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A Study On The Impact Of Covid- 19 On Investor Behaviour Of Individuals Towards Mutual Fund

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ABSTRACT

In the world of volatility, uncertainty, complexity, and ambiguity (VUCA), when there is economic slowdown in most of the countries of the world, which formed a scare across the investors and they are becoming increasingly doubtful about investing their money in several investment opportunities present in the market, investing money in the mutual funds being the most common. Covid-19 has affected the financial markets significantly. This paper intends to analyse the perceptions of investors towards mutual funds and the effect of Covid-19 on the investment decisions of individual investors. The study examines the perceptions of investors about mutual funds before and during the period of severe uncertainty affected by the COVID-19 pandemic. The data were collected from individual investors residing in different states of India in 2022. The perceptions of investors, investment awareness programs about mutual funds and impact of COVID-19 on investments in mutual funds have been measured by using the method of factor analysis. The study analyses the perceptions of investors regarding investment opportunities in mutual fund before and during the period of severe ambiguity affected by the COVID-19 pandemic. The study has significant implications for mutual funds investors and regulatory bodies in India.

Keywords: COVID- 19, Investor Behaviour, Mutual Funds, Factor Analysis.

I. INTRODUCTION

In the current competitive financial situation exploring the appropriate investment options are of great significance as there are a wide-ranging variety of investment possibilities available. An investor having adequate competences of investment may select the correct and cost-effective option of investment. Indeed, the investment method may be effective and rewarding if the investors have expertise and capability to invest the correct amount, in the best option of investment and at the correct point in time.

There have been numerous changes in the financial system across the years in India according to the economic requirements of country. Liberalization of economic strategies, epimorphic changes in the Indian Financial System, Globalization of Indian market, economic liberalization, and restructurings in financial sectors has curved the perception of individual about investment and moreover it carried out rise in the share of domestic savings, changes in investment viewpoint and inclination. Similarly, absence of expertise and knowledge on investment defies ordinary investors to invest in share markets. Consequently, the launch of mutual funds has facilitated the investor to gain additional money in investment in an effective way. Bank deposits, company deposits, bonds, equities, small savings scheme, life insurance policies, and mutual fund schemes and many others which generate wealth. Mutual funds obtain to provide those entities, who have the preference to invest although lack the proficiency and adequate resources to diversify their investment amongst several sectors.

Multiple avenues are presented to the investors by the Indian financial market. There has been a rapid development of financial services industry with the radical liberalization of economic policies. The mutual fund industry has also come to dominate an important role with steady evolution of the financial sector. Many new financial tools came into existence after the government policy of liberalization started in the industrial and financial sector. Mutual fund products have demonstrated to be the most stimulant tool in the Indian capital market among these. Mutual Fund is intended to aim at small investors, salaried persons and further who are suggested by the uncertainties of stock market, however like to earn the benefits of stock market investing. The increasing significance and benefit of investors about Indian mutual fund may be noted, in the matter of enhanced deployment of funds and the growing number of schemes and investors in the industry. The mutual funds are needed to act as effective institutional investors to comply with the expectations of masses of account holders. There is a significant expansion in mutual fund market is due to a high level of accuracy in the strategy and promoting of range of mutual fund products.

The extremely infectious COVID-19 disrupted human life significantly after the outbreak, the first COVID-19 positive case in India was registered on 30th January 2020 (India Today). There were multiple measures have been taken to fight the pandemic, such as frequent use of hands sanitisation, social distancing, self-isolation, closing of schools and other higher education institutions, confining different modes of transport, and above all the nation-wide lockdowns. Since this was a new disease with no known remedy while such steps appeared essential, the effect on economic activity round the world was very serious. Ever since the cases have increased repeatedly and significantly. The Government of India declared country-wide lockdown for three weeks from 25th March 2020 till 14 April with rigorous social distancing rules and regulation on outside movement anticipating a severe spread, to control the number of cases due to the rapid increase of COVID-19. During this period, although the spread of COVID-19 was too slow, nevertheless the interruption of economic activities has distressed labourers.

Entire educational institutions, offices, public places, spiritual places, public services, tourist places and non-essential businesses and services which include retail organisations were closed during this period. Transport services were also confined. During the first wave of COVID-19, the stringent national lockdown was extended several times, and then followed by a gradual re-opening, with restrictions implemented in select containment zones, then services were put back in a phased way. The economy observed a slowdown due to the extended lockdown and confined economic activity, which eventually impacted the employment, so many people have lost their jobs and businesses were badly affected too. During the second wave, localized state-wide lockdowns have been employed in most states in Q2 of 2021. The impact of COVID-19 has been significant. Indian GDP reduced sharply in Q2 of 2020 by -24.4% year-on-year, due to the unparalleled lockdowns to control the increase of COVID-19. The reduction led to -7.4% year-on-year in Q3 of 2020, and development resumed to in Q4 of 2020 and in Q1 of 2021, at 0.5% and 1.6%, respectively. On May 12, 2020, the Prime Minister of India announced a relief package of about 10% of GDP, including earlier declared monetary and fiscal measures (IMF 2020). The Prime Minister declared the beginning of the world's largest vaccination drive on January 11, 2021, and from January 16th planning to vaccinate about 300 million people in the upcoming months. Later, all persons above 18 were eligible for vaccinations from May 1, 2021.Over 191 crores of Indian population got vaccinated till May 2022 (COVID-19 Total Vaccination).

