A STUDY ON THE FINANCIAL STRESS OF COMMON PEOPLE DURING COVID 19 WITH SPECIAL REFERENCE TO CHANGANASSERY TALUK

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ABSTRACT

An attempt is made to study the financial stress of common people during Covid 19. The study also focused on understanding the financials areas mostly affected by the respondents during the pandemic. The study also helps to identify the major reasons for financial stress among people during the pandemic. The study also focused on identifying the relationship between age and annual income on the financial stress of the respondents. The study reveals that the major reason for financial stress for people was found out to be not having enough savings. It is also evident from the study that there is a significant relation between annual income and financial stress of the respondents.

KEYWORDS- FINANCIAL STRESS, COMMON PEOPLE, COVID 19

INTRODUCTION

Financial stress is a condition that is the result of financial and/or economic events that create anxiety, worry or sense of scarcity and is accompanied by a physiological stress response. A large amount of debt, a job loss or overtime reduction, medical bills, or simply being irresponsible with our spending could cause undue financial stress. The impact of COVID-19 pandemic on India has been largely disruptive in terms of economic activity as well as a loss of human lives. Almost all the sectors have been adversely affected as domestic demand and exports sharply plummeted with some notable exceptions where high growth was observed. Pandemic has impacted the social as well as professional lives of people. On an overall basis, common people are under severe financial stress. However, they should work cautiously and look opportunities to grow. Strong risk management practices, effective spending measures, increased use of cost-effective technologies will help to pass through these testing times. . In this context the researcher conduct a study on the financial stress of common people during Covid 19.

OBJECTIVES OF THE STUDY

- To understand the financial areas mostly affected by the respondents during the pandemic
- To identify the major reasons for financial stress among people during the pandemic.
- To analyze the measures taken by the respondents to reduce the financial stress.

RESEARCH METHODOLOGY

In this study, population includes both male and female with different age groups and educational qualification. For the purpose of study, 100 samples are taken from Changanassery Taluk were taken as samples based on convenience sampling method. The study consists of both primary and secondary data. However, primary data collected from respondents were used for analysis. Primary data for analysis were collected by administering a detailed questionnaire, from the samples in Changanassery Taluk. Secondary data were collected from Books, Online journals, and websites etc. Five point Likert type scaling techniques ranging from strongly agree to strongly disagree (5 points to 1 point) is used for measuring respondent's level of financial stress. Statistical test like ANOVA was used for testing the hypothesis.

HYPOTHESES OF THE STUDY

H_1**:** There is no significant difference between annual income and financial stress of the respondents.

H_2**: ssss**There is no significant difference between age and financial stress of the respondents.

REVIEW OF LITERATURE

Findings of study made by Christopher G. Davis and Janet Mantler (2004)- revealed that unlike many other stressors that people may experience over the course of their adult life, financial stress is unique insofar as it is private. People under financial stress may be ashamed to admit their problems, and so may delay seeking assistance and support. In a society that measures worth in financial terms, to be unable to meet one's financial obligations may imply that one has failed at a central task in life, and therefore, that one has no claim to self-respect. It is little wonder that people will put off or avoid dealing with financial pressures for as long as possible, and do all that they can to maintain the outward appearance of financial well-being. This is not an effective strategy.

R Cardarelli, S Elekdag, S Lall - Journal of Financial Stability, (2011) - This paper examines why some financial stress episodes lead to economic downturns. The paper identifies episodes of financial turmoil in advanced economies using a financial stress index (FSI), and proposes an analytical framework to assess the impact of financial stress – in particular banking distress – on the real economy. It concludes that financial turmoil characterized by banking distress is more likely to be associated with deeper and longer downturns than stress mainly in securities or foreign exchange markets. Economies with more arm's-length financial systems seem to be more exposed to contractions in activity following financial stress, due to the greater procyclicality of leverage in their banking systems.

Stuart Heckman, HanNa Lim and Catherine Montalto of Ohio State University (2014)- concluded in their project on Factors Related to Financial Stress among College Students that, financial stress, and its associated negative health and academic outcomes, is a serious concern for college students today. While the effects of stress have been well documented by prior research, factors associated with financial stress among college students have not been adequately explored. This study provides an exploratory examination of financial stressors that are associated with increased likelihood of reporting financial stress, as well as possible factors (e.g., financial self-efficacy) that could be targeted to help students respond to financial stressors. Future research should use experimental designs to test for causal relationships between the variables explored in this study.

RESEARCH GAP

This is a relevant study due to the current Covid- 19 situation. There are not enough studies on this topic because of its latest happening. We have done review of literature on financial stress which have been published earlier and there are no studies on our topic. That's the reason for selecting this topic due to the relevance and need of the study.

DATA ANALYSIS AND INTERPRETATION

Demographic characteristics of respondent

Demographic characteristics of respondent shows that 82% are from the age group of 20-30 whereas the less respondents is from the age group of 30- 40 which is 3%. There is 4% of respondents from 40-50 and the rest 11% is from the age category of 50 and above.

Table 1

FINANCIAL AREAS MOST AFFECTED

Areas	Frequency	Percentage
Daily expenditure	31	31%
Healthcare	8	8%
Savings	18	18%
Payment of rent and other liabilities	16	16%
Lifestyle	27	27%
Total	**100**	**100**

Source: Primary Data

Table 1 reveals which financials areas were more affected during the pandemic. 31% of the respondents say that their daily expenditure was affected and only 8% people were worried about the healthcare expenses. 18% people say that savings were affected. 16% of people were worried about paying the rent and other liabilities whereas 27% of people said their lifestyle was affected.

