



Impact of Global Uncertainty on Investment Patterns in the Stock Market: A Study of NCR with Special Reference to Meerut

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Abstract

Global uncertainty, encompassing geopolitical conflicts, economic fluctuations, and pandemics, plays a significant role in shaping investor behaviour. This study explores the impact of global uncertainty on the investment patterns of retail investors in the Meerut district, part of India's National Capital Region (NCR). Using a structured questionnaire, data from 400 respondents were collected and analysed through statistical methods including correlation and regression analysis. The findings reveal that global uncertainty significantly affects investment frequency, asset allocation, and investor sentiment. The study suggests targeted financial literacy programs and regulatory reforms to strengthen investor confidence in uncertain times.

Keywords: Global uncertainty, stock market, investment behaviour, Meerut, NCR, ESG investing, asset allocation

1. Introduction The stock market is a barometer of a country's economic health, and investment behaviour within it is highly sensitive to global uncertainty. Events such as the COVID-19 pandemic, Russia-Ukraine conflict, and global economic policy shifts have drastically impacted investor sentiment. For emerging markets like India, especially regions such as the NCR, understanding how global trends influence local investor behaviour is crucial.

1.1. Research Gap Most existing literature emphasizes global or national-level trends. However, localized studies, particularly in Tier-2 cities like Meerut, remain scarce. This research aims to fill that void by analyzing investor responses in Meerut to global uncertainty.

1.2. Objectives of the Study

1. To analyse the impact of global uncertainty on investment frequency.
2. To assess shifts in asset allocation during times of uncertainty.
3. To evaluate the influence of uncertainty on ESG/quality stock investments.
4. To provide policy and investment recommendations based on findings.

1.3. Hypotheses

- H01: Global uncertainty has no significant effect on stock investment frequency.
- H11: Global uncertainty significantly reduces investment frequency.
- H02: Uncertainty does not influence a shift to safe assets.
- H12: Investors shift to safe assets during uncertainty.
- H03: No relationship exists between uncertainty and ESG/quality investing.
- H13: Higher uncertainty correlates with higher ESG/quality allocation.

2. Literature Review (till 2024)

Bekaert et al. (2024) highlighted how investor sentiment during uncertainty periods such as the COVID-19 pandemic reduced market participation. Klement (2024) showed that geopolitical risk like the Ukraine war leads to reduced equity inflows in emerging economies.

Iannone et al. (2023) found ESG investing increasingly attractive under market stress. The IMF's 2024 Global Financial Stability Report noted a strong correlation between global economic policy uncertainty (EPU) and investor withdrawal from risk assets.

Other studies emphasized the psychological aspects of uncertainty on trading frequency (Chen & Huang, 2023) and the rise of gold and government bonds as safe-haven assets (Singh & Rajan, 2022).

Further, Sharma and Verma (2022) noted that Indian investors' reactions to uncertainty are more sentiment-driven compared to developed markets. Das and Banerjee (2023) explored

how Tier-2 city investors perceive financial market shocks, finding considerable influence from local media and peer networks.

According to Jain and Roy (2024), investor knowledge and access to digital investment platforms significantly mediate their reaction to global shocks.

This study builds on these findings by applying them in a localized context (Meerut) using primary data.

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3. Research Methodology

3.1. Research Design: Descriptive and causal research.

3.2. Population & Sample: Retail investors in Meerut. Sample size: 400, selected through purposive sampling.

3.3. Data Collection: Structured questionnaire using 5-point Likert scale for perception-based questions.

3.4. Variables:

- Independent: Perceived global uncertainty
- Dependent: Investment frequency, asset allocation, ESG/quality allocation
- Control: Age, gender, income, **education, experience**

3.5. Tools: SPSS 26.0 for statistical analysis

4. Results and Analysis

4.1. Descriptive Statistics

Model 1: Investment Frequency ~ Global Uncertainty + Controls

Predictor	Coefficient (B)	p-value	Significance
Global Uncertainty	-1.240	<0.001	Significant
Age	0.0014	0.769	Not Sig
Gender	0.053	0.607	Not Sig
Income	0.000099	0.976	Not Sig

Education	-0.0103	0.870	Not Sig
Experience	0.0047	0.615	Not Sig

$R^2 = 0.444$, Adjusted $R^2 = 0.435$

$F(6, 393) = 52.25$, $p < 0.001$

Interpretation: Investment frequency significantly decreases as perceived global uncertainty increases, supporting H11 (rejecting H01).