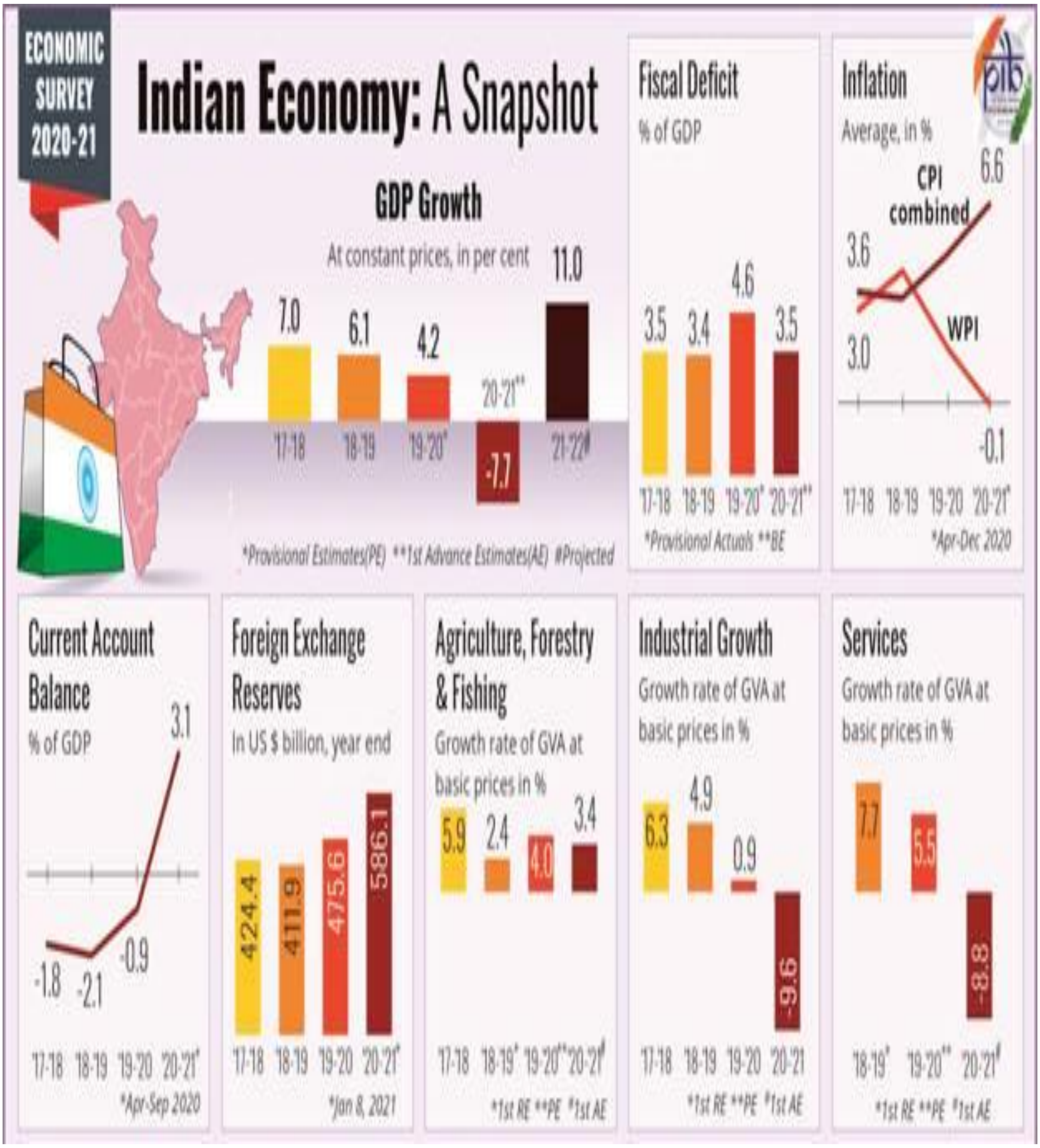
Impact of COVID- 19 on Indian Fiscal aspects

Indian government has undertaken several measures to ease the tax fulfilment liability throughout a range of sectors, including deferring some tax-filing and other compliance time limit, and a decrease in the penalty interest rate for outstanding GST filings. During the months of April and May 2021, similar measures have also been announced to reduce tax compliance liability due to the fresh rise in COVID-19. To provide credit support to businesses, measures were taken without an immediate direct standing on the government's deficit position. Significant factors of the business support measures are several financial sector allotments for micro, small, and medium sized businesses, and non-bank financial organisations, as well as a credit facility for street vendors (IMF 2020).

Impact of COVID- 19 on Indian Economy

The COVID-19 pandemic has been impacted not only the financial service sector but also hospitality sector, tourism sector, aviation and other travel sector, automobile sector, real estate and construction sector and considered a cause of systematic risk. The outbreak of COVID-19 and the extended lockdowns caused in several economic challenges for the economies like India. Policy responses to alleviate the effect of lockdowns are reliant upon the assessment of losses. The relief packages declared for India ranging between 0.1 and 11% of the national income (Bino Paul, 2021). Most of these government supported packages are found on approximate assessments of impacts at the aggregate level although overlooking the impacts on income of the households. The households play a crucial role in the circular flow of goods and services in the economy, specifically in the Indian situation (Bino Paul, 2021). Therefore, its impact on financial transactions must be studied, and the reasons and results of the financial crisis on securities markets, bank lending, financial institutions, institutional investors, corporate investment decisions, and financial regulations. Nevertheless, the impact of the COVID-19 on individual investor behaviour is an area that remains comparatively inadequate.

