

A STUDY OF CHANGES IN INDIVIDUAL INCOME, SPENDING & SAVING PATTERN AS A RESULT OF COVID 19 SITUATION IN INDIA.

CA Sweta Agrawal Jain - Assistant Professor - IMDR, Pune

Introduction: With the arrival of Covid 19 Pandemic in the country, Indian citizens also faced uncertainty in Income, as did their global counterparts. Due to an industrial recession predicted to be the worst in history, people's perception changed about Income, spending & saving. Many individuals already are facing reduction in income & many expect it to happen soon.

Due to preventive measures of lockdown, spending has automatically reduced on many areas like Fuel, eating out, entertainment, travel etc. While some of the people used the extra income to save/invest more, while some do not foresee this as a long-lasting impact.

The researcher has tried to understand the impact Covid 19 in India, with respect to changes in levels of income, increase/decrease in the expenditure & savings & expected continuity of the same,

Research Objectives: The research objectives are listed below:

1. To study the present & expected changes in individual's income on account of Covid 19 impact in India.
2. To analyse the changes in spending pattern in general & on defined avenues, Pre-& Post Covid 19 impact in India.
3. To analyse the changes in saving pattern & preferred saving modes, Pre-& Post Covid 19 impact in India.
4. To study the respondents' expectation about continuity of Spending & Saving patterns.
5. To suggest various financial planning strategies to Indian individual, in post pandemic era.

Research Methodology: The research has been conducted using primary data collected from 116 respondents, Pan India, through a survey containing structured questionnaire, circulated digitally & secondary data available through new articles as well as research published by professional bodies.

Findings: The major findings of the research are as below:

1. 55% of the salaried professionals reported that they have either received a paycut from their employer, or expect it in near future, whereas 95% of the entrepreneurs reported reduction in income through business activity.
2. 70% of the respondents expect a reduction in monthly expenditure, whereas 9% of the respondents feel that there might be an increase in the expenditure.
3. 31% respondents feel that the reduction/increase in the expenditure is unlikely to continue post lockdown, whereas 45% feel that the change in spending pattern will continue upto 3 months.
4. Changes in the expenditure have been reported as below.

Decrease in expenses		Increase in expenses	
Expenditure	Reported by (%)	Expenditure	Reported by (%)
Eating Out/Ordering In	79	Groceries & supplies	53
Online Shopping	73	Content Delivery platform	53
Entertainment/Movies	79	Online Learning	57
Petrol/Diesel consumption	90		
Socializing	81		

5. 32% respondents reported no change in saving pattern, whereas 39% of the respondents feel that the change in saving pattern will either discontinue after lockdown periods is over or will last maximum upto 3 months. 57% respondents reported that their preferred mode of saving/investment is Cash/Bank Balance.