The emerging economic environment of competitive markets signifying individuals’ sovereignty has profound implications for the savings and their investment in India. The term investment refers to funds invested in various saving schemes, consisting of deposit in banks, post office, Government and Semi-Government securities, loans, mutual funds shares and debentures of companies. The financial and economic meaning of investment is related to each other, because investment is a part of savings of individuals, which flows into the capital market either directly or through institutions divided into new and secondary capital financing. According to F. Amling- ‘Investment may be defined as the purchase by an individual or institutional investor of a financial or real assets that produces a return proportional to the risk assumed over some future investment period.

A review of literature consigns a research study in proper perspective by showing the quantity of work already carried out in the related area of the study. The purpose of this part is to understand the results of various studies already undertaken in the relevant field and to find out the research gap in the present study. The literature concerning to the topic “Determinants of Investment Behaviour of Individual Investors” is presented in the following headings:

2.1 Preference of Various Investment Avenues

2.2 Awareness on Investment

2.3 Attitude of Individual Investors

2.4 Factors Influencing Investment Decisions

2.5 Determinants of Investment Behaviour
A large number of studies on the investment behaviour have been performed during the past few years all over the world. In this modern era, so many types of investments are available. Each type of investment has its own advantage and disadvantages. An investor can also choose the type of investment which suits his needs. The following are the extracts of various articles published by different authors in several magazines and journals.

2.1 Preference of Various Investment Avenues

Joseph et al (2014) has carried “A Study on Preferred Investment Avenues among the People and Factors Considered for Investment”. The study has been undertaken with the objective, to analyze the investment choice of people in few cities in Bangalore. The study is based on using a structured questionnaire. The study concludes that all the age groups among the respondents give more importance to invest in bank deposit and insurance. Income level of a respondent is an important factor which affects investment portfolio of the respondent. Respondents are more aware about various investment avenues like insurance, bank deposits, small savings like post office savings etc. Many people are not willing to take risk for their funds, so many prefer to invest in bank deposits, insurance, post office saving etc., The study suggested to every respondents that, they have to acquire a specific knowledge of various kinds of investment opportunities available in the financial market and appraisal of investment for avoiding loss.

Pandian et al (2013) carried out a study on “A Study of Investors Preference towards Various Investments Avenues in Dehradun District”. The study was conducted to understand the awareness of people towards various investment avenues and the investors’ preference towards various investment avenues in Dehradun Districts. The investors are selected by convenient sampling technique. Accordingly, the researcher has selected 120 investors in the study area. The investigation shows that, majority of the investors invest their money in equity shares only and also the majority invest their money for the purpose of capital appreciation. The study revealed that when comparing the
earnings and the loss incurred by the investors in stock market. It is heartening to note that most of the investors incurred loss only. The study offered suggestion to the investors that; the investor has to invest their money in less risky securities like mutual fund and debenture.

Sireesha et al (2013) has carried out a study on impact of demographics on select investment avenues: a case study of twin cities of Hyderabad and Secunderabad, India. The research study seeks to reveal the relationship between the demographic factors and investment avenues selected by investors. A survey method is adopted to gather information from 165 respondents through questionnaire in Hyderabad and Secunderabad and the samples were selected at random from different age groups, occupations, income levels, and qualifications. Points were allotted to the preferences specified by the respondents through the questionnaires. The study finally concludes that income and amount saved has an impact on the purpose of investment made by the investors. Most of the investors preferred to invest their money in the bank and post office savings schemes and this reflects the conservative nature of an investor i.e., the investor wants their money to be safe and they do not require any higher return and capital appreciation. The study offers a suggestion to the wealth manager to design a portfolio to their client according to their income pattern.

Malekar et al (2012) in their article entitled “A study of investor behaviour on investment avenues in Mumbai Fenil” stated that investor’s perception will provide a way to accurately measure how the investors think about the products and services provided by the company. The objective of the study is to find out the need of the current and future investors and to study on investor behaviour. A sample of 100 investors was taken for the study. Most of the investors were making conservative decisions that reflecting a survival mode in the business operation. During these difficult times, understanding what investors decide on an ongoing basis is critical for survival. Therefore, the study is identified that people like to invest in stock market as compared to any other markets, even if they face huge losses.
Giridhari et al (2011) have carried out a study on “Investment Preferences among Urban Investors in Orissa”. They discuss that people were irrational in their decision making about investment in securities. They make cognitive or emotional mistakes in decision making. It happens due to various biases which are being discussed in the field of behavioural finance. It explains that investment decisions and risk tolerance of investors depend on age, sex, income, marital status, education, family background, occupation and also the environment on which people lived. The investors of urban areas were targeted for this research study. This research study also cleared that male investors are more risk seeker and more active than compare to female investors. The types of investors are also discussed in this study. Structured Questionnaire and statements used for conducting this research and the sample size was 210. The results of study show that individuals invest to full fill their needs and also take other benefits like safety, tax benefits, high capital gains, liquidity, secured future and for future needs.

