INTRODUCTION

India is one of the fastest-growing economies in the world. Over the last decade, both government and private industry have endeavored to bring about an environment conducive to growth. This is increasingly reflected in better earnings and higher disposable incomes for the working population. The savings invested in various options available to the people, the money acts as the driver for growth of the country (India Wealth Report, 2011).

Indian saving market has been expanding over the period and there is a steady increase in individuals’ savings (Sellappan, 2013). Due to the changes made in policies, leading to liberalization and globalization, the financial markets have experienced the product innovation, increased international integration more transparency and coordination. Due to these economic developments the Indian financial markets have found greater participation of individual investors in investment avenues.

An individual who commits money to investment products with the expectation of financial return is termed as an investor. Every individual aims at maximizing the flow of income from whatever source possible. The most interesting activity undertaken by an individual to fulfill this objective is to undertake investing. It is a very interesting activity which attracts people from all walks of life irrespective of their occupation, economic status, education and family background. By foregoing consumption today and investing their savings, investors expect to enhance their future consumption possibilities by increasing their wealth (Bhalla, 2006).

Investment is the allocation of money to assets that are expected to yield some gain over a period of time. The main criteria for investment are expected return, risk involved and liquidity of investment, but the common target in these activities is to wealth. Every individual makes investment, even if the individual
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does not select stock, investments are still made through participation in pension scheme, opening fixed deposit accounts in bank and purchasing of insurance schemes or home (Kothari, 2012). Investors choose investment alternatives that provide them with a psychological satisfaction rather than those that maximize their economic benefits. Over few years ago only, psychological factors were also influence their investment decision, causing them to behave in irrational way because investors do not make decision like the machines. They invest in financial products with emotions, passions, enthusiasms and dislikes.

Domestic saving in India contributes substantially for the growth of an economy. In India, domestic savings originate from three principal sectors namely: (i) Household sector, (ii) Private-corporate sector and (iii) Public sector. The household sector comprises of individual, non-corporate business and private collectives like temples, educational institutions and charitable foundations. The saving can be held in the form of increases in (a) Liquid assets like currency bank deposits and gold (b) Financial assets like shares, securities and insurance policies and physical assets (Nayak, 2013).

Table 1
Changes in Financial Assets of the Household Sector

<table>
<thead>
<tr>
<th>Financial Assets</th>
<th>Years (Rs. Billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency</td>
<td>1371.31</td>
</tr>
<tr>
<td>Bank deposits</td>
<td>5482.99</td>
</tr>
<tr>
<td>Life insurance fund</td>
<td>50.99</td>
</tr>
<tr>
<td>Nonbanking Deposits</td>
<td>2101.02</td>
</tr>
<tr>
<td>Provident and pension fund</td>
<td>1411.39</td>
</tr>
<tr>
<td>Claims on Government</td>
<td>295.45</td>
</tr>
<tr>
<td>Shares &amp; debentures</td>
<td>17.29</td>
</tr>
<tr>
<td>Trade Debt (Net)</td>
<td>68.23</td>
</tr>
<tr>
<td>Total Change in Financial Assets</td>
<td>10798.67</td>
</tr>
</tbody>
</table>

Source: Central Statistics Office
Table 1 reflects the changes in financial assets of the household sector, it comprises of individuals in the household and shows that the financial assets of provident and pension fund, non-banking deposits, shares and debentures are showing an increasing trend when compared to all other assets. Bank deposits showed an increasing trend in the year 2013-14 for Rs. 7741.76 billion, but it is decreased to Rs.5792.95 billion in the years 2014-2015 and life insurance funds showed growth rate from 2011-2014, but in the year 2014-2015 it has decreased. It reflects the changing attitude of individuals towards various investment avenues. Overall the savings in the financial assets showed an increasing trend from 2011-2015.