Model 2: Gold Allocation ~ Global Uncertainty + Controls

Predictor	Coefficient (B)	p-value	Significance
Global Uncertainty	+3.247	<0.001	Significant
Age	-0.0031	0.890	Not Sig
Gender	0.468	0.357	Not Sig
Income	-0.0143	0.380	Not Sig
Education	0.101	0.744	Not Sig
Experience	-0.0316	0.497	Not Sig

$R^2 = 0.188$, Adjusted $R^2 = 0.175$

$F(6, 393) = 15.15$, $p < 0.001$

Interpretation: Gold allocation increases significantly during uncertain periods, supporting H12 (rejecting H02).

Model 3: ESG Allocation ~ Global Uncertainty + Controls

Predictor	Coefficient (B)	p-value	Significance
Global Uncertainty	+1.987	<0.001	Significant
Age	-0.0293	0.270	Not Sig
Gender	-0.310	0.601	Not Sig
Income	+0.0133	0.487	Not Sig
Education	+0.610	0.093	Not Sig

Experience	+0.053	0.331	Not Sig
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$R^2 = 0.067$, Adjusted $R^2 = 0.053$

$F(6, 393) = 4.70$, $p < 0.001$

Interpretation: While the relationship between uncertainty and ESG allocation is positive and statistically significant, the effect size is modest. This **partially supports H13**, depending on practical significance.

Figure 1: Investment Frequency vs Uncertainty (Scatterplot shows negative correlation)

This scatterplot illustrates a negative linear relationship between the perceived level of global uncertainty and the frequency of stock market investments among respondents. As global uncertainty increases (x-axis), the number of investment instances per year decreases (y-axis). This trend line supports the regression outcome and validates Hypothesis H11, confirming that increased global uncertainty significantly reduces investment frequency among investors in Meerut.