Chart: 1 Indian Economy 2020-21

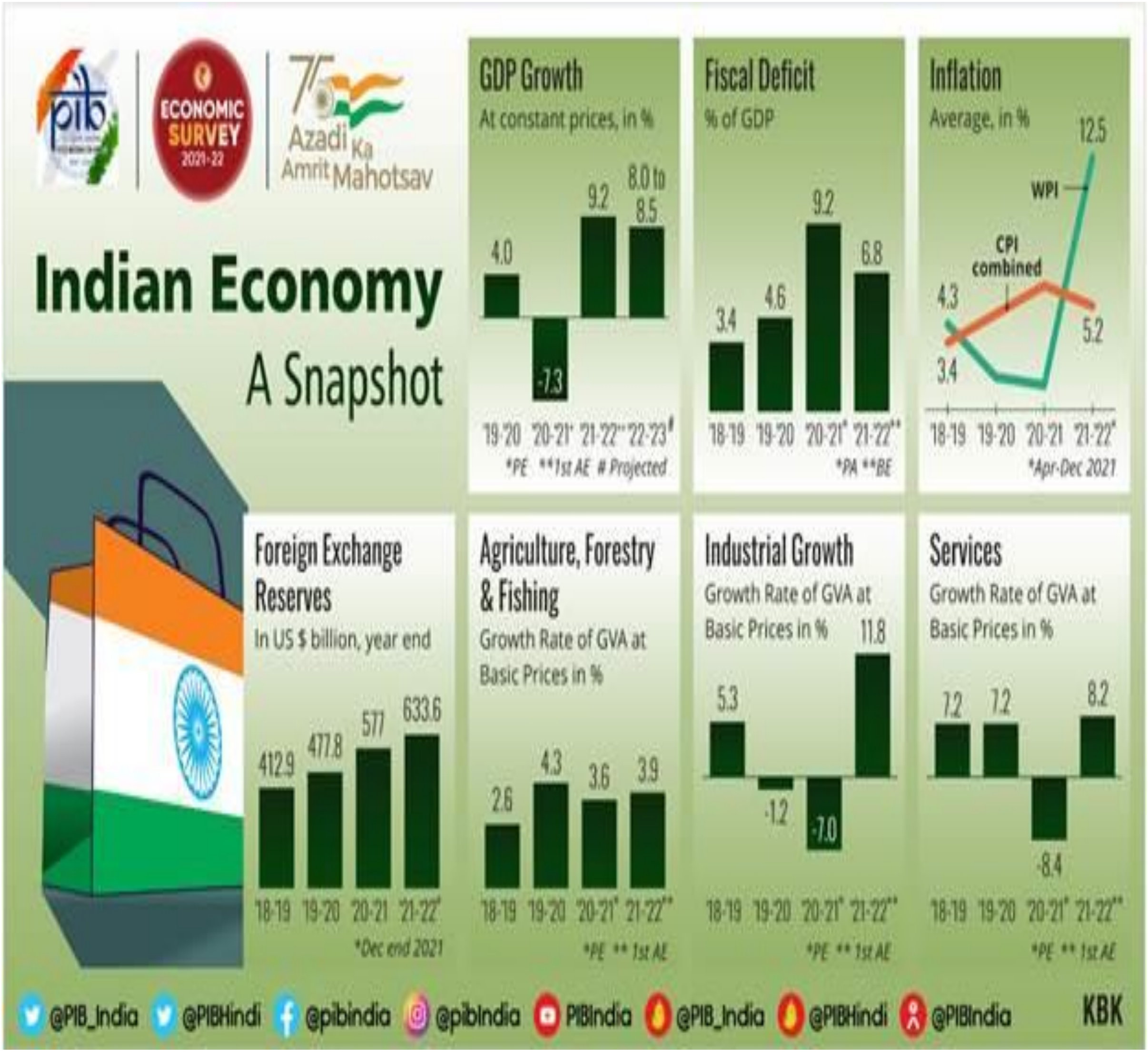


Source: https://www.drishtiias.com/daily-updates/daily-news-analysis/highlights-of-economic-survey-2021

According to the Economic Survey 2020-21, it was estimated that Gross Domestic Product (GDP) growth would recover from the momentary disturbance due to the COVID-19. It was stated in the survey that India's policy response also evolved from widespread study on epidemiology, and specially that observed at Spanish Flu of 2018 (Highlights of Economic Survey 2021, 2021). One of the significant observations was that the COVID-19 pandemic transmitted rapidly where in population is denser and severity of lockdown process utmost at the commencement of the COVID-19 pandemic.

As stated by the National Statistical Office (NSO), it was estimated in advance that India's is estimated to grow by (-) 7.7% in FY2020-21, and India's GDP to record the growth of 11.0% in FY2021-22 (Key Highlights of Economic Survey 2020-21, 2021)**.** During the COVID-19 pandemic declared lockdown, India's services sector shrank by approximately 16 % during first half (H1): FY2020-21. COVID-19 pandemic resulted worldwide GDP economic decline**,** the utmost serious one since the Global Financial Crisis.

Chart: 2 Indian Economy 2021-22



Source: https://ssbcrackexams.com/key-highlights-of-the-economic-survey-2021-22/

As per the Economic Survey 2021-22, it was highlighted that after a reduction of 7.3% in GDP during 2020-21 due to COVID-19 pandemic lockdown, it was projected that the Indian economy to grow by 9.2% in real terms in 2021-22. Although the monetary impact of the second wave of COVID-19 was much lesser than that during the full lockdown phase in 2020-21, however health effect was more severe. GDP was estimated to grow by 8- 8.5% in real terms during 2022-23. It is noteworthy to mention that Sensex and Nifty climbed up to move to the peak at 61,766 and 18,477 on October 18, 2021. With regards to employment, according to the quarterly Periodic Labour Force Survey (PFLS) information up to March 2021, employment in urban sector which was impacted due to COVID-19 pandemic has reclaimed nearly to the pre-pandemic level (Key Highlights Of The Economic Survey 2021-22, 2022) .