### Table 2

**Sector-Wise Domestic Savings at Current Prices**

<table>
<thead>
<tr>
<th>Sectors</th>
<th>Years (Rs. Billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011-12</td>
</tr>
<tr>
<td>Gross Savings</td>
<td></td>
</tr>
<tr>
<td>Non-financial corporations</td>
<td></td>
</tr>
<tr>
<td>Financial corporations</td>
<td></td>
</tr>
<tr>
<td>Household sector</td>
<td></td>
</tr>
<tr>
<td>Financial Savings</td>
<td></td>
</tr>
<tr>
<td>Saving in physical assets</td>
<td></td>
</tr>
<tr>
<td>Saving in the form of valuables</td>
<td></td>
</tr>
<tr>
<td><strong>Source: Central Statistics Office</strong></td>
<td></td>
</tr>
</tbody>
</table>

The overall gross domestic savings shows an increasing trend from the year 2011-14, especially in the household sector. The estimates of Central Statistics Office's (CSO's) reported an increasing trend for financial savings, from Rs.6434.27 billion to Rs.8194.50 billion and gross domestic saving shows a declining trend for savings in physical assets and valuables. It shows that the people are moving towards investment and capital formation of the country.


1.1 Information Technology (IT) Industry

IT industry has built very valuable brand equity for itself in the global markets. Indian IT Industry comprises of software industry and Information Technology Enabled Services (ITES), which even includes Business Process Outsourcing (BPO) and Knowledge Process Outsourcing (KPO) sector. Indian IT Industry is considered as a pioneer in software development and a favourite destination for IT-enabled services. IT sector in India is generating 2.5 million direct employments. Now, India is one of the biggest IT capitals of the modern world and all the major players in the world IT sector are present in the country. Indian IT Industry's development and contribution to the world's information technology sector is of highest reputation (Vijayasri, 2013). The industry has not only transformed India's image on the global platform, but also fuelled economic growth by energizing the higher education sector. It plays a significant role in its contribution towards India’s GDP while providing employment to a significant number of its tertiary sector workforce. The most prominent IT hub is IT capital Bangalore and the other emerging destinations are Chennai, Coimbatore, Hyderabad, Mumbai, Pune, Kochi and Kolkata.

1.2 Employment in Information Technology Industry

According to India's National Knowledge Commission, India would experience a knowledge revolution which can be seen by the dramatic revolution in the field of Information Technology. Information Technology comprises of wide range of activities like Office Automation, Telecommunication and Computing, therefore provides job avenues for those who have acquired the right qualifications for it. Today more than 2.3 million people are employed in the IT sector making it one of the biggest job creators in India and a support of the national economy. In the beginning of this millennium, National Association of Software and Services Companies (NASSCOM) made estimation that India would require 10,00,000 trained software professionals for the upcoming years. The present availability of such skilled people is only 5 per cent of the required amount. Therefore, it is understood that this sector is providing employment to a large number of people.
1.3 Investment Avenues in India

1.3.1 Safe / Low Risk Investment avenues

- **Savings Account** – Savings account are accounts maintained by retail financial institutions that pay interest but cannot be used directly as money in the narrow sense of medium of exchange.

- **Bank Fixed Deposits** – Fixed deposit also know as term deposit is an account which allow us to deposit money for a fixed time period.

- **Public Provident Funds** – Public provident fund is a tax saving instrument. It also serves as a retirement planning tool for many of those who do not have any structured pension plan covering.

- **National Saving Certificates** – People buy the certificates for a fixed period, usually five years, and at the end of the period receive the amount paid plus interest.

- **Post Office Savings** – The post office monthly income scheme are more commonly known as MIS. It is very popular among safety seeking investors. Since the scheme is offered by post office, it is backed by the Government. Thus, the POMIS is one of the safety avenues of investment available.

- **Government Securities** – Government Securities are securities issued by Government for raising a public loan or as notified in the official gazette. They consist of Government promissory notes, bearer bonds, stocks or bonds held in bond ledger account. They may be in the form of Treasury Bills or Dated Government Securities.

1.3.2 Moderate Risk Investment Avenues

- **Mutual Funds** – A mutual fund is a type of professionally managed collective investment scheme that pools money from many investors.