Thirupath (2011) has conducted a study on “Investment Patterns and Tax Planning of Salaried Class Investors in Vellore District”. The focus of this study is on the individual salaried class investors. Keeping in view the potential savings of the salaried class investors, this study outlines the conceptual background with focus on investment and tax planning, examines the profile and awareness of the salaried class investors, analyses the attitude and satisfaction of the salaried class investors towards investments, evaluates the factors motivating the investors for investments and expected rate of return on investment, analyses the awareness and attitude of investors towards tax planning and offers suggestions for increasing investments in Government sectors and on balanced investment patterns for individual investors.

Bandgar (2000) has conducted “A Study of Middle Class Investors Preference for Financial Instruments in Greater Bombay”. The main objective is to study the existing pattern of financial instruments in India and the preference of middle class investors, their behaviour and problems. A questionnaire was
used to collect data. Average, skewness, Chi-square test and Fisher Irving tests were used to analyse the data. The study disclosed that only 16 per cent of the investors were facing difficulties in buying and selling of securities. Middle class investors were highly educated but they were lacking skill and knowledge to invest. Female investors preferred to invest in risky securities as compared to male investors. The study also revealed that there was a moderate and continuing shift from bank deposits to shares and debentures and a massive shift towards traditional financial instruments namely, LIC policies and Government securities.

**Stephan et al (2009)** in their article entitled “Investment Avenues for Senior Citizens” stated that it is necessary on the part of the elders to find a definite source of income for themselves. The senior citizens have various alternative avenues of investments for their savings in accordance to their preference. A definite idea about investment will provide senior citizens a steady income which helps them in the phase of rising cost in future. Hence, it is the need of the hour for the elders to think and act wisely in their investment decision. As all the investments are not equally good, awareness of various schemes and the privileges for the aged will help them to select the best suitable investment avenue.

**Vijayalakshmi (2009)** in her article entitled “Liquidity Preference among Employed Women” identified that all the respondents preferred the liquid cash for transaction and precautionary motives. They have no speculative motive regarding bank deposits. They did not pre-pone or postpone their deposits according to the fluctuations in interest rates. Most of the respondents preferred to invest in chit funds than bank deposits. They felt that there are many formalities in bank transactions and also it is time consuming. Moreover investments in chit funds are more beneficial than the meager interest rate from bank deposits. Thus, from the study it is concluded that chit funds are more beneficiary.
2.2 Awareness on Investment

**Puneet (2014)** has carried out a study to analyse the awareness level and investment behaviour of salaried individuals towards financial products. All those salaried individuals of Himachal Pradesh were considered as the population for this study. A sample of 516 respondents was used for the purpose of this study. Results of the study suggest that respondents are quite aware about traditional and safe financial products whereas awareness level of new age financial products among the population is low. Also majority of the respondents park their money in traditional and safe investment avenues.

**Mane et al (2014)** analysed the “Awareness and Selection of Different Financial Investment Avenues for the Investor in Pune City”. This study deals with the behaviour of the investor to identify the better investment avenues available in Pune. The study mainly focused to identify the investors' preference towards the investment. The sample size of the study is 784, drawn from Krejcie and Morgan table. This study confirms the earlier findings with regard to the relationship between age and income level of the individual investors. It concludes that large numbers of portfolio is not good for healthy investment and women are the deciding factor of the family.

**Mazumdar (2014)** carried out a study on "Individual Investment Behaviour with Respect to Financial Knowledge and Investment Risk Preference". This study attempts to understand the relationship between the level of knowledge and investment behaviour. It examines, if individuals with high financial knowledge, tend to invest more in any particular investment avenue like equity, fixed deposits, gold or real estate. The study also tries to understand if an individual's financial risk preference affects investment behaviour. It examines if risk averse investors, moderate risk takers and aggressive investors differ with respect to their investment behaviour. It also gauges the association of financial knowledge and investment risk preference. It shows that there is no significant relationship between knowledge and individual investment behaviour. No significant relationship is seen between investor risk preference and individual
investment behaviour. This finding is contradictory to the previous studies as seen in literature. Indian investors may tend to be basing their investment decisions based on cultural upbringing, or may be influenced by social norms and psychological biases. Role of friends, relatives and financial advisors may be a major influencing factor. They found that investors with high financial knowledge tend to invest more in risky avenues. This finding supports result from previous research studies.

