

CHAPTER I

INTRODUCTION

1.1 INTRODUCTION

Covid-19 has impacted the whole world and even it has a huge effect on the savings of people. It has even affected our spending habits, now people first think- how, when and where to spend. In the initial years, saving is little difficult as we have just started to earn money and we want to buy each and everything that we like. Covid-19 has taught us to save more and spend less. Nowadays, people are not spending more due to lockdown. They are not shopping, not spending on leisure, not travelling and neither they eating outside food. We always say future is uncertain and Covid-19 is the most uncertain situation. Now our lifestyle has changed and also the spending habits. People are getting pay cuts, losing jobs, etc. So now, people are spending only on necessities like grocery, vegetables, etc., rent, education, insurance, EMIs, etc. There is change in the behaviour of Indian consumers now there is no impulse buying and discretionary expenses have reduced. The situation has made us realised that financial planning is very important. One must create an emergency fund which should be at least 6 months of the expenses. One should start investing in liquid instruments or recurring deposits or SIPs because as of now, it is essential to hold cash. By investing in liquid assets, one gets a minimum return as idle cash earns no return. One should increase the savings with the increase in income. The pandemic has caused tremendous ramifications on common Indian lives and on their savings and investment pattern. All the markets and malls are opening but we have to be cautious on where to spend. Let's hope that the saving habit of young people may continue even after this pandemic is over. It is in this backdrop; the present study has been undertaken.

The ongoing COVID 19 pandemic the government imposing lockdown to the whole population by banning all non-essential travel and contact with people outside one's home on 23march 2020.Globally, the lockdown has caused households to change their typical consumption behaviour drastically across a variety of major categories, resulting in initial sharp increase in spending, especially in essentials and food items. Most of the

rural households are depend on income for their daily consumption. During the covid 19 pandemic, arrival of lock down the households or individuals will get decreased amount of income, so the consumption also decreases. Households in the middle-income groups are disproportionately more, because they are more stressed than urban households consist of one or more persons who live in the economy. The economic resources are land, Labour, capital and entrepreneur ability. Household is the main factor in the circular flow of income in the economy.

COVID 19 disease has originated first in China in December 2019. COVID 19 rapidly evolved into a pandemic by late February 2020. It has seriously affected 210 countries and regions around the world and overall mortality rate of COVID 19 is averagely 14 % in the world according to the international report about corona virus disease. The World Health Organisation (WHO) declared it as a public health emergency of international discomposure on January 30, 2020 and called for collaborative and supportive efforts of all countries to prevent the rapid spread of COVID 19, in response to this serious situation all over the world. Consequently, on March 11, 2020 WHO has declared that COVID 19 is a pandemic. The first case of COVID 19 was confirmed on March 10, 2020 in Nigeria. With a continuous increment in numbers, all tertiary educational institutions were closed with an order of the Ministry of Education by March 20, 2020. Generally, fever, dry cough, and malaise are its symptoms. Against COVID 19 pandemic, the WHO recommended some priory precautions include using alcohol- based sanitizers, N95 face mask and strict quarantine of patients and contacts. The epidemic outbreak and lockdown increase the psychological stress on people. The constantly spread of the decease, the official hard isolation applications and closings of school is expected to affect the mental health of the people.

1.2 SIGNIFICANCE OF THE STUDY

The study will reveal changes in consumption patterns of families in Kannur before and during COVID-19. This can highlight essential goods, discretionary spending areas, and how these shifted due to the pandemic. It can also analyze how savings patterns changed, indicating how people adjusted to financial uncertainties.

1.3 STATEMENT OF THE PROBLEM

Covid- 19 has affected crores of people worldwide. Apart from its effects on the physical health of the people, it has also hit the economy. It has affected the pockets of almost every stratum of the society leaving thousands jobless and without a steady source of income. As India took an aggressive stance to slow the spread of Covid 19, the economic activity came to a standstill and has brought it to its knees. With reduced mobility, and disrupted supply chain management, businesses across all sectors have had to scale down their operations, lay off employees or reduce salaries. The muted economic activity and ceasing of multiple businesses has forced us all to rethink the role of saving and investment in our everyday lives. Many families and individuals have had to dive in to their meagre savings to sail through this storm of Covid 19. Nationwide lockdown although a welcome step to reduce the spread of Covid19, has left the general population in a grim state where almost all businesses and jobs have suffered a great deal. More importantly, government enforced lockdown to restrict the spread of infection has impacted the household economy in particular in the early months of crisis, people lost their jobs. In this backdrop, the present study focuses on the consumption behaviour, which is an important component of the economy; increase or decrease in the expenditure and savings because of covid 19. Covid 19 pandemic mostly affect the health of people, and has changed the dietary lifestyle behavioural. In this background, the study attempts to examine the family income, consumption, and saving patterns before and during covid 19 pandemic in Kannur Cooperation

1.3 OBJECTIVES OF THE STUDY

- To examine the changes in the consumption and purchase of food and non-food items before and during lockdown of the COVID-19 pandemic.
- To explore the important factors influencing consumption in study area.
- To find the association between income and consumption expenditure and saving before and during covid 19 pandemic.
- To analyse the saving behaviour of households.

1.4 SCOPE OF THE STUDY

The study mainly aims at analysing the implication of consumption expenditure pattern among households before and during covid 19 in Kannur Cooperation. The study also tries to understand the how far the past savings of the households has supported the income during the covid 19.

1.5 METHODOLOGY OF THE STUDY

Research methodology specifies method for acquiring the information needed to structure or solve the problem at hand through the selection of representative sample, collection of relevant data, and application of appropriate research tools and techniques for analysis and interpretation of the same for scientific investigation of the problems. The study is descriptive cum empirical in nature. The following methodology is adopted for the study.

Data source:

The study relies purely on primary data. The primary data required for the study has been collected by using convenient sampling method. For this purpose, a sample of fifty households has been chosen from Kannur Cooperation. Data has been collected using a well-designed interview Schedule prepared according to the objectives of the study. Besides, secondary information required for the study has been collected from articles, journals and various internet sources.

Method of data collection:

Primary data was collected through a well-designed interview schedule.

Sample Design and size:

Convenient sampling method has been used to collect necessary information required for the study. The sample size of the study consists of 50 households. It includes men and women from various age groups, the interview schedule method was followed to collect the required information from sample respondents.

Tools of analysis

To analyze the data, simple statistical and mathematical tools such as tables, percentage, diagrams, mean, standard deviation, correlation etc....have been applied. Further, the following tools have been applied to analyze the various objectives of the study.

1.6 LIMITATIONS OF THE STUDY

- Time is the major constraint for a detailed study.
- Respondent do not reveal all information correctly.
- Most of the respondents are illiterate.
- The study has not covered the entire population.
- Lack of adequate source of information.