



Money Management Skills of People Amidst the Pandemic

Received : 18-5-2021

Revised : 11-7-2021

Revised : 22-7-2021

Accepted : 14-8-2021

Meghna Aggarwal¹✉, Nidhi²✉, Nupur Tyagi³✉

Plagiarism: 10%

¹Assistant Professor, Deen Dyal Upadhyaya College, University of Delhi, Delhi.

²Associate Professor, Gargi College, University of Delhi, Delhi.

³Assistant Professor, Gargi College, University of Delhi, Delhi.

Keywords:

Covid-19, Money Management Skills, Pandemic.

Classification-JEL : E51, I18, J24

How to Cite:

Aggarwal, Meghna, Nidhi and Tyagi, Nupur (2021). Money Management Skills of the People Amidst Pandemic. *Journal of Commerce and Trade (H. Agarwal, Ed.)* 16 (2), 18-22.

ABSTRACT

The pandemic outbreak has made a lasting effect on the mental and emotional well-being of the individuals and unfortunately, for a few of them, on their physical well-being too. This has caused people to approach their savings and expenditure differently. The adversities ascribed to the pandemic have brought to the fore the inadequate money management skills of the concerned and has also given an insight into the financial lessons learned by them for the unseen future. An online survey was conducted for a week that drew 203 responses from persons of different age groups – young, middle-aged, and retired – who were either salaried or self-employed. Responses for five questions were sought from the respondents and they were given an option to provide multiple responses for each question. This paper highlights the essential outcome and the collective prudence attained through this survey. For some respondents, the pandemic taught them the value of time along with physical and mental wellness which can enhance the quality of their life. This pandemic has made us learn to live every day and feel grateful. Money is not everything. Contradictorily, money is everything in the physical world we are living in, as money is the only source for buying precious items like Remdesivir in Covid.

1. INTRODUCTION

The second wave of COVID 19 has been devastating. All those who managed to survive the rage of the second wave of the pandemic will inevitably have their lives divided into pre and post-pandemic era for sure. The pandemic outbreak has made a lasting effect on the mental and emotional well-being of the individuals and unfortunately, for a few of them, on their physical well-being too. This has caused people to approach their savings and expenditure differently. The adversities ascribed to the pandemic have brought to the fore the inadequate money management skills of the concerned and has also given an insight into the financial lessons learned by them for the unseen future.

2. METHODOLOGY OF THE SURVEY

An online survey was conducted for a week that drew 203 responses from persons of different age groups – young, middle-aged, and

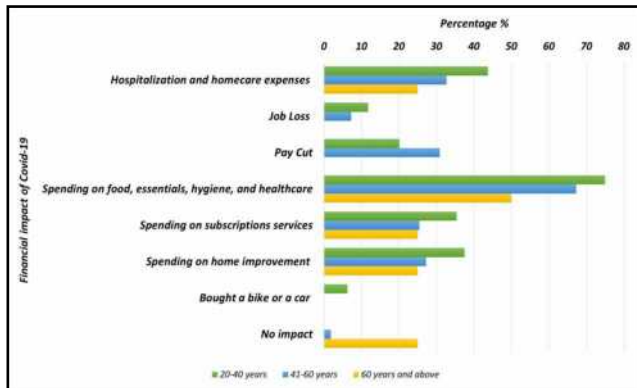
retired – who were either salaried or self-employed. Responses for five questions were sought from the respondents and they were given an option to provide multiple responses for each question. This paper highlights the essential outcome and the collective prudence attained through this survey.

3. THE SURVEY RESULT

It is painful to see your loved ones falling sick and facing financial strain to ensure that they get effective treatment makes the hurt a double whammy. This setback, during when a large section of the employed has witnessed pay cuts and job losses too, adds to the stress.

