



Portfolio Allocation Decisions Of Individual Investors Before, During And Post Covid-19. A Study Of Retail Investors In Jammu District Of Jammu And Kashmir

Dr. Kafeel Ahmed- Assistant Professor, School of Management Studies, BGSB University
kafeel@bgsbu.ac.in

ABSTRACT

Covid-19 has significantly affected all sectors of Indian economy. Capital market are derived by what happens in Indian economy. Due to Covid-19 pandemic capital market in India is badly affected due to lockdown and standstill of almost all components of economy. In this paper I have tried to find out the investor's portfolio before, during and after covid19. It is generally believed that investors have started reallocating their portfolio in order to avoid loss and to maintain minimum value of investment. The uncertainty caused by this pandemic has forced investors to shift from highly risky investment avenues to conservative assets. In this section we are trying to find out the investor's portfolio composition during during different phases. The data is collected from investors residing in Rajouri Jammu and Kashmir.

Keyword: COVID-19, Portfolio composition, investment avenues.

INTRODUCTION

Covid-19 has started making appearance in our Country in the month of December 2019 as the disease has its origin Wuhan city of China. World health organization has officially announced Covid19 as pandemic on 11th march 2020. at the outset it was difficult for people to understand its cause of spread, while with the passage of time the Govt has issued advisory to people how to avoid this disease and some of the precautions suggested were wearing of mask, maintain proper distance, avoid going outside. Some of the symptoms of the disease were running of nose, eyes fever, sneezing. Gradually this disease has reached and infected almost all countries throughout the world. The economic activities of all the countries were disrupted and came to standstill as virus spread throughout the globe. Due to this pandemic almost, all investors were badly affected and were forced to changed their investment pattern and composition of their portfolio to avoid loss. Similarly due to covid19 spending and saving behaviour of investors has changed from investing in risky assets to investing in less risky asset to purchasing of insurance. Moreover, travel habits, social behaviour, lifestyle, market and economy all were affected because of this crisis and large number of

3836 | **Dr. Kafeel Ahmed Portfolio Allocation Decisions Of Individual Investors Before, During And Post Covid-19. A Study Of Retail Investors In Jammu District Of Jammu And Kashmir**

workers were made jobless. India being fast developing country was severely affected by covid 19 and all sectors of economy from auto to banking to healthcare were badly affected and India GDP also reduced compared to previous year's growth which was encouraging. The challenge for Govt, was twofold one hand they have to prevent this disease from spreading further and on other hand they have to provide vaccine so that people livelihoods can be brought to track by opening of market and economy.

It is important to find out how retail investors perceive and investment in various investment avenues before start of covid19, during the period of covid19 and post covid19. The paper examine the preference for such investment avenues to enable policymakers in formulating financial policies.

Literature Review

Ashraf (2020), conducted research and his major finding were that covid-19 pandemic response in 64 countries proved that stock market returns declined due to increase in daily cases and death. Similarly, it was found out that stock market is more reactive to daily confirmed cases for covid-19 rather than deaths taking place to covid-19

Arun and Ozili (2020), tried to find out impact of preventive measure taken by Govt. On economic activities and stock market performance and main finding were that lockdown suspension of international movements and others policy measures have negatively affected Indian economy as well as stock market, whereas higher fiscal spending has positive affect on economy and market.

Mehta & Nerlekar, 2020) Conducted study to find out the main objectives of investors while investing Indian stock market and main findings of this research study revealed that every news articles bring certain impact on the indices rate especially in COVID19 pandemic time. The findings also suggest that volatile stock market not only happen because of COVID19 but also various international factors affected. The findings also suggest that it is necessary for retail investors to trade/invest in stock market for short term period as well as after checking through the fundamentals of the respective company. As this all taken into consideration it revealed that COVID19 did not have significant effect on the volatility of Indian Stock Market

RESEARCH GAP

There are number of research studies being carried out to find out the investor's asset allocation during different market trends. However, this is contemporary issue and has affected almost all sectors of economy. The present study tried to find out the investors trading preference and pattern before and after Covid-19

3837 | Dr. Kafeel Ahmed Portfolio Allocation Decisions Of Individual Investors Before, During And Post Covid-19. A Study Of Retail Investors In Jammu District Of Jammu And Kashmir

RESEARCH METHODOLOGY

Methodology has been followed based on the objectives and the concerned hypotheses.

