Chapter – 10

THE RISE OF ONLINE BROKERAGE FIRMS AND THEIR IMPACT ON INDIAN CAPITAL MARKET

ROHAN UPPAL
BBA, SSBS, Sharda University

Dr. POOJA SINGH
Assistant professor, SSBS, Sharda University

ABSTRACT

Due to company interlude and shutdowns elicited by social-distancing measures, the COVID-19 epidemic has created a prodigious economic shock over the world. Our entire way of life has been thrown off by the catastrophe. There's no denying the huge impact it's had on our life in terms of job loss, mental health issues, mobility restrictions, and more. However, the Covid-19 has given us the opportunity to reconsider how we spend our lives and not take things for granted. People have become more aware of their shopping behaviour, and, more crucially, their saving and investment habits, as a result of this rethinking. Because it is a cataclysm moment during which some persons ride out a loss in income and can utilise their savings to maintain expend, a survey is performed to assess "PRE AND POST COVID IMPACT ON CHOICES OF FINANCIAL PRODUCTS FOR SAVING AND INVESTMENT" of individuals and families. The poll includes questions about saving and investment decisions made prior to COVID-19 as well as decisions made after COVID-19. The savings and investment proclivities of a country are crucial in achieving dynamic capital market stability. India's per capita income has been increasing during the past decade. With the rise in the PCI, the country's savings and investment have also moved northward. This study looks at people's savings and investment habits before and after COVID-19. A survey method was used to acquire primary data (questionnaire). During the data gathering process, both qualitative and quantitative information was gathered.

Keywords: *Covid, Investment, Financial products*

INTRODUCTION

The coronavirus has taken a huge toll on society, affecting people's health as well as disrupting economic activity. As of October 5, 2020, the COVID-19 pandemic had resulted in over 30 million confirmed infections and over 1 million deaths worldwide. (www.worldometers.info/) It has also sparked fears of an impending economic slump. Because of social exclusion, self-isolation, and travel restrictions, the workforce has shrunk across all economic sectors, resulting in the loss of many jobs. This pandemic may pose the greatest threat to financial institutions. Income, consumption, saving, and investing, the four pillars of household finance, have all altered dramatically. India has a vast financial sector that is rapidly increasing, both in terms of established financial services organisations' robust growth and new entrants into the market. Commercial banks, insurance firms, non-banking financial companies, co-ops, pension funds, mutual funds, and other smaller financial institutions are all part of this sector.

The covid-19 pandemic and its economic consequences have wreaked havoc on industries, professions, and salaries, pushing many people to rethink their financial condition and priorities. People used to save less before COVID-19, compared to the trend following COVID 19. BankBazaar polled 1,112 patron about the influence of covid-19 on their personal finance governance, and the ramifications were published in the Money Mood COVID Edition report. People have become more hidebound when it comes to their financial priorities, according to the study, with discretionary spending declining and saving, investing, and loan repayment moving to the top of the list. Because before COVID-19 there was security of job, so most of the young people used to spend more and save less, but after COVID 19 people have become insecure about their job, so they spend less and save more. When queried what their top financial priorities would be after the epidemic, 52% responded saving, investing, and debt repayment; 24% said menage expenditures, utilities, and education; and 13% stated healthcare and insurance. Only 11% of those polled said personal spending, relaxation, and entertainment would be their top priorities. (https://www.livemint.com/money/personal-finance/) Consistent with u.s.estimates, India's gross savings declined to 29 percentage of GDP in FY20, down from 34.6 percent in FY12 and a high of 37.eight percent in FY08. (https://thewire.in/economy/)

During Lockdown 1, deposits (savings, current, and term) climbed dramatically as people were hesitant to spend at first and became frugal. There was a 25% drop in such Bank Deposits during Lockdown 2, although Term Deposit accrual was relatively healthy. "The rise in deposits is also due to government expenditure catching up with the increase in WMA limits," according to a report by SBI Research, which looked at the trend of fluctuations in Deposits and Advances during successive lockdowns to better understand consumer behaviour. (https://www.financialexpress.com/)

According to a study released by the Reserve Bank of India (RBI) on June 10, Indian households borrowed more from commercial banks in the aftermath of the COVID-19 outbreak. According to RBI data, discretionary income increased by only 0.8 times in FY20, while liabilities increased by only 1.1 times. In FY20, household financial savings increased to 7.6% of gross national disposable income (GNDI), according to the RBI's annual report. However, this improvement is due to a substantial moderation (reduction) in how much people were borrowing, not because they had more discretionary income. Even before the pandemic, families were risk-averse and avoided amassing debt because of the economic slump.

