing in diversified portfolio of securities with the aim of attractive yield and appreciation in their value. As per Mutual Fund Book, published by investment Company Institute of the U.S. "A mutual Fund is a financial service organization that receives money from shareholders, invests it, and earns returns on it, attempts to make it grow and agrees to pay the shareholder cash demand for the current value of his investment." The investment managers of the fund manage these saving in such a way that the risk is minimized and steady return is ensured. Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 define 'Mutual fund' as "a fund established in the form of trust to raise money through the sale of units to the public under one or more schemes for investments. So a mutual fund is special type of institution, a trust or an investment company which acts as an

investment intermediary and channelizes the saving of large number of people to the corporate securities in such a way that investors gets steady returns, capitals appreciation and a low risk.

### CONCEPT OF MUTUAL FUND

The concept of 'mutual fund' is a new feature in the cap of Indian capital market but not to International capital markets. In England Colonial Government Trust was established in 1868 to spread risks for investors over a large number of securities. The 9 concept of Mutual funds spread to U.S.A in the beginning of the 20th century and three investment companies were started in 1924. In India, first mutual fund was started in 1964 when Unit Trust of India (UTI) was established in the similar line of operation of the U.K. based Investment Trust Companies

### TYPES OF MUTUAL FUND

There are a number of mutual funds to suit the needs and preference of investors. The choice of the fund is linked to the demand of the investor. The objectives of earning helps in deciding the type of funds where investment is made. To achieve the different objectives of the investors, mutual funds, adopt different strategies and accordingly offer different schemes of investment. The various mutual funds may be classified under five broad categories:

#### A. According to Ownership

1. Public Sector Mutual Funds
2. Private Sector Mutual Funds

#### B. According to the Scheme of Operation:-

1. Open-ended Fund/ Scheme
2. Close-ended Fund/ Scheme

#### C. According to Portfolio

1. Growth / Equity Oriented Scheme
2. Income / Debt Oriented Scheme
3. Balanced Fund
4. Money Market or Liquid Fund
5. Gilt Fund
6. Index Funds

#### D. According to Location

- 1 Domestic Funds
2. Off-shore Fund

#### E. Others

In addition to the above mentioned mutual funds, there can be some other types of mutual funds, such as 'Loan Fund's and 'Non Loan Funds'

'Hub and spoke funds' which are basically fund of funds etc

1. Public Sector Mutual Funds
2. Private Sector Mutual Funds

## DATA ANALYSIS AND INTERPRETATION OCCUPATION OF INVESTORS

TABLE 3.1

Response	NO: OF RESPONDENTS	PERCENTAGE
Private Job	26	52%
Govt Job	8	16%
Business job	11	22%
Retired	5	10%
Total	50	100%

### INTERPRETATION

From the above table we can identify that 52% of investor were have Private Job.16% of investor were Govt Job. 22% are in Business Job. Only 10% were Retired.

## INCOME OF INVESTORS

TABLE 3.2

Response	NO: OF RESPONDENTS	PERCENTAGE
Below 1 Lakhs	16	32%
1-1.5 Lakhs	19	38%
1.5 to 3 Lakhs	13	26%
3 Lakhs and Above	2	4%
TOTAL	50	100%

### INTERPRETATION

From the above table we can identify that 32% of investors income were below 1 lakhs. 38% of investor income 1 between 1.5 l lakhs. 26% of income were 1.5 to 3 lakhs. Only 4% income of investor were Above 3 lakhs.

## ANNUAL INCOME OF INVESTORS TO SAVE

TABLE 3.3

Response	NO: OF RESPONDENTS	PERCENTAGE
5 to 10%	26	52%
10 to 20%	20	40%
20 and Above	4	8%
TOTAL	50	100%

### INTERPRETATION

From the above table we can identify that 52% of the investors have saving of 5 to 10%. Another 40% of investors saving annual income of 10 to 20%.Only 8% of investors were saving annual income of 20 and above.

## INVESTOR KNOWN ABOUT MUTUAL FUND SCHEMES

TABLE 3.4

Response	NO: OF RESPONDENTS	PERCENTAGE
Advertisement	22	44%
Peer Group	9	18%
Banks	8	16%
Financial Institution	11	22%
TOTAL	50	100%

### INTERPRETATION

From the above table we can identify that 44% of investors known about mutual funds schemes through advertisement.18% of investors known through peer group. Only 16% of investors known through banks. 22% of investors known about mutual funds schemes through financial institution.

**ANY CHANGE IN INVESTMENT DURING THE COVID 19****TABLE 3.5**

Response	NO: OF RESPONDENTS	PERCENTAGE
Yes	38	76%
No	12	24%
Total	50	100%

**INTERPRETATION**

From the above table we can identify that 76% of investors were change there investment during covid19 and others were choose 24% of investors investment change.

**INVESTMENT OBJECTIVES IN MUTUAL FUNDS****TABLE 3.6**

Response	NO: OF RESPONDENTS	PERCENTAGE
Regular income	21	42%
Other income	29	58%
Total	50	100%

**INTERPRETATION**

From the above table we can identify that 42% investors were invest for Regular Income. Other 58% of investors for other benefits to invest in Mutual Fund.