As stated in the Economic Survey 2021-22, that the services sector has been the impacted very badly by the pandemic. It is estimated that the services sector to grow by 8.2% in the financial year in 2021-22 subsequent previous year's 8.4% reduction. It is also to be noted that at present, both the Finance / Real Estate and the Public Administration sectors are beyond the pre-COVID extents (Summary Of The Economic Survey 2021-22, 2022).

II. LITERATURE REVIEW

The mutual fund plays an important role in the investment behaviour of today's world. Today, everyone is interested in investing in all its forms. And most people want to invest with less risk. This is the mutual fund, because in most cases, investors can invest less money, which is also less risky. In most cases it provides stable returns and does not require market analysis by the customer. Mutual funds are managed by professional money managers who allocate the funds of the fund and seek to generate capital gains or income for the investors of the fund.

(K.R. Mary Jasmine, 2018) inferred that Mutual Funds prove the best option, although tools like shares extend more returns at the value of high-level risk. Instruments such as bank deposits offer lower returns and better security to the investor. Mutual Funds intend to strike a balance between risk and income and give the easiest of each to the investor. Customers only need to invest some money with some experts, and they can relax without thinking of their loss. Because the experts most of the times invest the amount in the shares that are expected to have stable returns. The Experts are always keeping an eye on the market, and they are competent in this area. Therefore, most people are attracted towards mutual funds for the less risky nature of it.

The role of investment behaviour carries significant importance in determining the performance of financial markets. The study revealed (Maheen, October 2021) that the emerging Indian market needs the ability of higher return during the crisis period. The study envisioned to examine the performance of actively managed Indian Mutual funds during the COVID-19 pandemic period and 1271 actively managed mutual fund schemes over a period of 5 months from March to July 2020 in the daily data frequency were analysed. The results of the study could be useful to the investors for selecting the effective investment opportunities and to the managers for determining the overall performance. The term Alpha (α) is used in investing to explain an investment strategy's ability to beat the market. It was found in the study that the fund specific performance (α) during all selected periods was found to be negative and significant, which indicates distinct proof for the unfavourable impact of the COVID-19 crisis on India’s mutual fund performance. It can be implied that the market is highly volatile at the time of recession or crisis period. The theory of high return relation high risk has been breached in the study, which indicated that the hypothesis of superior alpha (α) during the disaster period is disregarded throughout the selected COVID-19 period. Beside this, all the selected COVID-19 periods demonstrated an adverse fund performance. The mutual fund in emerging market does not have the capacity to defeat the market to perform higher α during the recession period, this indicates the inadequate beating capacity of Indian fund houses.

(Mert Topcu, October 2020) Examined the impact of COVID-19 on developing stock markets over the period March 10 – April 30, 2020. The sample was further divided into three sub-samples: i) March 10 - 31, ii) March 10 – April 10, and iii) March 10 – April 17, for 26 emerging stock markets listed by Morgan Stanley Capital International (MSCI) to know the changing impact of the pandemic over time. The emerging markets in the analysis include the following countries like, Argentina, Brazil, China, Czech Republic, Chile, Colombia, Egypt, Greece, Hungary, Indonesia, India, Korea, Mexico, Malaysia, Philippines, Pakistan, Poland, Peru, Russia, Qatar, South Africa, Saudi Arabia, Turkey, Taiwan, Thailand, and United Arab Emirates. It was found in their study that an adverse and statistically substantial effect of the coronavirus on developing stock markets until April 10, and with a relatively greater scale during March by using the Regression based on Driscoll-Kraay procedure. Although the effect became insignificant when the period was extended up to April 17. The study revealed that the adverse effect of the coronavirus outbreak on developing stock markets has steadily dropped and started to decrease by mid-April. While the countries are studied in terms of regional classification, the impact of the outbreak has been the maximum in Asian emerging markets, whereas markets in Europe have experienced the modest. It has also been observed that the effect of the coronavirus is comparatively lesser in emerging markets where timely measures have been taken by the governments and declared higher stimulus packages.

The COVID-19 pandemic is the first of its nature, which affecting an unexpected pause in the economic activities around the globe. It is likely to affect a severe disruption to the cash flow position of the organisations. The COVID-19 pandemic has been showing economic consequences for the entire world due to lockdowns and several restrictions, contrary to the global financial crisis, which appeared because of financial distress. When an organization is unable to pay its creditors and lenders, then financial distress occurs. There is a comprehensive sense of uncertainty concerning its impact on the diverse forms of economic, social, and political sectors.

ESG (environmental, social and governance) conditions are a set of benchmarks for a company's processes that socially aware investors use to screen potential investments. (Singh, October 2020) investigated the spillover effects across the three different portfolio indices at the time of the coronavirus pandemic. It concludes that during an economic slowdown investors become more vigilant towards corporate fundamentals. The study indicated the spillover impacts return over the three different safer investment methods during the COVID-19 pandemic, for instance defensive sectors, EAFE (Europe, Australasia, and the Far East stocks) and ESG (environmental, social and governance) based portfolios. Therefore, the equivalent outperformance of ESG approaches is because their returns are likely to be impacted by two other safer investment strategies in the event of a crisis. This means that capital flows from the defensive and EAFE portfolios to the ESG portfolio. Investors find an escape route to ESG approaches as the ESG approach focuses on the long-term sustainability of the enterprise.