LITERATURE REVIEW

COVID19 and the Investment Management Industry

By – Patrick henry 17 march 2020 We look at how analyst research reports helped investment managers in early 2020 in this piece. Furthermore, from background to backbone information, how analyst reports are used differs substantially among buy-side businesses. Only a small percentage of analyst reports that were released between January 1 and March 6 cited COVID-19. COVID-19 was mentioned in 28 percent of the reports we looked at, 52 percent of them were favourable, and 20 percent were neutral. Many experts appear to have overlooked the eruption as a bearish catalyst for large-cap value stocks. Many businesses were directly impacted throughout the month of February, according to news reports, and business indicator data suggested dramatic drops in consumer activity. The use of advanced analytics on these data sets could have provided more real-time insight into the stock market risk linked with COVID-19. Market-moving events, such as COVID-19 epidemic stress systems.

How Consumers in the UK Save and Invest, 2020

By- Lara Woods Aug 14, 2020 The purpose of this analysis is to look into how UK consumers act when it comes to financial investments and savings. The study looks at what types of savings and investment products people have, how they buy and invest, and what influences their decisions. It also discusses how innovations like COVID-19 and potential investment frauds have influenced consumer investment behaviour. Made in Surveys Group (MIS) was commissioned by the publisher to conduct a survey among its online panel for this study, drawing on a nationally representative slice of 2,076 UK individuals aged 18 and up. The COVID-19 pandemic has had a negative impact on 45 percent of customers who possess savings and investment goods, with the value of their money in savings and investment products falling. While just 31% of Savers and Investors with less than $1,000 in assets were severely affected, this number climbs to 76 percent for those with 500,000 or more. Approximately four out of 10 Savers and Investors were pleased with their wealth increase before to the crisis, compared to less than one-third today. Despite this, two-thirds of savers and investors have elected to ignore COVID-19 and effectively ride out the storm rather than changing their saving and investing habits. Despite the fact that wealthier Savers and Investors were hit the worst by COVID-19, they nonetheless saw larger returns over the bygone year than less opulent Savers and Investors.

Savings and Infrastructure in the Post Covid-19 World

By- Mukherjee 26 April 2020 The impact of Covid-19 will reason boom to lower further in the near destiny, implying that hobby quotes will remain low for an extended period. The globe may be seeking to younger international locations like India to construct assets which could help meet nearby demand while also supplying funding possibilities for savers. while call for germinate is depending on India's slow recuperation, the global investment network can be even extra interested in making an funding in Indian infrastructure in the future. the following couple of years will supply opportunities to attract every home and worldwide economic savings in a international wherein returns are plummeting, particularly within the fixed income marketplace. at the equal time as liquidity and a bigger amount of cash go with the waft are crucial drivers of economic germination, specially given the demand and supply shocks from the Covid-19, powerful use of the more capital is just as important, if now not greater so. To degree the effect because the RBI expands liquidity within the system, persistence is required. Prudence in lending is vital, especially in light of the NPA crisis. at the same time as presenting credit rating to a considerably hampered monetary machine is essential, mortgage availability should now not come at the charge of credit high-quality. otherwise, we danger an avalanche of NPAs, that is a circumstance that want to be averted at all expenses. credit score call for will rise, however only as client demand rises and, greater appreciably, due to the fact the future path of movement will become clearer.

RESEARCH OBJECTIVES

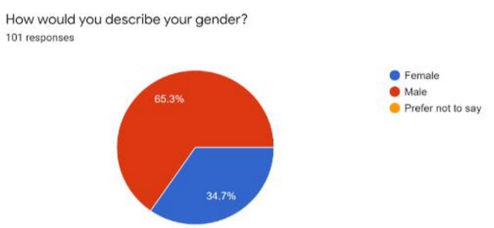
The major holy grail of the study were:

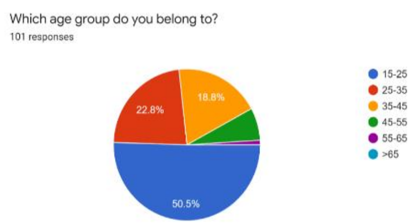
1. To comprehend the tessellate of saving and investing.
2. To learn about the changes in people's income over the course of COVID-19.
3. To gain a better griping of people's investing choices prior to COVID-19.
4. Determine whether the investors are interested in long-term growth, risk, return, or liquidity.
5. Determine the risk tolerance.
6. To learn about people's future plans for saving and investing.

