AN ANALYTICAL STUDY ON SAVING AND SPENDING BEHAVIOUR OF PEOPLE DURING COVID-19

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ABSTRACT

COVID-19 has impacted the life of people.It has made movement standstill. Spending and saving Behaviour of people has been also been effected to grate extent. This study is conducted to know about behaviour pattern of people regarding spending and saving during the global pandemic of covid-19.There are many aspects that can make customers spending and saving behaviour differ. The factor of age does not affect the costumers behaviour of spending and savings, this statement is proved through the Chi Square Test applied on the factors i.e. age of the customers and their average monthly spending and savings. It is also proved by conducting the Chi Square Test, that spending and savings behaviour of people before and during the lockdown have no impact on each other. People's decision of spending and savings can differ due to the situation that they may face. In this situation maximum percent of the population have experienced and reduction in spending and increase in their savings.

Key words: Pandemic, Impacted, Effected, Behaviour, Savings, Spending

INTRODUCTION

The 2019–20 coronavirus pandemic is an ongoing pandemic of coronavirus disease 2019 (Covid-19) caused by severe acute respiratory syndrome coronavirus. The first case was identified in Wuhan, China, in December 2019 and declared to be a Public Health Emergency of International Concern on 30 January 2020, and recognized as a pandemic by the World Health Organization on 11 March 2020. As of 14 April 2020, more than 1.92 million cases of Covid-19 have been reported in 210 countries and territories, resulting in more than 119,000 deaths. More than 453,000 people have recovered, although there may be a possibility of relapse or re-infection. The case fatality rate was estimated to be 4 per cent in China, but varies significantly between countries.

Authorities worldwide have responded by implementing travel restrictions, quarantines, curfews, and stay-at-home orders, workplace hazard controls, and facility closures.

The pandemic has led to severe global socioeconomic disruption, the postponement or cancellation of sporting, religious, political and cultural events, and shortages of supplies exacerbated by panic buying. Schools, universities, and colleges have closed either on a nationwide or local basis in 210 countries, affecting approximately 99.9 per cent of the world's student population. Misinformation about the virus has spread online, and there have been incidents of xenophobia and discrimination against Chinese people and against those perceived as being Chinese or as being from areas with high infection rates. Due to reduced travel and closures of heavy industry, there has been a decrease in air pollution and carbon emissions. The objectives of the study are as below:

i. To measure the impact on spending behaviour of consumers of different age groups during the period of lockdown.
ii. To measure the impact on saving behaviour of consumers of different age groups during the period of lockdown.
iii. To know the impact on savings behaviour of consumers during lockdown
iv. To know the impact on spending behaviour of consumers during lockdown

LITERATURE REVIEW

Amory et al. (2020) concluded that without any social protection, Covid-19 would lead to a massive economic shock to the system. In simulations of a 3-month lockdown, the poverty rate has increased from 17.1%to 25.9% during the crisis. Household savings and consumption drop significantly, and the average recovery time for individuals is almost one year. The long recovery time after the crisis will be further exacerbated by a general decrease in demand, people's change in consumer behavior, and general slowdown of economic activities

Scott et al. (2020) explored how household consumption was impacted by epidemics, utilizing transaction-level household financial data to investigate the impact of the Covid-19 virus. As the number of cases grew, households began to radically alter their typical spending across a number of categories of goods. Initially spending increased sharply, particularly in retail, credit card spending, and food items. This was followed by a sharp decrease in overall spending. Households responded most strongly in states with shelter-in-place orders in place by March 29th 2020. We explore heterogeneity across partisan affiliation, demographics and income. Greater levels of social distancing are associated with drops in spending, particularly in restaurants and retail.

Silvius et al. (2020) studied that the health of the consumers (purchase of medicines or visit to the physician), procuring food or financial activities at the banking units are the main motivations for leaving the residence. By comparison, the demands for visiting sports activities or family members were plunged. A segment of consumers, an advocate of traditional commerce, has been forced to appeal to modern trade methods based on online shopping, and the specialists' estimations provide the maintenance of the trading behavior

Haiqiang et al. (2020) found that daily offline consumption—via bank card and mobile QR code transactions—fell by 32%, or 18.57 million RMB per city, during the twelve-week period. Spending on goods and services were both significantly affected, with a decline of 33% and 34%, respectively; within finer categories, dining & entertainment and travel saw the greatest dip of 64% and 59%. The consumption decrease is prevalent across cities with the largest drop occurring in the epicenter Wuhan (by 70%). Consumption responded negatively to the day-to-day changes in epidemic severity while distancing measures remained stable. Consumption had rebounded back to the baseline level by the end of March 2020 but dropped to -20% in early April 2020 due to the elevated risk of a second wave of infections. We infer that China's offline consumption decreased by over 1.22 trillion RMB in the three-month post-outbreak period, or 1.2% of China's 2019 GDP. Our estimates suggest a significant economic benefit of containing the virus through a lessened consumption decrease and a faster consumption recovery.