**HIGHEST WEIGHTAGE FOR INVESTMENT****TABLE 3.7**

Response	NO: OF RESPONDENTS	PERCENTAGE
Risk	14	27%
Liquidity	9	11%
Return	16	31%
Tax benefits	11	25%
Total	50	100%

**INTERPRETATION**

From the above table we can identify that 27% of the investors were choose Risk. 17% of investors choose Liquidity. Another 31% of investors give highest weightage for Return. Other 25% of Investors were choose Tax Benefits.

**MODE OF INVESTMENT IN MUTUAL FUNDS****TABLE 3.8**

Response	NO: OF RESPONDENTS	Percentage
One time investment	24	48%
Systematic investment	26	52%
Total	50	100%

**INTERPRETATION**

From above table we can conclude that 52% of investors choose Systematic Investment. And 48% of investors were choose One Time Investment.

**DURATION OF INVESTMENT IN MUTUAL FUND****TABLE 3.9**

Response	No of Respondents	percentage
Long term	30	60%
Short term	20	40%
Total	50	100%

**INTERPRETATION**

From of above table we can identify that 60% of investor choose Long term period. Only 40% of investor were choose Short term period for their savings.

**IMPACT OF COVID 19 ON INVESTMENT IN MUTUAL FUND****TABLE 3.10**

Response	NO: OF RESPONDENTS	Percentage
Severe impact	22	44%
Moderate Impact	20	40%
No impact	8	16%
Total	50	100%

**INTERPRETATION**

From of above table we can identify that 44% of investors say that impact of COVID 19 on investment in mutual fund make Severe Impact. Another 40% of investors says that Moderate Impact for their investment. 8% of investors say there is No Impact of COVID 19 on investment in Mutual Funds.

**PROFIT OR LOSS DURING COVID19 FROM MUTUAL FUND INVESTMENT****TABLE 3.11**

Response	NO: OF RESPONDENTS	Percentage
Yes(Profit)	16	32%
NO(Loss)	14	68%
Total	50	100%

**INTERPRETATION**

From of above table we can identify that 32% of investors get Profit during Covid 19 from Mutual funds. 68% of investors say that they were get Loss during Covid 19 in Mutual funds.

**TYPE OF MUTUAL FUND SCHEMES****TABLE 3.12**

Response	NO: OF RESPONDENTS	Percentage
Close ended	28	56%
Open ended	22	44%
Total	50	100%

**INTERPRETATION**

From the above 44% of investors were choose Open ended mutual fund schemes. And 56% of investors were choices Close ended mutual fund schemes.

**INVESTMENT OPTION PREFERENCE BEFORE AND DURING COVID 19****TABLE 3.13**

Response	NO: OF RESPONDENTS	Percentage
Mutual Fund	3	6%
Stock Market	8	16%
Bank deposit	15	30%
Gold	10	20%
Real Estate	3	6%
Postal Saving	8	16%
Provident Fund	3	6%
Total	50	100%

**INTERPRETATION**

From of above table we can identify 6% of investors prefer Mutual funds. 16% of investors prefer investment in Stock market. 30% of investors prefer Bank Deposit before and during Covid 19. 20% of investors prefer Investment in Gold. 6% of investors were prefer Realestate. 16% of investors prefer postal saving investment before Covid 19. Another 6% of investors were prefer provident fund.

**CHANGE INCOME DURING PANDEMIC PERIOD****TABLE 3.14**

Response	NO: OF RESPONDENTS	Percentage
Yes	38	76%
No	12	24%
Total	50	100%

**INTERPRETATION**

From of above table we can identify that 76% of investor's income were change during the pandemic period. Only 24% of investors were change in pandemic period.



## FINDINGS

- Occupation of most of the respondents is Private Job. So their income from investment is very low. I.e. upto 20% of their income was saved by the respondent.
- The investors were mainly depends upon the advertisement to know about mutual fund schemes.
- Majority of respondent say that Covid 19 affects their Investment plan and also affect their income during the pandemic period.
- The main objectives of investors to invest in mutual fund for other benefits.
- Most of the investors focus on return on their investment. Only 25% of investors focus on tax benefits.
- Most of investors were prefers systematic investment in mutual funds.
- Majority of the investors prefer long term investment plans.
- Majority of investors were select the savings on the basis of high interest on investment and more profitable ones.
- Most of the investors say that Covid 19 make severe impact in their investment.
- The most of the investors say that investment in mutual fund was loss due to Covid19.
- Majority of investors prefer to purchase mutual fund directly through AMCs.
- The whole investors were support on close ended mutual fund schemes.
- Most of the investors prefers to invest in bank deposit. Only 6% of investors were preferring mutual funds.
- Majority of investors say government provide tax benefits to the investors in pandemic period.
- Most the investors were say that investment in mutual fund is safety.
- Majority of the investors aware about the risk and benefits associated with mutual fund investment.
- Majority of investors were satisfied with mutual funds schemes.