Chart 1 exhibits the effect of Covid felt on finances across the age groups. It indicates that the age group of 20-40 years were more covid sensitive as they spent more on essentials such as hygiene and healthcare products. People spent more on food and essential items for the purpose of storing them for the future, as there

Chart 1
Impact on Finances (Age Group Wise)



Source: Self calculated from Primary Survey

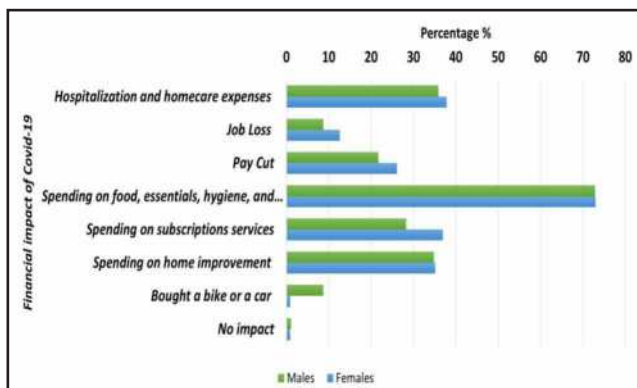
was quite an uncertainty due to the complete lock-down imposed throughout the country. Hospitalization and other healthcare expenses further adversely affected their finances.

A sizeable number of respondents made additional expenditure on home improvement activities provisioning better workspace, study space, furniture, and gadgets (including internet services) to maintain their productivity while functioning from home. The same pattern was discerned in the subsequent age group too. The gender-based results and their employment status were not different either (see Chart 2,3).

To sum up, the overall results confirm that people had to spend maximum money on food, essentials, hygiene, and healthcare, followed by hospitalization and home care expenses of the family.

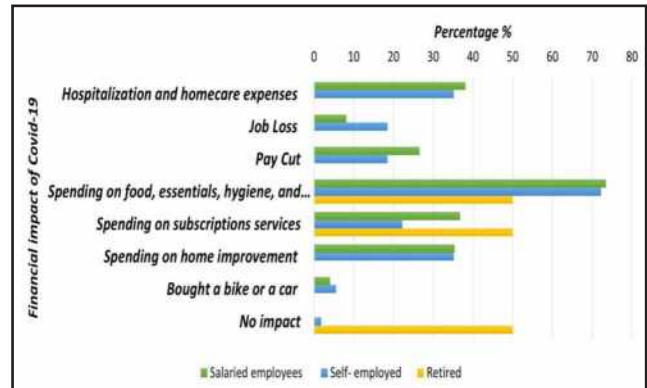
The survey results also revealed how the respondents managed their finances to accommodate the hike in unexpected expenses

Chart 2
Impact on Finances (Gender Wise)



Source: As of Chart 1

Chart 3
Impact on Finances (Employment Status)



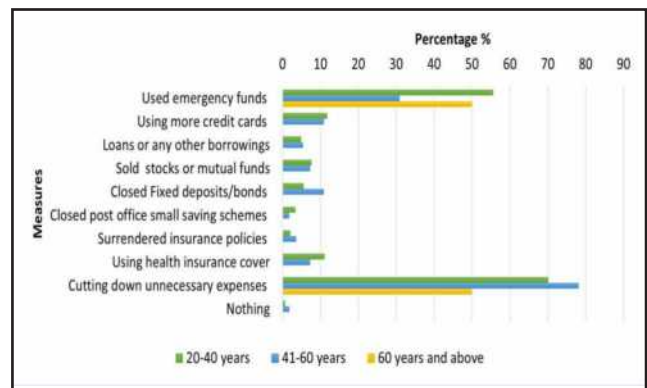
Source: As of Chart 1

in Covid time. A majority of them specified that they chose to curtail their discretionary /unnecessary expenses during the said period. It is to be noted that irrespective of the age groups, gender, and employment status, they had to exercise such an option largely (see chart 4,5,6).

Besides, the respondents were also forced to use their emergency funds. The data suggest that for the age group of 20-40 years and 41-60 years, the proportion for the same was 56 percent and 31 percent respectively. The gender-wise condition was no different either. Approximately, 54 and 44 proportion of the male and female respondents fall in this category.