STUDY AREA

The study carried out in Jammu region of Jammu and Kashmir State. The information shall be collected from individual investors who have invested in share/Stock market through brokerage houses/companies /counters located in the Jammu District.

SAMPLE UNIT

There are many brokerage houses operating in the study area. Out of the total top five namely India Bulls Securities, Share Khan Ltd, Angel Broking Ltd, Kotak Securities, and HDFC Securities, selected for the present study. Sample size is 80.

DATA COLLECTION

The proposed based on both the primary and secondary data. Primary collected through questionnaire, which was presented to investors who have made investment in shares/stocks. All the information /data collected through different sources analyzed by using appropriate statistical tools and techniques to achieve the desired output

OBJECTIVES OF THE STUDY

- To study the Investors asset allocation during different market trends.
- To Identify investors preferences for various industries and sectors during different market trends.
- To find out Investors investment strategy during different trends

Analysis and Interpretation of data.

1. Investor asset allocation Pre, During and Post Covid-19

Investors asset allocation before covid-19	Investors asset allocation During covid-19	Investors asset allocation Post covid-19

S. No	Ranking Preference	Mean	Ranking Preference	Mean	Ranking Preference	Mean
1	Debt/Fixed Income securities/RFR	2.05	Debt/Fixed Income securities/RFR	3.83	Debt/Fixed Income securities/RFR	2.23
2	Equity/Variable	3.95	Equity/Variable	2.05	Equity/Variable	3.85
3	Real estate	2.60	Real estate	2.13	Real estate	3.73
4	Post Office/Insurance	2.15	Post Office/Insurance	3.47	Post Office/Insurance	3.77

From the above table it is clearly visible that majority of the investors used to prefer equity investment or investment in risky securities or stock market followed by real estate and have least preference for insurance and fixed income securities due to less return. At the time of Covid-19 preference of investors shifted from Equities to fixed income securities as risk free investment was preferred investment avenues for almost all types of investors followed by insurance and have least preference for real estate and equities. Similarly post Covid-19 Investors preferred equities followed by insurance and real estate. The main finding are Investors prefer Equities before and after Covid-19 and Fixed income investments at the time Covid-19. Moreover, investors post Covid-19 has started looking for insurance also as all sectors of economy are affected by Covid pandemic.

2, Percentage of Wealth allocated across various trends

Investors asset allocation before covid-19			Investors asset allocation During covid-19		Investors asset allocation Post covid-19	
S. No	Asset allocation before covid-19	Percentage	Ranking Preference	Mean	Ranking Preference	Mean

1	Debt/Fixed Income securities/RFR	30%	Debt/Fixed Income securities/RFR	70%	Debt/Fixed Income securities/RFR	20%
2	Equity/Variable	60%	Equity/Variable	20%	Equity/Variable	50%
3	Post Office/Insurance	10%	Post Office/Insurance	10%	Post Office/Insurance	30%

Asset allocation is the distribution of total wealth among various asset classes. It is seen that investor asset allocation does not remain the same during different market trends or various market movements affect it. Majority of the investor at the time of Covid-19 increase their proportion of total wealth in debt while decrease the equity percentage. Similarly, majority of the investors at the time of recession increase their asset allocation in debt at the time of recession. From the above table it is clearly visible that majority of the investors have allocated their wealth 60% in equities before Covid pandemic and 50% after pandemic and 70% in fixed income securities at the time of Covid-19. The main findings are that investors allocated majority of wealth in equities before and after Covid-19 and also prefer insurance as second major option after Covid-19.