Umamaheswari et al (2014) has carried out a study on “Coimbatore based Salaried Investors’ Awareness, Attitude, Expectation and Satisfaction over their investments”. This paper is outlining the relationship between the dominant societal and demographic factors of the salaried middle class that affects the investment criteria namely, investment awareness, investment attitude and investment returns. Precisely, this study pursued on the salaried middle class of Coimbatore District, Tamilnadu, India is executed with a focus to comprehend the utilities of financial policies favouring public and the sample group of salaried class investors comprising 1000 members. A significant percentage of the salaried investors of Coimbatore know to make good investment decisions, one third of salaried-class of Coimbatore do not opt for the right financial plan due to lack of investment awareness and only 50 per cent of the salaried-class of Coimbatore has knowledge about the percentage of savings they have to opt for future.

Chavare (2013) has undertaken a study to know the investment practices of senior college teachers in Western Maharashtra. The findings reveal that, the investors were having high level of knowledge about various investment avenues. Also, most of the investors have taken the assistance of investment planners during the decision making of investment. The investors have mostly preferred low risk avenues comparative to others. They wanted to invest their funds in safer avenues and want to live comfortable. Researcher has found that, there was a relationship between annual income and terms of investments. But, an age of investors and the amount of investment is not interrelated. Although a
Review of Literature

majority of the investors were having a high level of knowledge, it is suggested that, the investors should have thorough knowledge before making investment in different avenues.

Jayabal et al (2011) has conducted a study on “Sources of Information among different Segment of Investors”. The study revealed that the investment decision is important for every individual because it involves commitment of capital. It also produces return which will have impact on standard of living of investors. To take right decision, the investors collect information from various sources. The different kind of people use different sources of information and the selection of particular source depend on characteristics of people and the outcome of decision is based on quality of information which in turn depends on right source. The study revealed that the source of information used is having indirect effect on both size of saving and choice of securities. Therefore, it is very important to know about the source of information used by investors to understand their saving behaviours.

Sanchita (2008) has conducted a study on “Investment Avenues and Investor’s Choice”. The article studied the investment avenues of equities, mutual funds, fixed income securities, insurance products and features in a financial planning portfolio. The investment of shares is the most preferred investment form which is followed by mutual funds. This shows the increasing investors preference or indication towards the market linked securities as against the traditional or conventional investment instruments. It was finally spelled that, trend may continue in the near future but may not find the same response with the decline of the bull market.

Moorthy (2007) in his article titled a study on investment pattern and awareness of the salaried class investors in Nilgiris District was an attempt has been made by the researcher to study the profile and awareness of salaried class investors. Among the identified 13 investment avenues, all the investors recognized bank deposits followed by insurance products which were known to 81 percent of the sample investors. Almost, equal number of sample investors
recognized provident fund and PPF investments, 63 percent of the investors were familiar with postal savings and deposits. 42 per cent of investors were aware of gold and jewellery investment and 38.2 per cent of the sample investors had knowledge about investment in chit fund.

**Reddy et al (2007)** in the paper “Demographics and Investments Choice among Indian Investors” investigates how invest choice gets affected by the demographics of the investors. Such knowledge will be highly useful to the financial advisors as it will help them advise their clients regarding investment which are appropriate with respect to their demographic profile. The study is especially relevant for the financial advisors and consultants. The insight of how an invest choice gets affected by the demographic variables helps the financial advisors to advise their clients better. This study thus, will certainly improve the mutual trust between the advisor and his client. Similar studies with adverse samples will help in understanding the investment psychology better. They finally concluded that, the investment choice depends on and is affected by the demographic variables.

**Shobhaba et al (2006)** has carried out a study on investor’s awareness and preferences. They examined the level of investor awareness regarding investment choice and investment risks. The study discovered that the investment in real estate is preferred by popularity of the respondents. The second most favoured investment is bank deposits. Responsiveness about investment options and risks are high among aged, highly educated and those who are professionals by career. Demographic variables such as age and education do not have significant authority over investor’s responsiveness where as difference in occupational status leads to difference in the awareness level of investors.