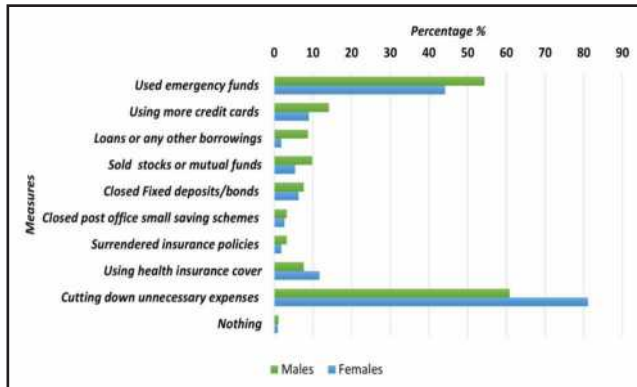
Furthermore, the results were almost similar in the salaried and the self-employed categories. It was observed that very few individuals managed finances through other measures like availing higher credit limits, selling

Chart 4
Impact on Finances (Employment Status)



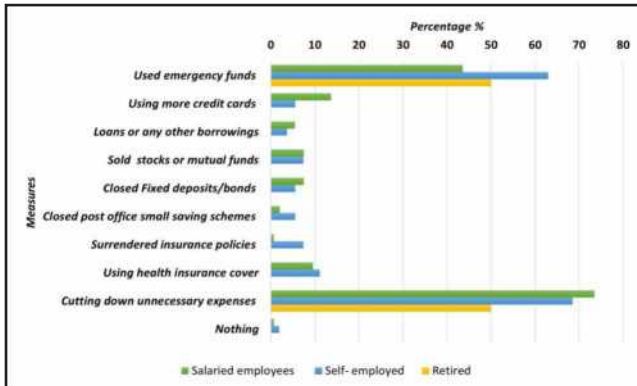
Source: As of Chart 1

Chart 5
Management of the Financial Impact of Pandemic (Employment Status)



Source: As of Chart 1

Chart 6
Management of the Financial Impact of Pandemic (Employment Status)



Source: As of Chart 1

stocks/mutual funds, and using health insurance cover. From the survey thus conducted, it is recommended that people should hold an emergency fund for a minimum period of six months' expenses such that it can be easily converted into cash. Not to forget that this fund should be beside the routine investments that you make for long-term purposes such as retirement or children's education or marriage.

With hospitalization and treatment expenses taking centre stage, the affected respondents felt cheated upon a few things. For any reimbursement, the mandatory requirement of a prescription and bill was frustrating for many as they didn't want to indulge in paperwork when they aren't well. The respondents felt that the norms could have been relaxed in Covid time. The reimbursement system should have been automatic up to a certain prescribed limit, on submission of the

test/scan reports.

A lot of people had taken medical insurance but most patients didn't get admission to their insurer's networked hospitals. This meant the unavailability of a 'cashless' facility. While few respondents didn't face any problem with reimbursement procedures and timelines, some did. As the process wasn't online it was very difficult for the respondents to visit the hospital to complete the formalities for availing insurance.

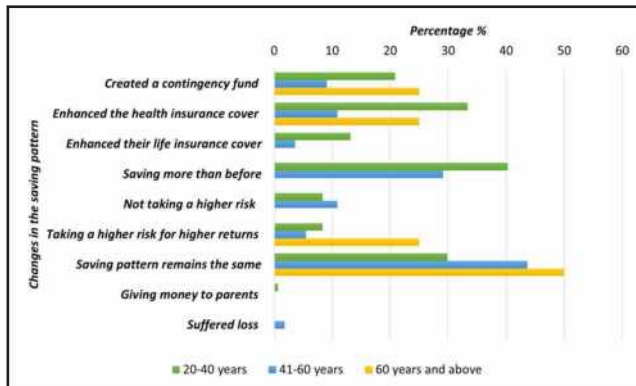
Another grievance voiced by a few respondents was that the actual insurance amount received was lesser than the sum insured owing to the imposition of so many limits and sub-limits. Those respondents who tried to liquidate their investments also met with some roadblocks such as non-updation of bank account, aadhar not linked with UAN, etc.