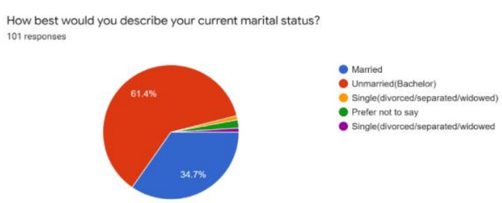
RESEARCH METHODOLOGY

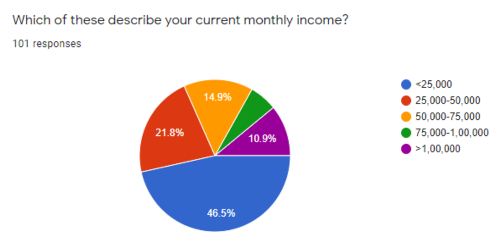
In this studies information was accrued using a web questionnaire inaugurated via google paperwork and a have a look at has been achieved by the secondary supply as well, which became accrued from distinctive web sites and already published research reports. The questionnaire turned into despatched to arbitrarily respondents in India the use of social media (WhatsApp, facebook, Telegram, and Twitter), and through e mail. We made them apprehend a way to fill the questionnaire, over the smartphone in Hindi and English language. Face-to-face interviews have been not possible because of COVID-19-insticated social isolation and lockdowns. The u . s . a . has been stricken by COVID-19 in varying tiers, and the damming measures put in area numerous in different states, with predicted differences in results on financial savings and investments outcomes. the net survey shape was open for thirteen days from thirtieth October to 11th November 2020 .The survey form become ship out to approximately 240 human beings however handiest a hundred and one responses had been obtained. The responses had been obtained from 101 respondents.

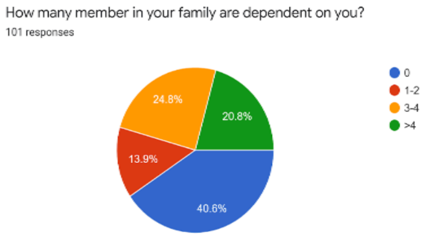
DATA ANALYSIS











FINDINGS

Saving and Investment during COVID 19 Pandemic

- 70.3%, 15.8 and 13.9% people consider, don't consider and may consider respectively for saving post COVID 19.
- 55.4% people are more considerate for investment post COVID 19 and 44.6% aren't. 53.5%, 35.6% and 10.9% people's income has decreased, remain constant and increased respectively.
- 30.7%, 42.6% and 26.7% people increased, decreased and no change in saving during COVID 19 respectively.
- 24.8%, 43.6% and 31.7% people have increased, decreased or no change in their financial investment during COVID 19 respectively.

Investment Choices in Pre COVID – 19 Scenarios

- 23.8% people have stock of IT Sector, 36.6% have Bank Sector, 15.8% have fast Moving Consumer Goods, 15.8% Public Sector Enterprises, 12.9% Multinational Company, 12.9% Service Sector, 15.8% Energy Sector, 12.9% Pharma Sector, 8.9% Infrastructure & capital Goods, 49.5% other sectors.
- Among all the respondent majority of people have given rank for their investment preference 1st to Share, 2nd Debenture, 3rd Stock Futures Options, 4th Mutual Funds, 5th National Saving Certificates, 6th Fixed Deposit, 7th Insurance Policies, 8th Gold/Silver and 9th Other.
- The majority of people rank the IT sector first, followed by the Bank sector, the Fast Moving Consumer Goods sector, the Public Sector Enterprises sector, the Multinational Companies sector, the Service sector, the Energy sector, the Pharma sector, the Infrastructure and Capital Goods sector, and others.

- On an average people said that they have very low risk in investing in share, low risk in debenture, high risk in stock future option, low risk in mutual funds, very low in national saving, very low in fixed deposit, very low in insurance policies, high risk in gold/silver, high risk in others.
- Most of the people said that there is high return on share, low return on debenture, high return on stock future, high return on mutual funds, low return on national saving certificates, low on fixed deposit, very low on insurance policies, low on gold, high on others.
- Most people said that level of importance for dividend is very low, capital appreciation is high, quick gain is high, safety very is high, liquidity is high, tax benefit is high, diversification of assets holding is high, right is low and holding against inflation is high.
- 54.5% of people said that from their investment portfolio the expected rate of return is up to 12%, 34.7% said 12- 24%,6.8% said 24-36% and 4% said above 36%.