### 2.3 Attitude of Individual Investors

**Anitha et al (2014)** carried out a study on “Investors’ Perception towards Investment”. This study attempts to know the preferences and analyze the significance of demographic factors that influence the investor’s decision towards
making investments. This study attempts to find out the significance of demographic factors of population such as gender, age, education, occupation, income, savings and family size over several elements of investment decisions like priorities based on characteristics of investments, period of investment, reach of information source, frequency of investment and analytical abilities and different demographic variables are considered and its effect on decision making behaviour in a risky situation. The direct effects of these demographic factors on risk perception and propensity ultimately on risky decision making have been established in the study. The study finally concludes that, elderly investors have more risk perception while the young investors perceive the risk differently. Gender effects the decision in a manner that females have less risk preferences than males and thus affects the risky decision-making behaviour negatively and are reluctant to take risky decision.

**Kanagaraj et al (2014)** has analyzed the perception of women investors towards investments. An attempt has been made by the researcher to identify the factors influencing investors’ behaviour, evaluation of the level of awareness among women investors’ and to analyses the preference of investors towards various investments outlets. The study insists that investment has been an activity confined to the risk and business class in the past. This can be attributed to the fact that availability of investable funds is a prerequisite to development of funds, so that the women investors’ may enjoy the benefits of capital appreciation. Government should enact legislation for protecting the investors against illegal speculative dealings.

**Senthilkumar et al (2014)** has conducted a study on “Investors’ Attitude towards Savings in Post Office”. The objective of the study was to identify the rural investors’ attitude and to evaluate the different factors influencing postal investment decisions. Majority of the investors irrespective of their age group, education, income and opinion of savings, agree that savings on imperative household investment will help for economic development of the country and finally concludes that savings create a feeling of security and investment should be treated as an item of expenditure.
Thulasipriya (2014) carried a study on investment pattern of Government employees - an empirical study. The objectives of the study was to analyze the stage of investment invested by the Government employees in a range of investment options and to classify the profitable investment option opted by Government employees. The learning reveals that in most cases Government employees’ across higher age categories found them to be safer with taking up the bank deposits. A significant portion of employees’ also shows keen favorite towards provident fund and private chit so as to get short term gains. It is also observed that mainly the female employees’ show their fervor towards the bank deposits so as to get tax benefits, life protection and average profitable investment avenues. Higher income group shows fairly high preference towards investment in share market, while the lower and average income group shows keen preference towards insurance and banks as the most preferred investment avenues.

Veeramani et al (2014) has conducted an analytical study on “Risk Perception and Return for Individual Investment”. This study aims to gain knowledge about key factors that influence investment behaviour and the ways these factors impact investment risk tolerance and decision making process among men and women and among different age groups. Fifty investors were selected for the study, on the basis of areas whether they belong to rural or urban areas, on the basis of profession whether they are working in Government or Private Sector and on the basis of annual income and annual amount they invest. The study concludes that investing was not a game but a serious subject that can have a major impact on investor's future well-being. Even if the individual does not select specific assets such as stock, investments are still made through participation in pension plan and employee saving programme or in banks or in saving schemes of post offices. The study concludes that investors’ perception on the total investment risk and return predominantly decides the capacity of investors.
Samita et al (2013) has carried out “A Study of Investment Pattern of Central Government Employees after the Implementation of Sixth Pay” the main objective of the study was to find out the impact of change in income on the investment pattern of central government employees. The primary data was collected from the central government employees by survey method, using a questionnaire from 100 respondents. The quantum of investment in each investment areas have increased as well as diversification of investment areas have taken place i.e. now the employees are venturing investment in areas which were untouched before the implementation of sixth pay commission. The maximum share of investment income is towards the Insurance Sector followed by PPF and bank fixed deposits. The investment in Insurance Sector may be attributed to the fact that investment in this sector comes with tax benefits and high security. Also the employees prefer low risk satisfactory return.

Sellappan et al (2013) studied the Investment Attitude of Women towards Different Sources of Securities - A Factor Analysis Approach. The study aims to gain knowledge about the marital status and age factors influencing the investment behaviour of women towards financial instruments with special reference to Erode District. Descriptive study is carried out to identify about these factors which influencing the investment decision. Convenient sampling techniques are used to identify the respondents and it is limited to Erode District. The study concludes that married women are more curious in making investment than the unmarried. The younger women are mostly likely to invest in shares mutual funds, insurance and fixed deposits than the older women. The middle aged persons prefer to invest in real estate source of investment and also suggested that the Government, Bankers and Financial institutions can introduce lot of schemes of investment based on segmentation of the age and marital status factors to acquire more funds.