- **Life Insurance Schemes** – LIC offers number of investment schemes, they promote tax saving scheme and covers life insurance.
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- **Debentures and Bonds** – Debenture is a written instrument acknowledging a debt under the common seal of the company. A Bond is a debt security, in which the authorized issuer owes the holders a debt and depending on the terms of the bond, is obliged to pay interest. Thus, a bond is like a loan.

- **Company Fixed Deposit**: Company fixed deposit is the deposit placed by investors with companies for a fixed term carrying a prescribed rate of interest. Company FDs are primarily meant for conservative investors who don't wish to take the risk of vagaries of the stock market. But experts say the due diligence that an investor should undertake is similar to that before buying shares. Getting attracted by the high interest rate alone is not advisable.

1.3.3 High Risk Investment Avenues

- **Equity Share Market**: Equity shares are the permanent source of capital for a company. The equity share holders are considered to be the real owner of the business as they are original risk bearer.

- **Commodity Market**: Commodity markets are institutions where investors trade, sell and buy shares of raw materials that are used in the manufacture of goods.

- **Derivatives**: A security whose price is dependent upon or derived from one or more underlying assets. The derivative itself is merely a contract between two or more parties. Its value is determined by fluctuations in the underlying asset. The most common underlying assets include stocks, bonds, commodities, currencies, interest rates and market indexes. Most derivatives are characterized by high leverage.

- **Foreign Exchange Market**: The foreign exchange market is a form of exchange for trading of international currencies. The foreign exchange markets, international trade and investment enabling currency conversion.
1.3.4 Traditional Investment Avenues

- **Real Estate** – Real estate is a property consisting of land and the buildings. Investment in this real estate get high returns to the investors. Returns and risk levels are depends on the land location.

- **Gold** – Gold is a very popular investment avenue in India. Gold as an investment option has the moderate risk and one big thing is that it is in the physical form so, mostly Indian people prefer.

- **Silver** - Silver like other precious metals, may be used as an investment. The price of silver is driven by speculation, supply and demand. Compare to gold, the price of silver is volatile. This is because of lower market liquidity.

- **Chit Funds** – A chit fund is a kind of savings scheme practiced in India. A chit means a transaction whether called chit, chit fund or by any other name by or under which a person enters into an agreement with a specified persons.

1.4 Statement of the Problem

Indian economy is growing significantly and it offers a wide variety of financial products to the individuals. To choose wisely, the investors need to know the investment options thoroughly. But there will be confusion among the people for the selection of best investment avenues and this is the major problem of the individual investors. The investors are having a lack of awareness about investment alternatives, while investing money. When takes investment decisions the investors have to pay more attention to various factors, in addition to the investments option and the individual investors should exercise their skill, knowledge and experience in choosing the investment opportunity (Pandian et al, 2013). The recent developments in information technologies have resulted in provision and accessibility of various financial products and it make people to invest more. By adopting proper strategy to the investment plan the individuals can able to increase their personal wealth and it will proportionality
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Contribute to higher economic growth. But the investor need to make the decision of how much to invest and where to invest.

A young Indian IT professional in India is earning more than double the average salary of any other profession. They are also likely to see their salaries jump more than any other professional in the country right now – with salaries rising about 20 per cent a year on average (Prabhudesai, 2007). In last few years, people have left their jobs in other streams and joined in the software industry. It is noted that the professionals in IT sector have a greater propensity to save more because of their high earning power.

The individuals’ with high earning and high disposable income are wanted to experiment and try to invest in diversified portfolio. The recent developments in information technologies have resulted in provision and accessibility of various financial products and it make people to invest more. By increasing personal wealth, investing can contribute to higher overall economic growth and prosperity (Murithi, et al 2012). In this perspective, the present study becomes highly essential and against this back drop of the research, the researcher has undertaken to the study the determinants of investment behaviour of IT professionals in Coimbatore District.