A large literature finds the economic consequences of diseases are significant (Fan, Jamison, and Summers, 2016). Specifically, large-scale viral diseases have a significant long-term impact on GDP and per-capita income (Bloom and Mahal, 1997; Sachs and Malaney, 2002), human capital accumulation (Young, 2005; Almond, 2006; Bleakley, 2007), house prices, and urban landscape (Ambrus, Field, and Gonzalez, 2020). Given the glaring concern over the Covid-19 pandemic, economists have started to identify and estimate the potential economic impact (e.g., Atkeson, 2020; Barro, Usua, and Weng, 2020; Gormsen and Koijen, 2020). We use high frequency transaction-based consumption data to quantify the aggregate consumption impact of Covid-19 and relate it to the epidemic severity both in the cross section and over time. The draft includes estimates for 30 countries, under different scenarios.

The report shows the economic effects of the outbreak are currently being underestimated, due to over-reliance on historical comparisons with SARS, or the 2008/2009 financial crisis.

At the date of the report, the duration of the lockdown, as well as how the recovery will take place is still unknown. That is why several scenarios are used. In a mild scenario, GDP growth would take a hit, ranging from 3-6% depending on the country. As a result, in the sample of 30 countries covered, we would see a median decline in GDP in 2020 of -2.8%. In other scenarios, GDP can fall more than 10%, and in some countries, more than 15%. Fernandes (2020) studied that service-oriented economies will be particularly negatively affected and have more jobs at risk. Countries like Greece, Portugal, and Spain that are more reliant on tourism (more than 15% of GDP) will be more affected by this crisis. This current crisis is generating spillover effects throughout supply chains. Therefore, countries highly dependent on foreign trade are more negatively affected. The results suggest that on average, each additional month of crisis costs 2.5-3% of global GDP.

Saraswathy (2020) stated that the Covid-19 outbreak in India and the subsequent nationwide lockdown from March 25 2020 altered the landscape of the country's employment sector. With close to 10.9 million jobs being lost across sectors, 2020 was termed the worst-ever year for the job market in India.

PROBLEM STATEMENT

i. This topic helps to understand the change in the behaviour of saving and spending in people due to the lockdown.
ii. The lockdown resulted in joblessness for casual workers in huge numbers.
iii. The fall in the demand for goods and services is rapidly depleting the savings and leads to increasing the level of debt for households, corporate and government

OBJECTIVE OF STUDY

i. To measure the impact on spending behaviour of consumers of different age groups during the period of lockdown.
ii. To measure the impact on saving behaviour of consumers of different age groupsduring the period of lockdown.

HYPOTHESIS

H10 : There is no relation between age and savings behaviour during lockdown

H11: There is a relation between age and savings behaviour during lockdown

H20: There is no relation between age and spending behaviour during lockdown.

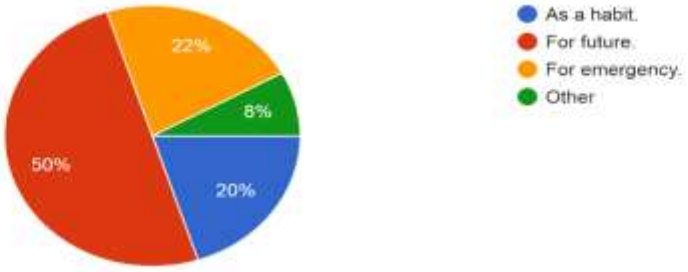
H21: There is a relation between age and spending behaviour during lockdown.