Kumara (2013) conducted a study on “Investment Attitude of Rural Investors”. The study aims at investigating the rural investor’s behaviour towards purchasing the financial instruments. Five variables i.e. risk, return, peer's
influence, self efficacy, financial advisor’s influence, have been taken into account as determinants of investment decisions of rural people. The constructs have been scaled down and validated with the help of Principal Component Analysis. Data has been analyzed using correlation and regression coefficients. It has been found that all the rural investors consider the risk and return on investment and most of them are also dependent on financial advisor’s opinion because of lacking the depth knowledge of market. But generalization of the study is subject to its limitations like unwillingness of respondents, limited period of time, lack of literacy of rural investors etc. It is concluded that psychological theory planned behaviour reflects in rural people’s investment decisions along with a finance theory concepts i.e. risk and return equilibrium/trade off.

**Arti et al (2011)** conducted a study on “Difference in Gender Attitude in Investment Decision Making in India”. This report emphasized the increasing importance of female investors in the investment industry. The objective of this study is to identify the differences in the Investment Decision Making (IDM) process between female and male investors. In this study, chi-square test has been applied as statistical tool. The findings of this study are higher level of awareness for males than females for different investment avenues and female investors tend to display less confidence in their investment decisions and hence have lower satisfaction levels.

**Jothilingam et al (2011)** conducted a study to find out the main objective of the investors in Namakkal District towards making investments and to assess the investors’ attitude towards the investment avenues. In this study, the researcher has used the primary data obtained from 300 respondents selected in simple random sampling method. The statistical tools applied for analysis of data include percentage analysis, analysis of variance and Garrett Ranking technique. The study concludes that investors prefer less-risky investment avenues like gold, mutual funds and bank deposits. This could be probably because of their tendency to avoid high risks. However, if the high risk investment avenues are designed with higher returns in a organized manner, the investors would come forward to prefer those avenues.
Mittal et al (2011) conducted “A Study of Psychological Reasons for Gender Differences in Preferences for Risk and Investment Decision”. It investigates whether women are more risk averse than men and the reasons suggested by psychologists for the same. The study indicates that men engage in more risk taking and are more over confident than women. Women tend to put in a major portion of their funds in low risk- low return investments. The study indicates that, the view of men and women are different in allocation of funds to their portfolio and have varying choices for the investment avenues. The study also establishes that, over confidence level of the investors varies with gender. Men have more confidence in their abilities than women.

Ranjith, (2002) in his article titled “Risk Preference of Investors in the City of Ahmedabad” revealed that the increase in age leads to the increase in tendency to invest and to take risk declines. Working class people were actively involved in share business. The respondents were graduates who actively participated in investment activities. The investors’ awareness about the investment decisions is limited to financial performance of the company.

Rajarajan (2000) conducted a study titled “Investors Life Cycle and Investment Characteristics” with the objective of analysing the investors life style and to analyse the investment size, pattern, preference of individual investor on the basis of their life style. Data was collected from 405 investors in Madras using questionnaire method. The investors were classified into three group’s viz. active investors, individualists and passive investors. Cluster analysis, Correspondence analysis and Krushal Wallis test were used to study the association between life style groups and various investment related characteristics. Active investors group was dominated by officers, individuals group by clerical cadre and passive investors group by professionals. The expected rate of return from investment varied between investment styles. The study clearly indicated that market position of the shares, company's operating level, capital performance and the expectation of the investor were found to influence the risk perception of the investor.
Ajay et al (1979) the article captioned, “A Study of certain aspects of Household Savings Behaviour in New Delhi”, studied the reasons for savings, attitude towards savings and extent of risk taken by respondents in Delhi. The authors have said that, while investing, savings behaviour, risk tolerance, savings ratio and satisfaction with the level of savings and the change in reasons to save, the need of households varies as the household heads progress in age and occupational status. The author found that the satisfaction level of savings is higher for household heads belonging to Delhi or those who have stayed for more than 41 years in Delhi. Persons who are residing in their own houses, have higher income, higher savings, more than two earners and no dependent girl are found to be more satisfied with their savings.

2.4 Factors Influencing Investment Decisions

Lodhi (2014) has conducted a study on “Factors Influencing Individual Investor Behaviour: An Empirical Study of City Karachi”. In this study he examined the impact of financial literacy, accounting information, openness to experience and information asymmetry on individual investors’ decision making through the empirical research of the people living in Karachi city. Quantitative research has been carried out to find out the relationship between desired explanatory and response variables. They have taken five independent variables including; financial literacy, high experience, use of accounting information, importance of analyzing financial statements and age that might affect the investment decision of any individual and chose five different dependent variables from the questionnaire to find a conclusion they were; risk taking, preference investment in risky investment, risk aversion, information asymmetry and shares investment. In this they found that in lowering information asymmetry, the financial literacy and accounting information were playing an important role and allows investors to invest in risky instruments. But on some occasions the investors preference changes to less risky investments, due to the age and experience, it does not mean that investor does not prefer to invest in risky
investment avenues, they will but with the intension of getting regular income when compare to capital gain.