Investment Choices in Post COVID 19 Scenario

- 49.5% people said they have investment in shares, 13.9% have investment in Debenture, 15.8% have their investment in Stock Futures and Option, 32.7% have their investment in Mutual Funds, 21.8% have their investment in National Saving Certificates, 32.7% have their investment in Fixed Deposit, 24.8% have their investment in Insurance Policies, 17.8% have their investment in Gold/Silver, and 24.8% have their investment in others.
- 37.6% people have their stock in IT Sector, 41.6% people have their stock in Bank Sector, 20.8% people have their stock in Fast Moving Consumer Goods, 15.8% people have their stock in Public Sector Enterprises, 10.9% people have their stock in Multinational Companies, 13.9% people have their stock in Service Sector, 15.8% people have their stock in Energy Sector, 14.9% people have their stock in Pharma Sector, 13.9% people have their stock in Infrastructure and Capital goods, 38.6 people have their stock in others.
- Majority of people have given rank 1st for stocks of their investment choices, second Debenture, 3rd stock destiny and options, 4th Mutual funds, fifth countrywide saving certificates, 6th fixed Deposit, seventh coverage regulations, 8th Gold/Silver and ninth different.
- The majority of people rank the IT sector first in their sectorial preference for stocks, followed by the Banking field, third-placed Fast Moving Consumer

Products, fourth-placed State Owned Enterprises, fifth-placed Internationally active Companies, sixth-placed Service Sector, seventh-placed Mining Industry, eighth-placed Generic drug Sector, ninth-placed Construction and Capital - intensive Sector, and tenth-placed Numerous different Sectors.

Choices of Savings and Investment for the Near Future (12-24 Months)

- Majority of people have given very low level of importance for the investment objective Dividends, low for Capital Appreciation, high for Quick Gain, very high for Safety, high for Liquidity, low for Tax Benefits, high for Diversification of assets Holdings, low for Rights, high for Holding against Inflation.
- Majority of people are very certain to make the investment in shares in the immediate futures, probably certain to make the investment in Debenture, probably not certain to make the investment in Stock Future Options, probably certain to make the investment in Mutual Funds, probably not certain to make the investment in National Saving Certificates, probably certain to make the investment in Fixed Deposit, very certain to make the investment in Insurance Policies, probably certain to make the investment in Gold/Silver, probably not certain to make the investment in others.
- When considering investment post COVID pandemic, 51.5% said risk is more important and 48.5% said return is more important for them.

CONCLUSIONS

Our findings indicate that households have lost faith in the economy. They are more prone to alter their risk-taking habits and become risk-averse. COVID-19 also enhances the likelihood of a household changing its financial portfolio. More specifically, it reduces the overall investment amount by 9.15 percent. People are becoming more self-aware of their financial situation. People are reacting to the uncertainty of the last few months with more financial preparedness than they have in the past, according to data. When you look at the savings statistics, you'll notice that emergency savings have risen to the top of the list. People believe in utilising all available financial tools to achieve their goals in a wise manner, according to the report.

SUGGESTIONS

The market has seen a slew of fresh investment opportunities. People need to be made aware of the situation. People must be aware of the current market environment and make appropriate investments. In order to instil saving habits in people, the form of saving must be very innovative, appealing, and practical in order for a significant number of people to save and invest. Before investing people should go for expert advice. According to survey we got maximum number of people wish to invest in shares I.e. 49.5%. You too can invest in long-term securities such as debts, mutual funds, and other similar products.

BIBLIOGRAPHY

1. *Eckenrode, J. (2020, September 10). The path ahead. Retrieved November eleven, 2020, from https://www2.deloitte.com/us/en/insights/financial system/covid-19/covid-19-monetary-offerings-sector-demanding situations.html*
2. *Emmanuel Mogaji(January,10,2020)economic Vulnerability for the duration of a virus: Insights for Coronavirus ailment (COVID-19).Retrieved November 21,2020 from https://www.researchgate.internet/e-book/340347190_Financial_Vulnerability_During_a_Pandemic_Insights_for_Coronavirus_Disease_COVID-19*
3. *Falato, Goldstein, & Hortaçsu-(July 20, 2020) monetary Fragility inside the COVID-19 disaster: The Case of investment funds in corporate Bond Markets. Retrieved November 21, 2020 from https://www.nber.org/papers/w27559*
4. *funding & Finance -(January 22, 2020) Retrieved November 21,2020 https://www.equitymaster.com/research-it/region-info/finance/investment-Finance-region-analysis-document.asp*
5. *Jones, ok. (2020, may additionally 02). How has coronavirus modified purchaser spending? Retrieved*