RESEARCH METHODOLOGY

1. **Research type:** Descriptive Research
2. **Respondents detail:** people from the age of 18 and above i.e. young adults and people with at least basic salary pay.
3. **Sample size :**100 respondent
4. **Statistical tools :**Pie chart, bar graph.
5. **Test to be used :**Chi square test
6. **Selection of data collection tool:** A structured questionnaire using Google forms.
7. **Type of data :** Primary data.

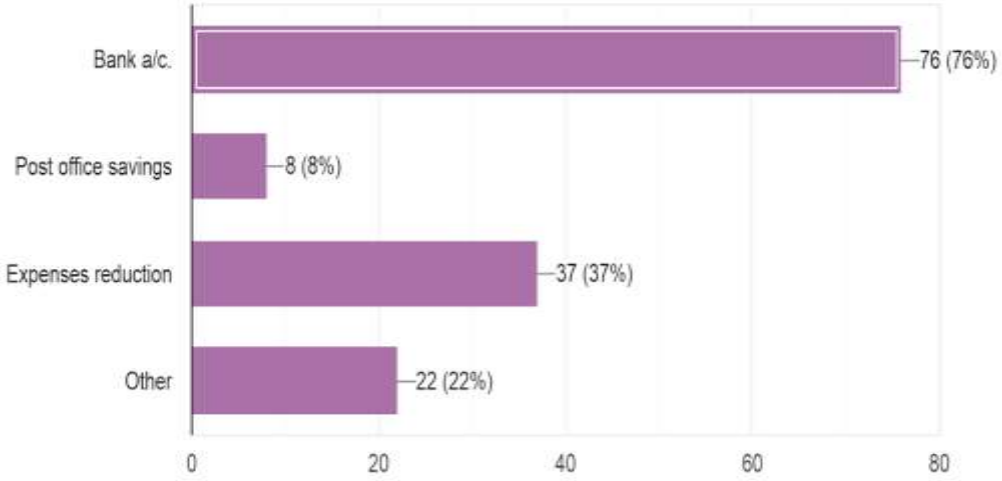
RESULTS AND DISCUSSION

1. What is the purpose of your savings?



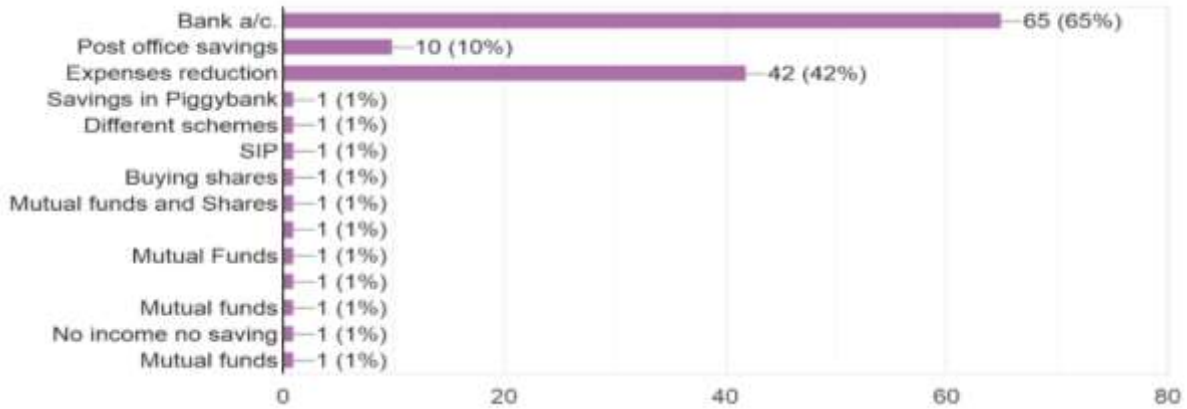
Interpretation: According to the above pie chart, 50% of the people do savings for future purpose. While 8% of the people do savings for other personal purpose. The most common purpose for driving people in doing savings is for future purpose.