Finance is observed as the essence of a financial system and organization. Hence, decisions regarding finance are extremely crucial whilst making an investment in the stock market due to the fact the extent of uncertainty may be very excessive regarding impending outcomes. (Aamir Sohail, October - December 2020) Studied suggest that investors' experience is a key component that is affecting stock investors' actions. The study too indicated that risk is a significant factor affecting the behaviour of individual investors. In addition, societal position is not a significant factor for investors. Likewise, the findings of the study showed that guidance of the friends and relatives' opinion is not so significant, however the suggestions from the stockbrokers are taken into consideration, an essential factor affecting the behaviour of different investors. The study showed that economic and political firmness are the greatest significant factors for the process of stock selection. The findings too indicated that market factors and personal factors are the extremely significant factors affecting individual investor's judgments. Additionally, findings of the study as well showed that during COVID-19 investors are cautiously investing in the market by relaying on their individual experience and stockbroker suggestions.

COVID-19 pandemic leads to unparalleled impacts not only on the Indian economy but every country in the world. (Fanyi Wang, 01 July 2021) examined that in the United Kingdom (UK), the investors, public, and policymakers' conscious that economic destruction can happen due to outside uncertainties, because of the increase of the COVID-19 and the effects are to an undetermined extent. However, there is a cumulative effect of pandemic over the stock market of the UK, and the spending habits of households has changed as they are extra cautious and refuse to invest. The study reveals that various risks should be observed to pay attention to the creators of policymakers as it changes the opinion of the investors in the financial market. Usually, financial investors and their evaluation of risk strategies differ together with the circumstances of the market. It is a general idea in the cultures that it has a tendency to take additional risk than the people at the same time as monetary aspects have been discussed. The analysis of the study indicates that there is a clear effect of satisfaction on the usual risk to tolerance along with a positive effect of satisfaction on the financial risk to tolerance. Beside this, there is great insecurity in categories risk assessment in the financial market, because it primarily gives instability in the manner of decision making. Covid-19 affects the dented financial index that disturb the effective of financial markets because of ambiguous factors. Hence, the study demonstrates that there is a modest impact of covid-19 between risk awareness and financial risk to tolerance. Further, the investors and financial managers have shown several strategies which can be used to bring out efficient and great profits during the present Covid-19 pandemic times. Nevertheless, the global economy is mainly affected by COVID-19, although the financial markets are similarly impacted by this. Their study has been primarily aimed on analysing the effect of investment behaviour on the financial market during COVID-19, and the correlation between investment behaviour and a financial market was analysed. It has been established that the factors include general risk to tolerance and financial risk to tolerance, as well as satisfaction, risk perception, and rate of profitability and there is a modest effect of COVID-19 on the relationship amongst them. It also highlighted that financial risk tolerance is believed as an input based on approach to get into financial decisions.

It has been determined that the rate of profitability primarily depend on the evaluation of financial risk, and the manner of changes in the rate of profitability change the financial tolerance in risk. There is the capacity to risk-taking tolerance while investment assessments should be taken in stock and any financial commodity which can be defined by the growth of high return over financial investment. The study also has shown that the worldwide financial market that has badly affected because of the effects of the COVID-19, which largely impair the business decisions, and the effects of COVID-19 between perception of risk and general risk to tolerance can be defined. Due to the worldwide affects have badly impacted the industry sectors that lead to uncertainty for the investors.

Earlier it was witnessed that the changes in risk preferences and risk perceptions are because of fluctuating investment situation like the global recession that was observed due to the subprime crisis. (Narayan, September 2012) Conducted the study after the crisis and analysed the chosen investment avenues for mutual funds and identified the important factors by using factor analysis. It has been observed in the factor analysis, that risk tolerant nature clearly by selecting growth plans for investment but at an instinctive level they suggest to the fundamental need for safety considerations. Hence, the mutual fund company requires to provide to this hidden need to increase its customer base. The companies require to consider safety as the emotional endurance displayed by the investor and needs to create a scientific process to measure the risk attitude of the investor consistently to know the changes in investor preferences and risk perceptions. Constant practice of finding important factors affecting the mutual fund investment decision of the retail investor will give an indication to industry to consider remedial measures when there is major change in preferences and perceptions of investors.

According to the study done by (Dr. Shebazbano Khan, 2020) investor preferences are very significant, and the study has revealed that behavioural bias is widespread during a market crisis. They are motivated by investor attitude and other outside factors. The preferences of investors, mainly about three investment possibilities such as Gold, Real Estate and Equity have been analysed under two situations, before and after the Covid- 19 in Mumbai. It has been observed that investors choose asset classes which assure stable and continuous returns at minimum risk. Eventually investment is a logical decision that depends upon the individual’s risk and return assumptions arise from individual’s estimation of several factors.

Covid- 19 has extensively affected the Indian economy. (Arpita Gurbaxani, 2021) examined regarding the retail investors and the effect of Covid- 19 on their investment behaviour in Madhya Pradesh, India. The study reveals that there has been a decline in SIP investments during the Covid- 19 due to reduced domestic income, stock market downfall, and investor inclinations changing for more safe investment choices like bank deposits. Individual investor’s inclination to invest in mutual funds and the stock market has been affected adversely, because of steps taken by the government to restraint the spread of Covid- 19 for instance lockdown and the crash of stock market, which indicates that investors seem like to have become more risk hesitant and choose comparatively safe investment possibilities offering modest return with low risk. In addition, investors must be informed about the time to enter and exit the stock market, and different mutual fund schemes. It also suggests that the policymakers and mutual fund associations should organize promotions to increase financial knowledge of individuals.