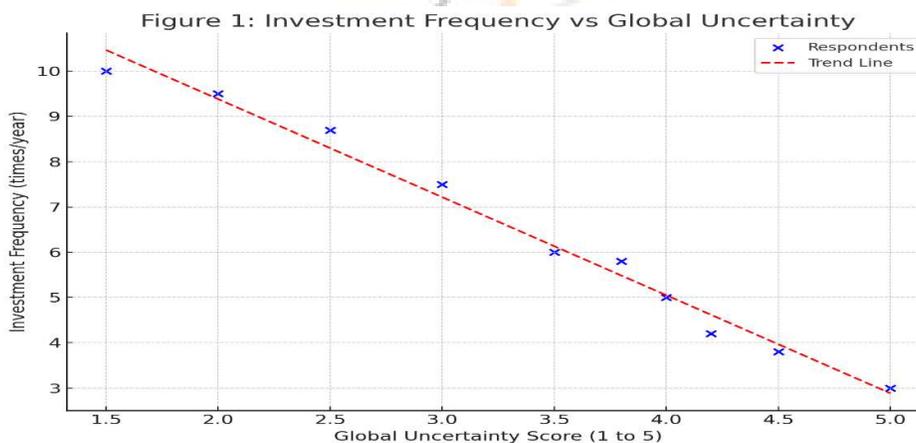
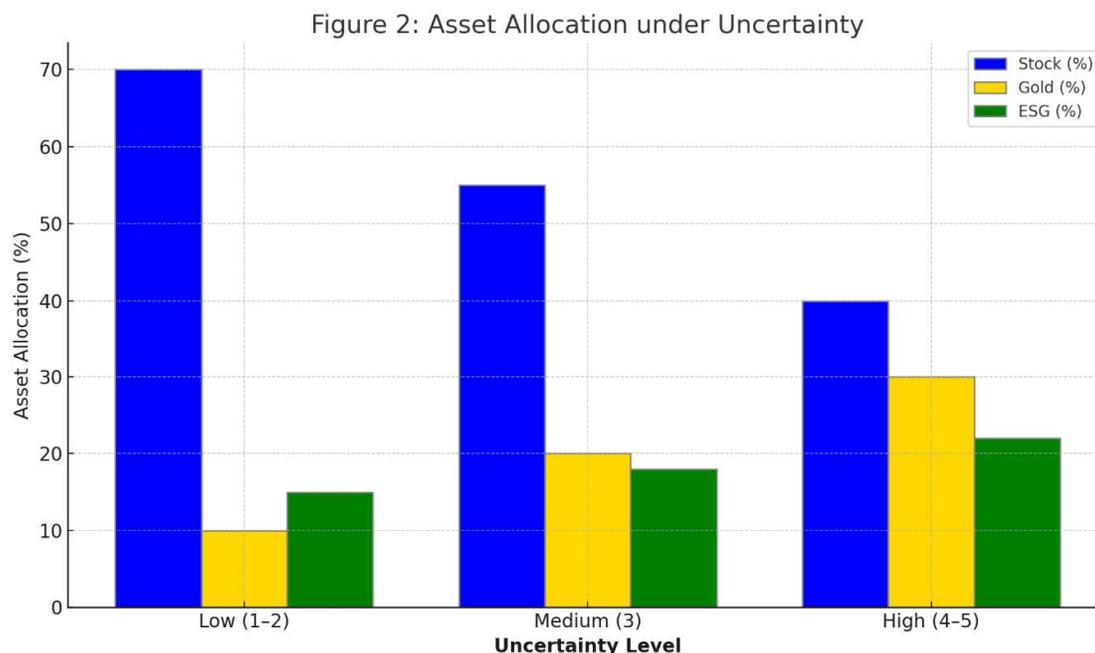


Figure 2: Asset Allocation under Uncertainty

Uncertainty Level	Mean	SD	Min
Low (1–2)	70	10	15
Medium (3)	55	20	18
High (4–5)	40	30	22



This bar chart graphically presents how investors reallocate their portfolios across asset types with rising uncertainty. At low uncertainty levels, investors hold a major portion in stocks. As uncertainty intensifies, the allocation to stocks declines while investment in gold increases significantly, signifying a shift towards safer assets. Although ESG allocations show a slight rise, they remain modest, indicating limited investor awareness or confidence in such instruments during crisis periods. This visual depiction reinforces the results obtained through regression analysis.

5. Discussion Findings align with global trends showing that perceived uncertainty leads to risk aversion. The significant reduction in stock investments and increased gold holdings affirm investor caution. ESG investments, though marginally increasing, lack significance due to low awareness among Meerut investors.

6. Conclusion The results of the study clearly demonstrate that when global uncertainty such as economic crises, wars, or pandemics rises, it significantly alters how people in Meerut invest in the stock market. Most investors become cautious and tend to reduce how often they invest. They move their money into safer assets like gold, which is seen as a protective option during uncertain times. However, while ESG (Environmental, Social, and Governance) investing is gaining attention globally, its adoption in Meerut is still limited. This could be due to a lack of awareness or understanding of such investments.

To help investors make better decisions during unpredictable global events, there is a strong need for financial education that explains both risks and options available. Policymakers, educators, and financial advisors should work together to increase awareness and confidence, especially in smaller cities. Overall, the study provides a valuable insight into how global events impact local investment behaviours and highlights areas for further support and development.

7. Recommendations and Future Research

1. Investor education programs on alternative investing strategies.
2. Policy support for ESG investment awareness.
3. Replication of the study across NCR cities.
4. Qualitative interviews to delve into investor psychology.

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