2. What are the various modes or avenues where you do savings ?



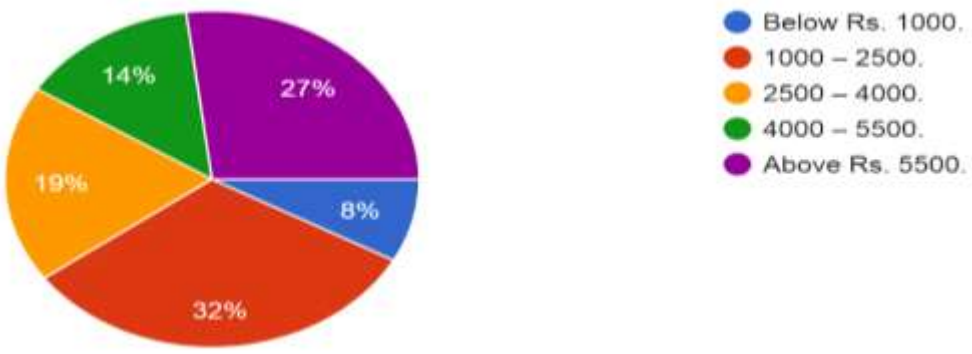
Interpretation: From the above bar graph we can see that, doing savings through bank a/c savings is the most relied method i.e. 76% of the people rely on it for doing savings. Another way of doing savings excluding doing savings through bank a/c is reduction in expenditure where up to 37% apply it.

3. What are the various modes or avenues where you do savings during lockdown?



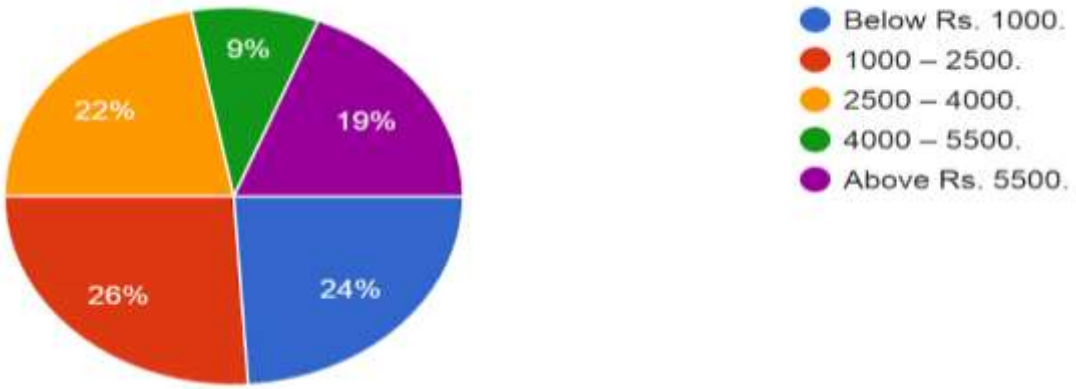
Interpretation : Even during the lockdown doing savings through Bank a/c is relied by most people i.e. upto 65% rely on it also reduction in expenses being the second most preferred method with more than 40% applying it in their day to day lifestyle. Other common method of doing savings is SIP, Mutual Funds and shares. Post office savings is also relied for doing savings.

4. How much would you spend per month on average, on household / personal expenses before the lockdown?



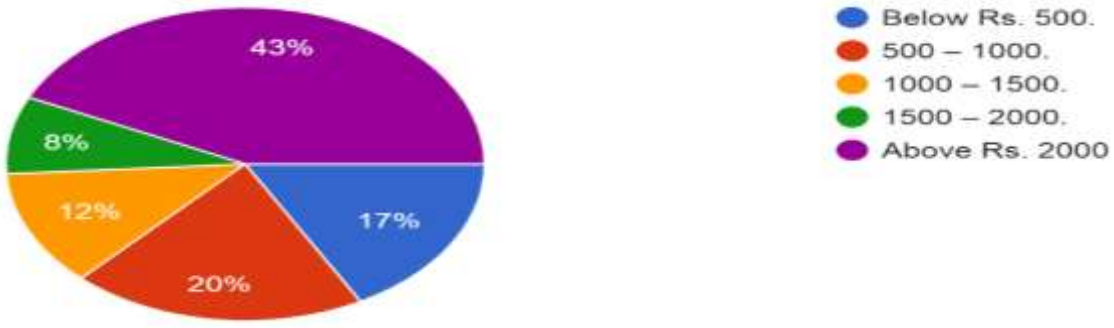
Interpretation: As seen form the above pie chart, maximum average monthly spending before the lockdown was between Rs.1000 – Rs. 2500 i.e. up to 32%. Where as the least amount spent per month was below Rs. 1000 i.e. up to 8%.