Table 2

MAJOR REASONS FOR FINANCIAL STRESS

Particulars	Mean	Standard Deviation
Not enough savings	3.75	.978
Job loss	1.76	.818

Inability to pay debt	2.06	.851
Paying rent and mortgage	1.93	.820
Paying medical bills	1.90	.810
Increase in the rate of household items	2.12	.844
Buying daily needs	2.06	.708
Lifestyle and shopping	2.11	.695
Cutting off the increments at workplace	1.82	.796
Shut down of business	1.86	.817
Total	**2.1370**	**.43173**

Source: Primary Data

Table 2 discloses that major reason for financial stress for people were about not having enough savings and the least worried part was about the job loss. People agree that buying daily needs was much affected during the pandemic.

Table 3

MEASURES OPTED TO REDUCE FINANCIAL STRESS

Particulars	**Mean**	**Standard Deviation**
Avoid panic buying	3.77	1.109
Limiting news exposure	3.29	1.113
Meditation	2.90	1.322
Maintain a budget	3.85	.978
Free debt and financial advices	3.14	1.279

Source: Primary Data

Table 3 reveals that to reduce financial stress, people used to maintain a budget during the difficult times. The results of standard deviation also prove the same. The least selected measure was meditation.

TESTING OF HYPOTHESIS

Table 4

TABLE SHOWING MEAN OF ANNUAL INCOME AND FINANCIAL STRESS

Income of the respondent	Mean	Standard Deviation
Below 100000	2.1685	.39133
100000-300000	2.0739	.39222
300000-500000	2.3357	.37949
500000 and above	1.8000	.64807
Total	**2.1370**	**.43173**

Source: Primary Data

It is observed from the table that, as annual income of respondents increases, their standard deviation decreases. It means that annual income of the respondents is a prominent factor influencing the financial stress of respondents. Financial stress is more for people who have an annual income of 300000- 500000 with a mean score of 2.3357 and standard deviation of .64807. It is difficult to say the result just by looking at the table. So, the hypothesis is proposed for testing.

$H_{0:}$ There is no significant difference between annual income and financial stress of the respondents.

H_1: There is significant difference between annual income and financial stress of the respondents

Table 4.1

ONE WAY ANOVA TEST

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	1.720	3	.573	3.290	.024
Within Groups	16.733	96	.174		
Total	**18.453**	**99**			

Source: Primary Data

One way ANOVA is used to test the hypothesis. Each component was tested independently. From the above table, it is clear that significant value is less than 0.5 and hence we reject null hypothesis. So, it is evident that there is significant difference between annual income and financial stress of the respondents. When the annual income of a person increases, financial stress decreases and vice versa.

Table 5

TABLE SHOWING MEAN OF AGE OF THE RESPONDENTS AND FINANCIAL STRESS

Age of the respondent	**Mean**	**N**	**Std. Deviation**
20-30	2.1585	82	.39689
30-40	2.2000	3	.17321
40-50	2.1250	4	.45000
50 and above	1.9636	11	.68158
Total	**2.1370**	**100**	**.43173**

Source: Primary Data

The table shows that financial stress is most evident for middle aged people which are among 30 – 40. It is clear that as the age of the respondents increase, financial stress also increases. The values of the standard deviation also prove the same. To check whether the findings are significant, we conducted Anova test.

$H_{0:}$: There is no significant difference between age and financial stress of the respondents.

H_1: There is significant difference between age and financial stress of the respondents.

Table 5.1

ONE WAY ANOVA TEST

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.381	3	.127	.675	.570
Within Groups	18.072	96	.188		
Total	**18.453**	**99**			

Source: Primary Data

One way ANOVA is used to test the hypothesis. Each component was tested independently. The findings are presented in the table. It is clear that significance value is more than 0.5. So, we are not rejecting the null hypothesis. Hence there is no significant difference between age and financial stress of the respondents.

CONCLUSION

As this study was to study the financial stress of common people during Covid 19, the main objectives of the study are fulfilled and it is found that, pandemic situation has affected their everyday financial activities and their usual saving pattern. The novel Coronavirus disease (COVID-19) has magnified the issue of financial insecurity. However, its effect on individual-organizational relations and, consequently, on organizational performance remains understudied. Thus, the purpose of this study was to point out that financial insecurity during the pandemic. The continuous rise of unemployment rates is one of the main side effects of the Covid-19 economy loss. Citizens continue to lose their jobs. Those in the informal work sector are experiencing the hardest of economic hardship. Investing money in investment avenues such as the stock market, mutual funds, equity, real estate, fixed deposits, etc. have always been investment avenues and saving options. But, since the start of the year, the loss of jobs has led to a decline in investments. As a result, citizens have suffered a harsher COVID-19 personal finance impact. One of the drastic Covid-19 personal finance impacts has been the sudden shift in career and professional goals. Those in the early stages of their career like graduates and part-timers are finding it hard to find a job. Those with plans to move out of the country for studies have faced a sudden halt to their plans due to the added financial cost and travel restrictions in most countries. Moreover, middle-aged workers are facing a heavy cash crunch. Covid-19 has led to some of the most drastic financial losses. With economic crises escalating daily due to the pandemic, it is wise to do all in your control and take measures to protect you and your loved ones. Availing a life insurance plan will help you secure your present and future. Lessening the COVID-19 personal finance impact has become more of a necessity than a choice. Majority of the respondents agree that the pandemic situation has affected their everyday financial activities and their usual saving pattern. The major reason for financial stress for people was found out to be not having enough savings and the least worried part was about the job loss. People agree that buying daily needs was much affected during the pandemic. The study reveals that to reduce financial stress, people used to maintain a budget during the difficult times. It is also evident from the study that there is a significant relation between annual income and financial stress of the respondents.This study also helped to understand a lot about the financial condition and the stress they faced during the pandemic.

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