## SUGGESTIONS

- ❖ The government should improve investment policy toward the mutual funds during pandemic period, for better investment plan.
- ❖ Bank and other financial institution should support and create aware about the mutual funds.
- ❖ The most investors aware about mutual fund not only from advertisement arrange other option for the investors.
- ❖ The government should give support to the investors to overcome the pandemic.
- ❖ Introduces small types of investment plan in mutual funds schemes, its useful for small income group of investors in society

## CONCLUSION

Investments are future security of individuals. Different types of investment are available in the economy. The study entitled “A study on the influence on COVID 19 pandemic on the mutual fund investment pattern” aim to find out the influence of covid 19 in mutual fund investment. Both primary and secondary data was used for successful completion of the project. From our study it concludes that most of the investors get loss from mutual fund investment during COVID 19. The COVID-19 outbreak has significantly impacted the economy. Given the huge population and problematic circumstances of the economy, especially the financial sector and lockdown and social distancing have proven to be unsettling. Due to measures taken by the government to control the spread of COVID-19 such as lockdown and the stock market crash, individual investor's willingness to invest in mutual funds and the stock market has been impacted negatively. In present times, investors seem to have become more risk averse, and prefer relatively secure investment options offering moderate return with low risk.

**BIBLIOGRAPHY****Books referred**

- ❖ Dr. Sony Kuriakose (December 2017), “Security Analysis and Portfolio Management”, Prakash Publications, 1<sup>st</sup> edition chapter 1, pp9-17, 27-32, 36.
- ❖ S. Kevin (May 2011), “Security Analysis and Portfolio Management”, PHI Learning Private Limited.
- ❖ V.K. Bhalla (2007), “Investment Management”, S Chand and Company Limited, 13<sup>th</sup> edition.
- ❖ M. Ranganathan and R. Madhumathi, “Security Analysis and Portfolio Management”, Dorling Kindersley (India) Private Limited, 2<sup>nd</sup> edition.
- ❖ Yogeshmaheswari (September 2011) “Investment Management”, PHI Learning Private Limited.
- ❖ Donald E. Fischer (2006), “Security Analysis and Portfolio Management”, Pearson India Education Service Private Limited, 6<sup>th</sup> edition.
- ❖ Sebastian Thomas (2014), “Research Methodology”, Prakash Publications, 1st edition.
- ❖ .AjimonGeorge,ModernBanking,Prakash Publication 2009
- ❖ .Hart,H.L,The Law of Banking;4<sup>th</sup> ed.vol.1.1931.
- ❖ D.Muraleedharan,”Modern Banking Theory and Practices”,Ashok K Ghosh,Delhi,2013.

**ARTICLES**

- ❖ Anderson,W.T,Jr,Cox,E.P and Fulcher,D.G.Bank selection and Market segmentation ,Journal of Marketing,Vol.40,1976.
- ❖ HolstiusK.andKaynakK,Retail Banking in Nordic countries:The case of Finland International Journal of Bank Marketing Vol.13,No 8,1995
- ❖ Haque,A;osman J. and Ismail A. Z.H,Factor influences selection of Islamic Banking:A study on Malaysian customer preferences,American journal of Applied Sciences 6(5) Science publication,2009
- ❖ KatirciogluS.T.,Fethi S.,Unlucan D.,Dalci.,Bank Selection factors in the Banking Industry:An Empirical investigation from Potential customers in Northern Cyprus Acta Oeconomica,vol.61(1)2011
- ❖ MunusamyJ;ChelliahS,andMun H.W Service Quality Delivery and its impact on Customer satisfaction in Banking sector in Malaysia:International journal of innovation,management and technology,vol.1,No 4,2010
- ❖ .Maiyaki,A.A ;Factors determining Bank’s selection and preference in Nigerian Retail Banking,International journal of Business and Management Vol.6, No1 2011
- ❖ Sells M.R(n.d),Consumers Behaviour Real people,Realdecisions,Decision Time and Electrolux.
- ❖ Ta,H.P;andHar,K.Y,A study of bank Selection decisions in Singapore using theory and Analytical hierarchy Process;International Journal of bank marketinf 18,2000.

**Websites**

- ❖ <https://www.scribd.com/document/51397692/Investment-Behavior-of-Women-Investors>
- ❖ <https://www.slideshare.net/mobile/hmanthcrpatna/a-study-on-investment-behavior-of-women-investors>
- ❖ [https://researchgate.net/publication/309812995\\_Investment\\_Behavior\\_of\\_Women\\_in\\_India](https://researchgate.net/publication/309812995_Investment_Behavior_of_Women_in_India)
- ❖ [https://scholar.google.co.in/scholar?start=10&q=review+of+the+literature+for+investment+bahaviour+of+women+investors&hl=en&as\\_sdt=0,5](https://scholar.google.co.in/scholar?start=10&q=review+of+the+literature+for+investment+bahaviour+of+women+investors&hl=en&as_sdt=0,5)