**Das et al (2014)** conducted “A study on the influence of demographical variables on the factors of investment- a perspective on the Guwahati Region”. This paper focuses on the relationship between the four demographic variables i.e., age, gender, education and occupation with the four most important objectives of investment such as risk, return, retirement and tax which influences the buying behaviour of the investors. The respondents were investors from among the residents in and around the Guwahati city of Assam. A sample size of 150 customers was personally interviewed and data was collected for this statistical study. The study emphasizes the fact that demographic variables indeed play a role on the mindset of the investor community which is driven by age and educational qualification. Thus, the study reveals that the various demographical variables have an association with the objectives of investment. Among the demographic variables considered for the study, gender and the occupation are the most influential variables on the objectives of investment.

**Dinesh et al (2013)** has conducted a study to analyze the significance of demographic factors, on the factors that influence the investor’s decision towards making investments. From previous studies, various demographic factors that compel investors to invest were identified. The hypotheses have been developed considering its relevancy to the research objectives. The literature has been reviewed from various secondary sources and primary data were collected through structured questionnaire by interviewing 384 respondents among the population of Thane city. The study reveals that some of the demographic factors have significant relationship with the factors influencing investor’s decision and insignificant in others too. It has been found that bank fixed deposit and life insurance is the preferred investment avenue followed by gold, silver, real estate, mutual fund and others.
Panda et al (2012) conducted a study to gain knowledge about key factors that influence investment behaviour and ways these factors impact investment risk tolerance and decision making process among men and women and among different age groups. The target groups chosen for this study were from the regular investors, which was limited to 50. Virtually everyone makes investments. Even if the individual does not select specific assets such as stock, investments are still made through participation in pension plan, and employee saving programme or through purchase of life insurance or a home or by some other mode of investment like investing in real estate (Property) or in Banks or in saving schemes of post offices.

Shaikhm et al (2011) conducted a study on “Analysis of Retail Investor’s Behaviour in Belgaum District, Karnataka State”. The study reveals that knowledge level significantly leverages the returns on the investments and there is a negative correlation between the occupation of retail investor and the level of risk. This has been identified on the basis of cross analysis by applying correlation analysis. Investors having extensive investment knowledge has the return expectation of multifold when compared to other knowledge categories and the correlation analysis between the occupation of investor and the level of risk assume shows that there is a negative correlation between these two variables. The study finally concludes that knowledge plays a significant role in the investment decision making process.

Dashl (2010) has carried out a study on “Factors Influencing Investment Decision of Generations in India: An Econometric Study”. The main objectives of the study is to find out the key factors that influence investment behaviour and ways these factors impact investment risk tolerance and decision making process among men and women and among different age groups. The study states that, the individuals may be equal in all aspects may even be living next door, but their financial planning needs are very different. The study concludes that investors’ age and gender predominantly decides the risk taking capacity of investors.
Devi et al (2008) in the article titled a study on investment behaviours of salaried persons in Coimbatore City stated that the response of the salaried income group towards various savings schemes and investment is poor. Their intention is tax savings and for this, their preferences are provident fund and life insurance policies. Steps should be taken to create awareness among the investors about other savings schemes and investment avenues. The advertisements for various investment schemes are not adequate as a majority of the respondents are aware of the various schemes only through friends and relatives. Therefore, it is recommended to various financial institutions to adopt a broad advertising strategy in order to enable the investors to know the details of the various investment schemes. Majority of the respondents have not preferred to invest their savings in UTI and Mutual funds which are the latest investment schemes and hence the Government should take appropriate steps to persuade the investors to invest in the above schemes.

2.5 Determinants of Investment Behaviour

Sondari et al (2015) the study tested the applicability of theory of planned behaviour on civil servant of Indonesia. The main objective of the study is to identify the intention to invest. To test the relationship they used partial least square (PLS) and concluded that attitude towards investment and subjective norms have significantly influenced intention to invest, while data of the other antecedent, self efficacy have failed to show significance influence.