3. Investors Preference for various Sectors Pre, During and Post Covid-19.

Investors asset allocation before covid-19			Investors asset allocation During covid-19		Investors asset allocation Post covid-19	
S. No	Ranking Preference	Mean	Ranking Preference	Mean	Ranking Preference	Mean
1	IT	3.83	Pharma	4.13	Insurance	3.83
2	Banking	3.75	FMCG	3.95	IT	3.75
3	Real estate	3.63	Insurance	3.83	Real estate	3.63
4	Auto	3.47	Telecommunication	3.67	Pharma	3.47

5	Telecommunication	3.67	IT	3.57	Energy	3.67
---	-------------------	------	----	------	--------	------

From the above table it is clearly visible that majority of the investors used to prefer IT, Banking real estate and auto before onset of Covid-19, At the time of Covid-19 preference of investors shifted from IT, Banking real estate and Auto to Pharma, FMCG, Insurance and telecommunication as investors perceive these sectors as one who will withstand economic downturn due to Covid-19 pandemic. Similarly post Covid-19 Investors preferred IT, Insurance and real estate to derive above average returns. The main findings are Investors preferences before and post Covid-19 are also same only difference being investors post Covid-19 have inclination towards insurance and during Covid-19 they preferred only those sectors like pharma and FMCG which are expected to give average returns

4. Investor Investment strategy during Pre, During and Post Covid-19.

S. No	Investor Follow Active Strategy to Create Their Portfolio before and after Covid-19.	Percent
1	Yes	72.8
2	No	28.2
	Total	100.0
S. No	Investor Follow Active Strategy to Create Their Portfolio at The Time of Covid-19	Percent
1	Yes	28.4
2	No	71.6
	Total	100.0
S. No	Investor Follow Passive Strategy While Creating Portfolio at The Time of before and after Covid-19.	Percent
1	Yes	30.3
2	No	69.7
	Total	100.0
S. No	Investor Follow Passive Strategy While Creating Portfolio at The Time of Covid-19	Percent
1	Yes	57.6
2	No	42.4
	Total	100.0

It was seen from previous table that Investors prefer IT, Banking real estate and auto before onset of Covid-19, At the time of Covid-19 preference of investors shifted from IT, Banking

real estate and Auto to Pharma, FMCG, Insurance and telecommunication as investors perceive these sectors as one who will withstand economic downturn due to Covid-19 pandemic. Similarly post Covid-19 Investors preferred IT, Insurance and real estate to derive above average returns. Now in order to achieve various objectives investors follow different investment strategy during different phases of the market conditions. As already concluded, that majority of the investors prefers banking, auto, and telecom when market is bullish and prefer Pharma and FMCG when market is bearish. Now to select the companies out of these sectors investors follow active strategy before and after Covid-19 to derive superior returns and follow passive strategy at the time of Covid-19 when market is bearish. In Active strategy investors follow pick and choose strategy or in other words, select some companies while drop some others. In passive strategy investor, main objective is to derive average or risk adjusted returns and hence purchase all the securities available in a particular index.

Therefore, main finding is that investors try to derive above average returns before and after Covid-19 and passive at the of Covid-19

References

1. Abdul, A., & Mia, A. (2020). The economic impact of the COVID-19 outbreaks on developing Asia. Working Paper. Retrieved from 10.22617/BRF200096 [[CrossRef](#)]
2. Agarwal, S. P. (2001). Public provident fund account—a matchless investment scheme. *Southern Economist*, 39(20), 15–26. [[Google Scholar](#)]
3. Agrawal, G., & Jain, M. (2013). Investor's preference towards mutual fund in comparison to other investment avenues. *Journal of Indian Research*, 1(4), 115–131. [[Google Scholar](#)]
4. Agrawal, S., Jamwal, A., & Gupta, S. (2020). Effect of COVID-19 on the Indian economy and supply chain. Working Paper. Retrieved from 10.20944/preprints202005.0148.v1 [[CrossRef](#)]
5. Antony, A., & Joseph, A. I. (2017). Influence of behavioural factors affecting investment decision—An AHP analysis. *Metamorphosis*, 16(2), 107–114. 10.1177/0972622517738833 [[CrossRef](#)] [[Google Scholar](#)]
6. Aren, S., & Hamamci, H. N. (2020). Relationship between risk aversion, risky investment intention, investment choices: Impact of personality traits and emotion. *Kybernetes*, 49, 2651–2682. 10.1108/K-07-2019-0455 [[CrossRef](#)] [[Google Scholar](#)]
7. Arora, S., & Marwaha, K. (2014). Variables influencing preferences for stocks (high risk investment) vis-à-vis fixed deposits (low-risk investment). *International Journal of Law and Management*, 56(4), 333–343. [[Google Scholar](#)]