5. How much would you spend per month on average, on household / personal expenses during the lockdown?



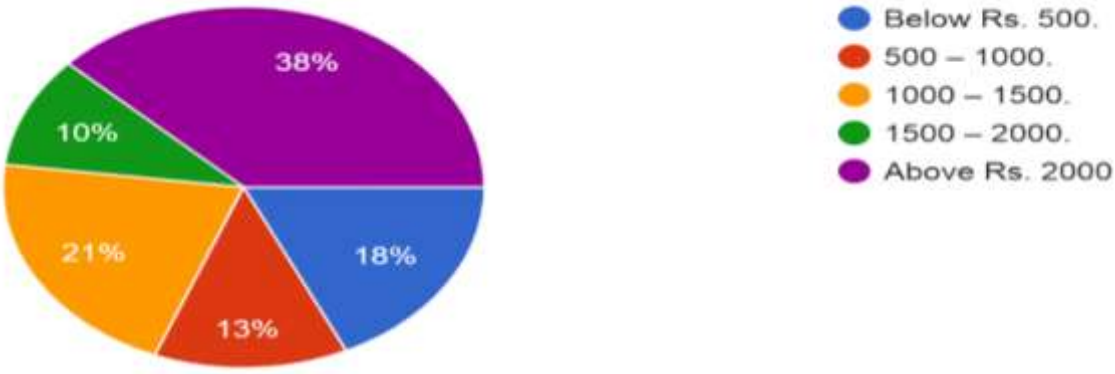
Interpretation : There is a considerable change is the spending pattern of people since before the lockdown. Maximum of 26% being Rs. 1000 – Rs. 2500 and minimum of 9% average spending being Rs. 4000 – Rs. 5500. The average spending of Rs. 1000 and below has increased considerably, since before lockdown it was just 8% where as during lockdown it has increased to 24%.

6. How much would your savings be per month on average from the household / personal expenses before the lockdown.



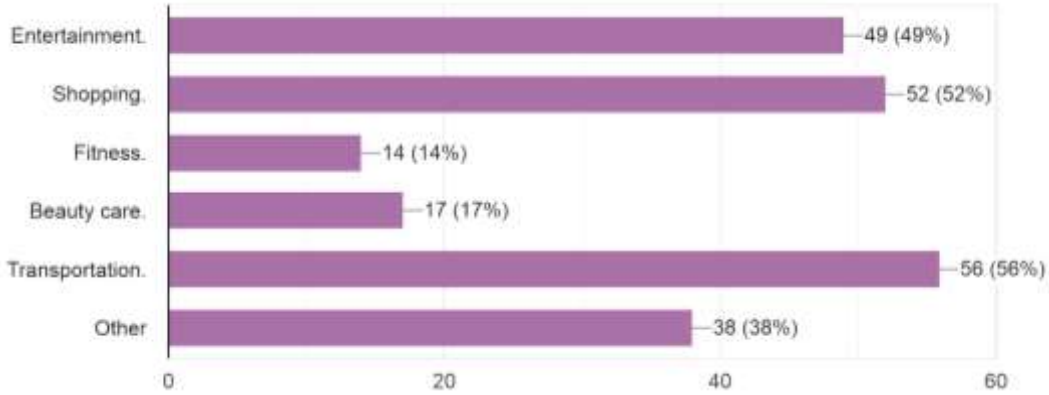
Interpretation: Before lockdown maximum number of people's average savings per month was above Rs. 2000i.e. 43%, where as least average savings done is between Rs.1500 – Rs.2000. Only 17% of the people doing savings below Rs.500.

7.How much would your savings be per month on average from the household / personal expenses during the lockdown ?



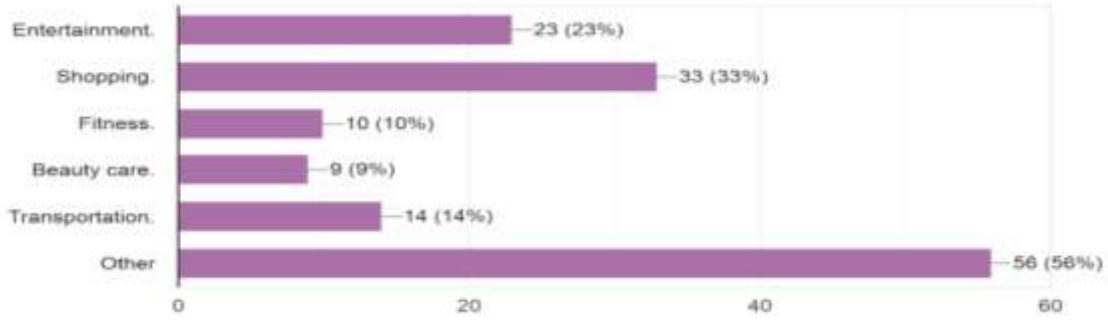
Interpretation : There is an increase in the amount of savings since before lockdown. There is an decrease in the average savings ranging from Rs.500-Rs.1000 to 13% and increase in the range of Rs. 1000-Rs.1500 to 21%. The lockdown has made an effect on the savings behaviour of people.