Kengatharan et al (2014) has conducted a study to identify the influence of behavioural factors in investors’ decision at the Colombo Stock Exchange. Furthermore, the relations between these factors and investment performance are also examined. The result shows that there are four behavioural factors affecting the investment decisions of individual investors at the Colombo Stock Exchange which are Herding, Heuristics, Prospect and Market. Most of the variables from all factors have moderate impacts whereas anchoring variable from heuristic factor has high influence and choice of stock variable from herding factor has low influence on investment decision.
Preethi et al (2014) studied the “Influence of Personality and Demographics in Investment Choice”. The primary objective of this paper was to find out the variation in investment pattern based upon demographic and personality factor. For which, the data is collected through questionnaire. This study has been conducted among the commerce and business administration department faculties who were working in the colleges of Tirunelveli city. 110 responses were used for data analysis. To determine the personality of the respondents, Big Five Inventory-10 has been used. It was found out that, based upon demographic and personalities, the investment pattern varied. Psychology factor of personality also influences the choice of the respondents.

Jurevicience et al (2013) conducted a study on “Behavioural Finance: Theory and Survey”. The paper analyses the importance of behavioural finance theories in household decision-making process. Behavioural finance theories investigate emotional characteristics to explain subjective factors and irrational anomalies in financial markets. In this regard, behavioural theories and behavioural anomalies in the decision-making process are examined and the application opportunities in the financial market are described. The aim of investigation is to determine the basic features and slopes of behavioural finance in concordance with financial decisions of a household. The survey method was applied to ascertain financial behaviour of literate households. They found that the investors could be non-conscious of their financial decisions, as they can’t always justify the financial motives, and, with a degree of uncertainty, their behaviour is irrational in terms of a certain risk level. They concluded that, it is the necessity to consider behavioural factors in managing financial decisions of an individual.

Lakshmi et al (2013) conducted a research to investigate to what extent long term and short term stock investors share different behavioural characteristics. A structural model is employed to compare the traits of the investors and examine how investment decision making and behavioural biases are related, as well compared the relative differences of behavioural biases such as Herding, Social Contagion, Representative Heuristic, Over Confidence, Risk
Aversion, Disposition Effect and Cognitive Dissonance. Identification of behavioural traits commonly associated with investment tenure aids in providing opinions and framing trading strategies. The psychological impact of investment decision making among investors is studied through a sampling survey of 318 valid respondents from voluntary retail investors in India between January 2012 and May 2012. Structure Equation Modeling [SEM] and path analysis is performed on how investment decision making and the proposed behavioural biases are related. Analytical results indicate that the structural path model closely fits to the sample data, implying the role of behavioural biases in investment decision making among individuals. The study also demonstrates that long term and short term investors significantly differ in behavioural traits.

Sharma et al (2013) conducted “An Empirical Study of Gender Differences in Risk Aversion and Overconfidence in Investment Decision making”. The purpose of the research paper is to study possible gender effects on risk aversion and overconfidence in investment decision making. A sample of 168 respondents conveniently selected were administered a behavioural finance questionnaire comprising nine closed ended questions. Chi-square has been used as a statistical tool for data analysis. The authors have found female are more conservative than their male counterparts in terms of risk aversion. In terms of overconfidence, they could not reach to any conclusion with certainty because research has shown mixed results.

Bashir et al (2013) has carried out a study on “Influence of Behavioural Biases on Cognitive Abilities”. The study aimed to analyze the role of individual’s level of cognitive abilities in making financial decisions and whether these abilities are affected by their behavioural biases. Cognitive Reflection Test (CRT) was used to investigate that whether behavioural biases that play major role in financial decisions are related with cognitive abilities. The research found that individuals who scored high on CRT are less likely to overconfidence, conjunction fallacy and conservatism biases. The research also related CRT with subjects such as time preferences and risk preferences and found that high
score group are more patient and more risk seeker in domain of gain and less risk seeker in domain of losses. However, behavioural biases are lower for people having higher cognitive abilities but they are still present in financial decisions.

Ramanujam et al (2012) carried out a study to compare the young and experienced women investors related to their investment avenues with their empirical analysis towards the success in investing in stock market. The study is based on personal interview of women investors, using a structured questionnaire. The study says that women should take some risk in the investment, which gives them a more knowledge in making out the correct and perfect judgment for their future investment. The women investors also need to mobilize them with regards to the men investors in the stock market investment.

Dharmaja et al (2012) conducted a study on the topic “Factors Influencing the Individual Investor Behaviour”. The study aims at identifying the most and the least influencing factors of the individual investor behaviour. The sample size considered for the study was 200 wherein all the samples were investors of GEOJIT BNP PARIBAS Financial Service Ltd., Coimbatore. The tools used for the analysis include Chi-square Test. The analysis was divided into 2 phases which are personal factors and behavioural factors. The study revealed that accounting information is the most influencing group of the individual investor behaviour and neutral information is the least influencing group of the individual investor behaviour. It was found that there are also some behavioural factors like the investor’s financial tolerance, emotional risk tolerance and financial literacy which influence the investor’s behaviour.