The experience in pandemic forced everyone to carefully review their saving methods. The changed saving pattern of the respondents during the period to manage unforeseen conditions in the future was thoroughly investigated through the survey. It was found that keeping themselves safe in such an unforeseeable situation, the majority of them changed their saving pattern. The forty percent of the sample in the age group of 20-40 years have either started to save more or have enhanced their health insurance cover. Chart 7 construe the same.

However, few respondents continued with the same saving pattern as before the covid period assuming that the worst period is over. Interestingly, 44 percent of respondents in the middle age group continued with the same saving pattern as before whereas 30 percent enhanced their savings. The female respondents kept their spirit of saving higher than their male counterparts as 41 percent of female respondents have stepped up their savings levels compared to 30 percent of the male respondents. However, it was also noted that by and large, these respondents decided to refrain from changing their saving patterns. Nonetheless, one-third of both category respondents had gone for an extra health insurance cover (see chart 8).

Considering the employment status of respondents, one-third of salaried employees

Chart 7
Changed Saving Pattern After the Covid Period
(Age Group Wise)

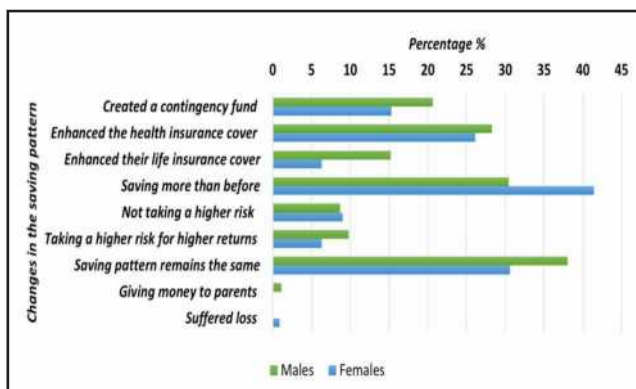


Source: As of Chart 1

felt the need of enhancing their savings including protecting their regular income by taking an extra health insurance cover. Nevertheless, another one-third of respondents did not feel any need to change. Likewise, a large number of self-employed respondents also felt the need to either increase their savings level or take an extra health insurance cover, though a few of them continued with the same pattern (see chart 9).

One lesson that resonates across all age groups and work profiles is that money should be saved and invested judiciously for difficult times. While the seniors recommend holding funds as term deposits, the most conservative preferred deposits in a savings bank account. The option of flexi-deposits and sweep-deposits offered by many banks can be considered as good alternatives too. It suggests that if funds aren't required, they'll be kept as deposits

Chart 8
Changed Saving Pattern After the Covid Period
(Gender Wise)



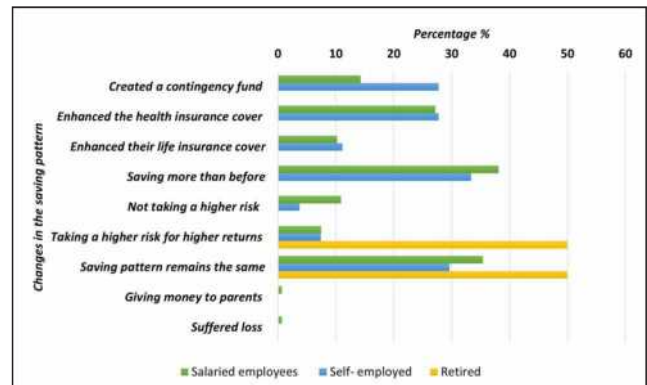
Source: As of Chart 1

earning a higher rate of interest, than in the savings account. In an emergency, the amount can be transferred to the savings account again and one can either swipe your debit card or withdraw the required money from an ATM.