8.From the following modes where do you spend more money before the lockdown?



Interpretation: Before the lockdown, transportation is the factor on which most of the people spent money on i.e. 56% also shopping being the second factor where most people spent their money on up to 52%. Before lockdown these are. the factors that money was spent on

9.From the following modes where do you spend more money during the lockdown?



Interpretation: After lockdown there has been a fall in the amount spent on transportation i.e. reduced to 14% and most of the amount spent is on other essential goods. All aspects have a fall in money spent on it, since the lockdown various businesses have taken a hit. Also now the businesses have to regain the customers trust for their business to be stable again.

HYPOTHESIS TESTING:

H10 : There is no relation between age and savings behaviour during lockdown

H11: There is a relation between age and savings behaviour during lockdown

	Actual Data		**Savings**				
	Particular	Below Rs. 500.	500 – 1000.	1000 – 1500.	1500 – 2000.	Above Rs. 2000	Grand Total
	18 - 30	17	12	19	7	22	77
Age	31 - 43	1	0	1	1	2	5
	43 - 55	0	1	1	2	11	15
	56 and above	0	0	0	0	3	3
	Grand Total	18	13	21	10	38	100

Expected Data (Q. No 7)			**Savings**				
	Particular	Below Rs. 500.	500 – 1000.	1000 – 1500.	1500 – 2000.	Above Rs. 2000	Grand Total
	18 - 30	14	10	16	8	29	77
Age	31 - 43	1	1	1	1	2	5
	43 - 55	3	2	3	2	6	15
	56 and above	1	0	1	0	1	3
	Grand Total	18	13	21	10	38	100

CHI TEST =	0.458343083

Interpretation: Since the chi square value of greater than 0.05, so we accept the null hypothesis. Therefore, there is no relation between age and savings behaviour during lockdown.

H20: There is no relation between age and spending behaviour during lockdown.

H21: There is a relation between age and spending behaviour during lockdown.

	Actual data				**spending**		
	Particular	Below Rs. 1000.	1000 – 2500.	2500 – 4000.	4000 – 5500.	Above Rs. 5500.	Grand Total
	18 – 30	23	25	17	5	7	77
Age	31 – 43	1	0	1	1	2	5
	43 – 55	0	1	3	2	9	15
	56 and above	0	0	1	1	1	3

	Grand Total	24	26	22	9	19	100

Expected data (Q. No 9)					**spending**		
	Particular	Below Rs. 1000.	1000 – 2500.	2500 – 4000.	4000 – 5500.	Above Rs. 5500.	Grand Total
	18 – 30	18	20	17	7	15	77
Age	31 – 43	1	1	1	0	1	5
	43 – 55	4	4	3	1	3	15
	56 and above	1	1	1	0	1	3
	Grand Total	24	26	22	9	19	100

CHI TEST =	**0.140129986**

Interpretation: As the chi square value is greater than 0.05, so we accept the null hypothesis. Therefore, there is no relation between age and spending behaviour during lockdown.

FINDINGS

1. There is an reduction in the amount spent on an average before the lockdown from 32% to 26%i.e. the price range from Rs.1000- Rs.2500. Also an increase in spending from the range of below Rs.1000 i.e. it has increased from 8% to 24%.
2. There is a decrease in the amount saved on an average since before the lockdown in the range of Rs. 2000 and above, from 43% to 38%.
3. The maximum aspect money spent on was on Transportation i.e. before the lockdown. But Transportation is also the factor which has very least amount of money spent on since the lockdown. It decreased from 56% to 14%.

CONCLUSION

There are various aspects in which it prove that there is no relation between age and customers behaviour of spending and savings. It is also tested that there is no impact on the spending and savings behaviour of people before and during lockdown.

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