Singh (2012) has studied the “Investor Irrationality and Self-Defeating Behaviour: Insights from Behavioural Finance”. The article explains that, the efficient markets hypothesis has posited investment decision-makers as rational, utility-maximizing individuals. Cognitive psychology, on the other hand, suggests that human decision processes are susceptible to several illusions: those caused by heuristic decision-making processes, as well as those arising from the
adoption of "mental frames". Unfortunately, these heuristics may lead to cognitive illusions that include: representativeness, over-confidence, anchoring, gambler's fallacy, loss aversion, regret aversion, and mental accounting, among others. Behavioural finance proponents argue that heuristic-driven bias and framing effects cause market prices to deviate from fundamental values. This paper argues that understanding of the findings of this research benefits individual investors the most as it seeks to create awareness of the various human biases and the high costs they impose on their portfolios.

**Thomas et.al (2012)** has conducted a study on “BB&K Five-way Model and Investment Behaviour of Individual Investors: Evidence from India”. The intention of this study is to understand the relationship between model developed by Thomas Bailard, David Biehl and Ronald Kaiser (BB&K) five-way model and investment choices of individual investors. To find the relationship between investor behaviour and investment choices, the study has used various psychological theories. The study finally concludes that the personality of an investor plays an important role and that influences the investment patterns and selection of investment avenues. The study also found that preferences of investments made by various investors were exactly matched with all the five dimensions of the BB&K model. The Delphi technique was used to derive the investment choices of investors as per BB&K model. The behaviour exhibited by the investors in investment decision reflected all the five dimensions of BB&K personalities namely Adventurer, Celebrity, Individualist, Guardian and Straight Arrow.

**Chitra et al (2011)** conducted a study on “Does personality traits influence the choice of Investment” analyses the psychological and personality characteristics of investors while investing their money in the stock market. The study analysed the influence of seven personality traits – emotional stability, extraversion, risk, return, agreeability, conscientiousness and reasoning – on the choice of investment pattern. The results of the study showed that these personality traits of the investors have an impact on the individual while taking
decisions and also have a strong influence on determining the method of investment. The study found that the influence of personality traits on the investment decision is more compared to that of demographic variables.

**Pasewark et al (2010)** found that investors consider personal values in addition to financial factors in the course of selecting investment avenues and also personal values network with expected rates of return to decide the investment choice. When return on investment with socially undesirable characteristics exceed returns on socially responsible investments, the strength of investor’s personal values becomes particularly important in determining their investment choice.

**Sahni (2010)** has studied the “Behavioural Finance: Testing Applicability on Indian Investors”. It was conducted with the objective to test the applicability of behavioural finance theories on Indian investors and with the sub-objectives to study the concept of behavioural finance and various theories associated with it and to prove the loss averse nature of investors. The sample size for the consumer survey is 135 and they are drawn randomly. They finally concluded that there is an investors’ perception about market trend that is influenced by the past performance of a stock market on three consecutive days, which shows that the anchoring theory is relevant in case of Indian investors. The Indian investors are found to be loss averse, i.e., there is difference in investors’ behaviour in case of losses and gain.

**Srivastava (2007)** has carried out a study on “An Analysis of Behaviour of Investors in India”. The study attempts to measure the expectation and confidence of retail investors in Indian stock markets. In this study they concluded that the India investors do not believe in the stock market efficiency. Majority of the investors shared their views that it was smart to individual stocks and try to predict when they would rise. The researcher examined that investors have acquaintance with respect to the past performance of the stocks over the other universal investing instruments.
Raj et al (1998) in his article “Financial Behaviour of an Investor” found that the investment experience of the respondents is not uniform. Investment decisions generally were taken by the respondents themselves. The alternative sources contributing to investment decisions such as advice, information are available through friends/relatives; consultants and media were not so significant. The factors which motivate investment decisions are safety, liquidity, conveniences and price differences. For precautionary and contingency purposes a tendency of preferring safe securities such as cash and bank deposits was shown by the sample households.

2.6 Summary

It is observed from the earlier studies that, to understand the pattern of individual investment behaviour, only few studies have been available in Coimbatore District and also the earlier studies focused on the people those closely related with investment itself. The current research study focused on the behaviour of Professionals of Information Technology Sector, since IT professionals are considered to be highly remunerative and in the present scenario most of the people prefer to work in IT sector because of the attractive salary packages and it encourages them to invest more for future. This research gap motivated the researcher to study the “determinants of investment behaviour of individual investors” of information technology sector in Coimbatore.