In India, mutual funds have not been as favourable investment options as in developed countries, as assets under management (AUM) of mutual funds to gross domestic product (GDP) in India have been 7% to 8% compared to 37% worldwide according to (Kaushik, 2016). It has been observed before the Covid- 19 too, that investors’ investment in mutual funds has been impacted by the performance of mutual funds and other factors. The study indicated that investment actions could be described with awareness, perception for return and risk and socioeconomic attributes of individual investors. Improved awareness about several aspects of mutual funds will have an encouraging effect on investment in mutual funds. Risk perception for mutual funds had no impact on the investment choice, contradictory to the assumption. In addition, socioeconomic attributes like age, gender, education, occupation, and income of investors influenced the perception regarding mutual funds.

It has been examined in the study (Rajesh Kumar, 2012) that the various factors are important for the investors while doing mutual funds’ investments, such as nature-wise, sector-wise, scheme-wise investment pattern of mutual fund, and the past performance of mutual funds. In addition, there are important factors impacting mutual funds like investments return, liquidity, risk associated with mutual fund, diversification, rating of the mutual fund. It has been analysed that regardless of category measures of the performance of mutual fund by associating it with benchmark index or with the performance of similar schemes by the investors.

The past researchers have established (Sharika Hassan, April- June 2019) that risk is one of the fundamental concepts of the investment decision making procedure and interpreting its effect in determining the risk perception of investors might be essential for all the stakeholders which include government, banks, financial institutions, business associations etc. Factor analysis has been done in the study to ascertain the significant factors that affect the risk perception of the mutual fund investors. Investors invest in various investment alternatives, and it is the return on investment which leads them for investing. Simultaneously, investors worry of losing the invested amount which is indicated by the risk of the investment. Risk and return are the two integral attributes of the investment. The investment enterprises should not serve all the mutual fund investors equally as a uniform group, instead they should deal with the distinction in risk assessment of investors as a robust base to segment them in distinct target markets. It is essential for fund managers, to strengthen their stock selection competences and evaluate the timing of investments in advance before doing the investments. This will decrease the managing risk encountered by the mutual fund investors to a larger extent. It is of great significance for investors, to examine the risk aspect of their investments also, during considering for substantial returns on their investment. Also, the investors require to be sure about their investment goals which will enable them in selecting appropriate fund schemes. Investors should have some fundamental knowledge about the mutual fund functioning, so they can secure themselves against several risk experiences.

A study conducted by (Zertaj Fatima, September, 2017) and analysed based on the primary data comprises of 995 respondents from 10 metro cities of India to investigate the factors which having the great impact on the investors' decision making and the variables which were believed by the investors of public and private banks mutual funds investors. The study revealed that the past performance of mutual funds is playing the most important role in affecting the investors' decision making. The main variables which were selected by the investors are the repute of the fund manager, portfolio or the fund objective and service excellence.

A successful investor takes up all potential ways to earn decent returns. Investment opportunities vary from risk-free regular asset such as bank deposits to complicated and risky holdings like stocks and bonds. After the COVID-19, how the pandemic has impacted the decisions regarding portfolio allocation has been analysed (Himanshu, February 2021). The study investigates the opinions of investors about several investment opportunities before and during the period of severe ambiguity because of the COVID-19 pandemic. The inclinations for different investment opportunities were analysed applying the Analytical Hierarchy Process (AHP). The AHP findings showed that the inclination for risky assets was greater than for risk-free assets before COVID-19. 10 investment ways were chosen, which were categorized into risk-free and risky investments and investing in stocks have been found to be the extremely desired investment avenue. During the COVID-19, the inclinations for investment have been altered, and risk-free assets turn out to be more desirable.

(Jayashree, 2021) Discussed about the investments initiated with an intent of creating significant socio-environmental advantages to resolve the global problems as deprivation, joblessness, climate change along with providing financial advantage to the investors. Impact Investments aim to fill up the disparity to accomplish United Nations Sustainable Development Goals (SDGs) which resolve the international issues and try to create sustainable development. The study has been taken up during the COVID-19 which gives in a major impact and a change on the individual investors’ perception on social impact. It has been indicated in the study that individuals’ perception could provide the right perception regarding social investments and can impart in creating a healthy environment feasible along with the private capital resolving the global issues. The recent investment pattern shows that most of the individual’s pick-up risk-free investments as their option of investment and about 2% impact towards social investments. The factors affecting are the inclinations and beliefs, the level of awareness, and the returns expected from the social investments, which indicates that three factors replace the perception of the individuals towards the interrelationship between individual investment perception regarding social impact.

The positive effect of COVID-19 on growing investment in shares, mutual funds, and life insurance needs investigating the investment intentions that lead investors to these possibilities. An empirical study done by Riyazahmed K. (K, 2021) to examine the investment intentions by analysing a broad range of investment factors. The results of factor analysis grouped the investment motives into six categories, like nature of investment, future financial requirements, investor personal traits, safety and steadiness of investments, investor behavioural qualities and investor preferences. The regression model reveals that the nature of the investment, investor personal traits, investor behavioural qualities, investor preferences, knowledge of mutual funds, and shares are crucial factors of investor preferences. In addition, understanding of mutual funds and the share market highly impacts investment inclinations than other investment intentions.