4. CONCLUSION

Life being so unpredictable, people should avoid unnecessary expenses, spread their investments, keep aside emergency funds, build multiple streams of income, and try living on a budget. For some respondents, the pandemic taught them the value of time along with physical and mental wellness which can enhance the quality of their life. This pandemic has made

Chart 9
Changed Saving Pattern After the Covid Period
(Employment Wise)



Source: As of Chart 1

we learn to live every day and feel grateful.

The younger set of people preferred holding funds, to meet any emergency, in mutual funds or debt funds having high liquidity. These options must be chosen after thorough research and portfolio evaluation must be resorted to more frequently.

Lastly, a participant to the survey is bang on when she says, "Even though one has enough money, still he/she is not able to save the life of his loved one. Money is not everything. Contradictorily, money is everything in the physical world we are living in, as money is the only source for buying precious items like Remdesivir in Covid."

REFERENCES

1. *Decisions | COVID-19 And Your Money | Getsmarteraboutmoney.ca.* [online] Available at: <https://www.getsmarteraboutmoney.ca/resources/covid-19-and-your-money/7-ways-the-covid-19-pandemic-affects-your-investing-decisions/GetSmarterAboutMoney.ca>. 2020.
2. *7 Ways The COVID-19 Pandemic Affects Your Investing GetSmarterAboutMoney.ca.* 2020. *The COVID-19 Outbreak and Your Investments | COVID-19 And Your Money | Getsmarteraboutmoney.ca.* [online] Available at: <https://www.getsmarteraboutmoney.ca/resources/covid-19-and-your-money/the-covid-19-outbreak-and-your-investments/>
3. Gomes, P. (2021). *Financial and non-financial responses to the Covid-19 pandemic: insights from Portugal and lessons for future*, *Public Money & Management*, 41:8, 660-662.
4. Grossi, G., Ho, A.T. and Joyce, P.G. (2020). *Budgetary responses to a global pandemic: international experiences and lessons for a sustainable future*. *Journal of Public Budgeting, Accounting & Financial Management*, 32(5), pp. 737-744.
5. Hai, W., Z. Zhao, et al., 2004. *The Short-Term Impact of SARS on the Chinese Economy*. *Asian Economic Papers*, 3(1), 57-61.
6. Jantan, M. S., et al. (2020) *Navigating Personal Finance during the Coronavirus Pandemic*. Available at SSRN Kaushik, M., & Guleria, N. (2020). *The Impact of Pandemic COVID -19 in Workplace*. *European Journal of Business and Management*, 12(15), pp. 9-18.
7. Mazars.com. 2020. *Dealing with The Consequences Of COVID-19: Insights from Our International Financial Advisory Experts - Mazars Group.* [online] Available at: <https://www.mazars.com/Home/Services/Financial-advisory-services/Financial-advisory-Dealing-with-COVID-19>
8. McKibbin, W. and Fernando, R., 2020. *The Global Macroeconomic Impacts of COVID-19: Seven Scenarios*. *SSRN Electronic Journal*.
9. Singh, J., & Jagandeep, S. (2020). *COVID-19 and its impact on society*. *Electronic Research Journal of Social Sciences and Humanities*, 2(1).
10. Sui, A. and Y. C. R. Wong. (2004). *Economic Impact of SARS: The Case of Hong-Kong*. *Asian Economic Papers*, 3(1), 62-83
11. Waliszewski, K., & Warchlewska, A. (2021). *How we can benefit from personal finance management applications during the covid-19 pandemic? The polish case*. *Entrepreneurship and sustainability issues*, 8(3), pp. 681- 699.
12. Zen, F., & Kimura, F. (2020). *Maintaining Fiscal Sustainability During the Pandemic Crisis*. *Economic Research Institute for ASEAN and East Asia*.