1.5 Research Questions

Based on the research problem, the following research questions are put forth to study the investment behaviour:

✓ Why the individuals are investing their money?
✓ What objectives to be framed before investment?
✓ Where and how they get information to decide about investment?
✓ What factors they use to evaluate for making investment decisions?
✓ Who influence them to make investment?
✓ What type of behaviour the individuals are exhibiting, while making investment?
1.6 Objectives of the Study

To answer the research questions, the following objectives are framed:

- To identify the preference of the IT professionals about the various investment avenues.
- To assess the level of awareness on investment.
- To analyse the attitude towards investment and attitude towards risk.
- To examine the factors that influence to make investment decisions.
- To identify the determinants of investment behaviour.

1.7 Research Hypotheses

To support the research objectives, the following hypotheses are formulated:

- There is no significant difference between the socio-economic factors and preference of portfolio.
- There is no association between socio-economic factors, level of awareness and preference of portfolio
- There is no association between socio-economic factors and attitude towards investment.
- There is no association between socio-economic factors and attitude towards risk.
- The determinants of rational behaviour do not influence the intention to invest.
- The determinants of irrational behaviour do not influence the intention to invest.

1.8 Scope of the Study

Traditional Financial Theory assumes that people are guided by reasons and logical independent decision. But the field of behavioural finance recognizes and proves the influence of behavioural factors in the process of
investment decisions. Individual investors are affected by various factors while making investment choices. The phenomenal growth of IT industry is witnessing has leads to it being recognised as one of the highly paying industry. Hence the present study is undertaken to explore the investment behaviour of IT professional. To understand about the behaviour of individual investors, it is necessary to study about their preference towards various investment avenues, level of awareness, attitude towards investment and risk, factors influencing investment decisions, rational and irrational behaviours of investors.

1.9 Limitations of the Study

The study is prone to some limitations which are mentioned below

1. The study is restricted to the professionals of Information Technology sectors in Coimbatore District.

2. The analysis was based on the data collected with the help of the interview schedule and this might have its own limitation.

3. The study is confined to the view point of the individual investors, which could be biased in nature.

1.10 Operational Definition of the Concepts

**Investment**

Investment refers to commitment of funds at present, in anticipation of some positive rate of return in future. An investment is confronted with array of investment avenues like bank deposits, real estates, small savings, insurance schemes, bullions, small savings schemes, shares, bonds and debentures.

**Investor**

An individual who commits money to investment products with the expectation of financial return are termed as investors.
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**Investment Behaviour**

Investment behaviours are defined as how the investors judge, predict, analyze and review the procedures for decision making, which includes investment psychology, information gathering, defining and understanding, research and analysis.

**Investment Attitude**

Investment attitude means Individuals’ intention to evaluate investment in a favorable and unfavourable way and act accordingly.

**Risk Attitude**

Individuals' intention to evaluate risk on investing in a favorable and unfavourable way and act accordingly.

**Risk Aversion**

It is the tendency of investors to avoid risky investments.

**Information Technology Professional**

Information Technology (IT) professionals are people who are working with computers and telecommunications in order to control, gather, store and circulate information.

**Rational Behaviour**

It is a decision making process that is based on making choices that result in the most optimal level of benefits for the individual.

**Irrational Behaviour**

A decision making process based on the behavioural traits of the individuals'.

**Composite Behaviour**

It combines the determinants of rational and irrational behaviour of individual investors.
1.11 Organisation of the Study

The study is organized under the following five chapters:

**Chapter 1: Introduction**

This chapter deals with introduction to investment, information technology sector, statement of the problem, research questions, objectives, hypotheses, scope and limitations of the study.

**Chapter 2: Review of Literature**

This chapter presents a brief review of previous studies pertaining to the research problem.

**Chapter 3: Methodology**

This chapter covers methodological aspect of the research and selection of the study area, profile of the study area, selection of the sample units, tools for collection of data, period of the study and tools for analysis of data.

**Chapter 4: Results and Discussion**

This chapter presents the results obtained from data analysis and specific inferences drawn from the result.

**Chapter 5: Summary and Conclusion**

The final chapter presents the summary of the study along with findings, suggestions, scope for further research and brief conclusion.