III. OBJECTIVES OF THE STUDY

The present study aims on following objectives for analysis:

- To examine the objectives of investing in Mutual Fund among individual investors.
- To evaluate whether COVID-19 pandemic has affected a significant impact on the performance of mutual fund industry of India.
- To identify the volatility of financial markets is higher in the first wave compared to the second wave of COVID-19 spread, which affects the performance of mutual fund industry of India.
- To perceive the monthly investments in Mutual Fund prior to the COVID-19 outbreak were equal to monthly investments in Mutual Fund during the COVID-19 outbreak.

IV. RESEARCH METHODOLOGY

The primary data related to socioeconomic characteristics, attitude and awareness of respondents about the mutual fund have been collected through structured questionnaires. The data on various socioeconomic characteristics, such as age, occupation, investment criteria, income and level of savings invested in mutual funds, and impact of COVID-19 on investments in mutual funds have been collected. The attitude of an investor has been defined as the perception about investing in mutual funds. The perceptions regarding mutual funds on these criteria have been measured on a five-point Likert scale. Data has been collected from 150 respondents across different age, occupation, and income groups from different cities in India.

The study has intended that investor behaviour for mutual funds could be defined by the attitude of an investor towards investment in mutual funds, socioeconomic environment of an investor and his or her perception about mutual funds. The perception, investment awareness programs about mutual funds and impact of COVID-19 on investments in mutual funds have been measured by using the method of factor analysis. The factor analysis technique has the benefit of removing repetition from a set of correlated variables pointing towards underlying variables. In addition, factor analysis technique provides standardized factors which are based on factor loadings on observed variables that can be applied as variables for more analysis.

V. Data Analysis

The reliability test of the scales has been tested with Cronbach's alpha, during applicability of factor analysis and sampling adequacy has been tested to find out whether the sample size is adequate for factor analysis with the Kaiser–Meyer–Olkin (KMO) test and Bartlett's test of sphericity.

Table 1: Results of Reliability Statistics

Reliability Statistics	
Cronbach's Alpha	N of Items
.647	7

Cronbach's alpha gives internal consistency of the scale. To analyse the reliability of the instrument, the study utilizes the reliability test. The Cronbach's alpha coefficient is used to measure the reliability of the instrument. The thumb rule is that a score with the Cronbach's alpha coefficient of 0.60 is believed to have an average reliability while the coefficient of greater than 0.75 and more are considered as a high reliability. The Cronbach's Alpha as measured for the study stands at 0.647 for (N items =7) thereby, confirms the reliability of the scale of measurement.

Principal Component Analysis:

Table 2: Results of KMO and Bartlett's Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.682
Bartlett's Test of Sphericity	Approx. Chi-Square	155.064
	df	21
	Sig.	.000

The factors have been extracted with the principal component analysis method and initial factors been rotated with the varimax rotation. The number of factors has been determined on the eigen value greater than one criterion.

The sampling adequacy for factor analysis could be determined with the KMO test. All measures have tested greater than 0.5, which supports an adequate sample size for factor analysis. Bartlett's test of sphericity gives the applicability of factor analysis based on the presence of underlying correlations in the data.

Kaiser–Meyer–Olkin (KMO) score: The KMO score is 0.682, which is greater than 0.5 hence the sample size found to be adequate, and therefore it is appropriate to perform Factor analysis for the study.

Bartlett's Test of Sphericity: P value for Bartlett's Test is found to be .000; since the value is less than 0.05, hence there the variables are uncorrelated. So, it is concluded that the data is suitable for Factor

Analysis. For Bartlett's Test of Sphericity the values less than 0.05 are better, here the value is 0.000 < 0.05.

Table 3: Results of Total Variance Explained

Total Variance Explained									
	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.369	33.846	33.846	2.369	33.846	33.846	1.963	28.049	28.049
2	1.302	18.603	52.449	1.302	18.603	52.449	1.708	24.400	52.449
3	.947	13.530	65.979						
4	.727	10.382	76.362						
5	.636	9.082	85.444						
6	.571	8.157	93.601						
7	.448	6.399	100.000						
Extraction Method: Principal Component Analysis.									

Total Variance Explained – The study reveals that 2 factors or components, factor 1 and factor 2 are identified, because the factor 1 and factor 2 have Eigen values greater than 1 and it accounts for 52% of the total variance. The strength of the model is found to be 52.45 %, approx. 52%. It indicates that 52% of the variance can be explained by 2 factors, rest are weak factors, which means that 7 items explained 100% of the variance and now 2 items are able to explain nearly 52% of the variance. The same thing has been depicted in the Scree Plot, which helps to verify the most important factors, that is factor 1- Do you consider that the Mutual Fund is the best option for Capital Appreciation and factor 2 - Do you think your primary objective of investing in Mutual Fund is Hedge against Inflation.

Chart: 3 Scree Plot

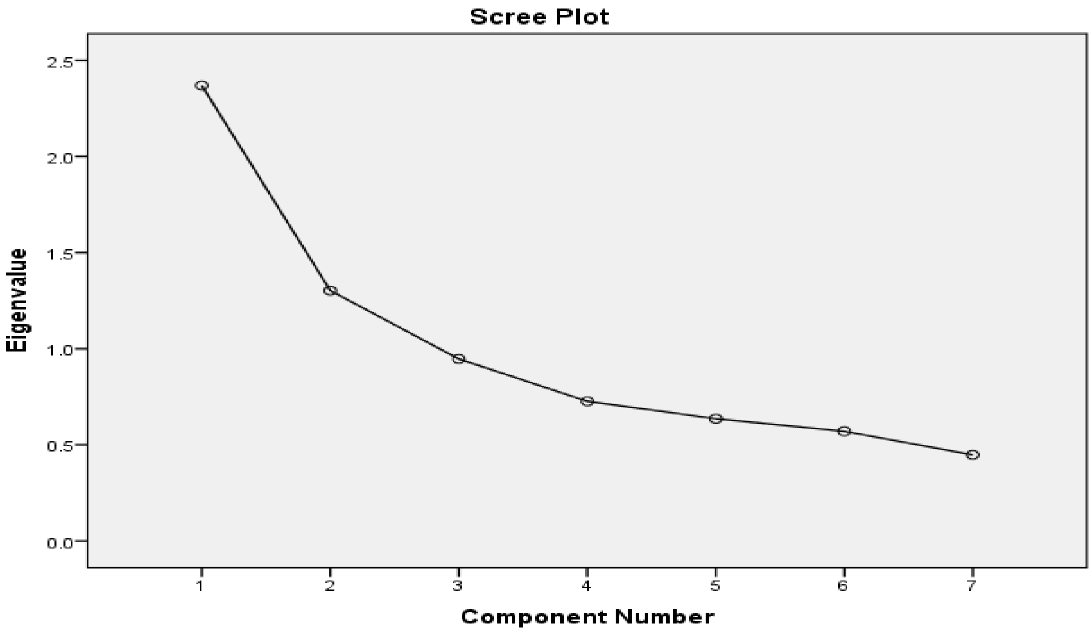


Table 4: Results of Rotated Component Matrix

Rotated Component Matrix[a]		
	Component	
	1	2

Do you consider that the Mutual Fund is the best option for Capital Appreciation		.745
Do you think your primary objective of investing in Mutual Fund is Hedge against Inflation		.735
Investment awareness programs about Mutual Fund is most important to increase the growth prospects of the Indian mutual fund industry	.633	
Do you think that trading strategy of the fund manager affects the Mutual fund performance	.705	
COVID-19 pandemic has created a significant impact on the performance of mutual fund industry of India.	.681	
The volatility of Financial markets is higher in the first wave compared to the second wave of COVID-19 spread, which affects the performance of mutual fund industry of India.	.719	
Monthly investments in Mutual Fund prior to the COVID-19 outbreak were equal to monthly investments in Mutual Fund during the COVID-19 outbreak.		.699
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.		
a. Rotation converged in 3 iterations.		

Rotated Component Matrix – Factor 1 is made up of factors or components V3, V4, V5 & V6. Hence the Factor is renamed as performance of mutual fund during COVID-19. Factor 2 is made up of factors or components V1, V2 & V7. Hence the Factor is renamed as objective of investing in mutual fund.

Factor Equation 1: Factor (performance of mutual fund during COVID-19) = .719 (volatility) + .705 (trading strategy) + .681 (impact) + .633 (investment awareness).

Factor Equation 2: Factor (objective of investing in mutual fund) = .745 (capital appreciation) + .735 (hedge against inflation) + .699 (monthly investments in mutual fund).

VI. Conclusion and Implications of the Study

A successful investor commences all potential measures to earn good returns. Investment opportunities vary from risk-free regular asset such as bank deposits to risky assets like stocks and bonds. However, it has been observed in the study that the factors impacting investment objectives are capital appreciation, hedge against inflation and monthly investments in mutual fund. Market situation has been a significant factor during the wake of COVID-19, and the pandemic has affected the decisions of the investors, hence performance of mutual fund during COVID-19 includes the factors which are volatility, trading strategy, impact of COVID-19 and investment awareness programs. The study analyses the perceptions of investors regarding investment opportunities in mutual fund before and during the period of severe ambiguity affected by the COVID-19 pandemic.

The study has significant implications for mutual funds investors and regulatory bodies in India. It has recognized important investment decisions factors in mutual funds and perceptions of investors. Further, the study has also provided respondent’s awareness about mutual funds. The mutual funds should expand awareness about mutual funds with regards to the benefits from mutual funds, risks related with mutual funds and myths about mutual funds. The recent efforts of the Association of Mutual Funds of India (AMFI) and mutual funds have been in this direction, but there has been further needed to focus on certain groups of investors. The combined efforts of regulators and mutual funds should be further strong in this regard, as awareness about mutual funds has a positive effect on investment in mutual funds. There can be exciting financial awareness in TV programmes for short periods in popular entertainment and news channels instead of on business news channels (Kaushik, 2016). The mutual funds can expand their investment support and can influence in the financial growth of economy by enhancing awareness about them in the society. The outcomes of the study will be beneficial to different investors and investment analysts while considering their investment decisions.

VII. Limitations of the Study and Recommendations for Future Research

This study has the following limitations like any other research. Though the study has certain important implications, its major limitation has been that the sample size is limited to 150 educated individual investors from different cities in India, which may not be a sufficient representation of the national market. Hence, it is suggested that study may be simulated to an additional representative sample for other cities of India with larger sample size. This study has not been done over an extensive period to include the ups and downs of stock market situations which have a significant impact on investor's buying pattern and preferences. Investment opportunities considered in the study are not comprehensive, and preference for other avenues can also be explored. Future studies can be done by using secondary data to analyse the strategies of various investors and the mutual fund returns during COVID-19. In addition, the effect of socio-economic and demographic variables can be analysed to signify the discrepancy of Indian investors.

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