



# INVESTMENT PATTERN OF IT EMPLOYEES TOWARDS SELECT INVESTMENT AVENUES WITH RESPECT TO HYDERABAD CITY

<sup>1</sup>G.Santoshi, <sup>2</sup>Dr. V. Sudha

<sup>1</sup>Research Scholar, Osmania University, <sup>2</sup>Professor and Chaiman, BoS

<sup>1</sup>Department of Business Management

<sup>1</sup>Osmania University, Hyderabad, India

## Abstract:

Investment is a key activity performed by individuals to save their earnings from the present consumption to generate wealth. The number of variables will influence investment decisions. In the present scenario, an investor's behaviour is playing a more significant role in making investment decisions. So this research paper focuses on a behavioural dimension i.e. the pattern of investment made by the IT Employees towards selected investment avenues i.e. Equity investments, Mutual funds, Insurance, Provident fund, Term deposits, Postal savings products, Government bonds, Real estate, and Gold. The paper investigates their pattern through primary data i.e. with a questionnaire based on a random sampling technique, where 70 questionnaires were sent to the emails randomly. Among them, 64 responses were received and analysed. The paper throws light on previous research also for which secondary data was collected through doctoral theses, articles and websites. Finally, the results revealed that less than 10% of the savings are invested by the employees. Large numbers of employees are investing monthly, semi-annually and annually. SIPs (Systematic Investment Plans) of Mutual funds, Term insurance, Fixed deposits, Provident fund, Residential property & Jewellery are the types of investments that are opted more in number among the selected investment avenues taken for the study. In the end, the Chi-Square results have shown that there is a significant relationship between socio-economic background of IT employees and the type of Investment Avenues opted for.

**Key words:** Investment Avenues, IT employees, Investment Pattern.

**JEL Classification:** G<sub>4</sub>

## 1.0 Introduction

Investment is the major source that creates employment and serves as one of the determinants for enhancing productivity. An increase in investment contributes to (GDP) the gross domestic product of the nation. Investments are the key indicators and play a significant role in the growth of economic development of any country which ultimately generates an additional income which leads to wealth creation.

### 1.1 Savings

Savings implies that an individual after meeting his personal obligations and all expenses keeps his money away from present consumption to get appreciation in the future.

## 1.2 Investment

Investment is an allocation of resources i.e. money to generate income in the future with an intention to build health and wealth. It is an activity that includes all categories of people irrespective of their occupation, status, education and family background. The main motto of investment is the commitment of the present sacrifice of funds to derive future benefits over a specific period. The sacrifice of funds is done through acquiring various assets viz., physical assets and financial assets through the purchase of bonds, stocks etc.

## 1.3 Investment avenues:

The ways where an individual can invest his/her savings are called investment avenues or investment alternatives. Equity investments, bonds or debentures, money market instruments, mutual funds, life insurance and general insurance, real estate, precious objects, derivatives, non-marketable securities etc. are the various investment avenues available for investment.

## 2.0 Literature Review

1. **Akshay Bhisikar and Yogesh B. Dhoke (2020)** paper “An Analysis on Investment and Saving Pattern of Salaried Employees with the Reference to Nagpur City” studied the investment avenue types opted and also examined the factors required to make investment decisions. A convenient sampling technique is used with a 100 sample size for data collection. Finally, the paper concluded that mutual funds and bank deposits are preferred by the investors and future safety & well being are considered significant factors for investment.

2. **Abhinandan, Aiman AL-Asbahi, Ebrahim Al-Gamal (2019)** article “Analysis of Investment Pattern of Different Class of People: A Review” emphasises on investment pattern of 3 classes of people i.e. working women, salaried employees and teachers. The study concluded that the investment behaviour of 3 categories of people differs from each other with regards to awareness, risk perception etc. Bank deposits are preferred by all the 3 categories.

3. **Jyoti Kumari (2017)**, thesis “Analysis of Investment Behaviour with Reference to Retail Investors of Ranchi in Indian Stock Market” studied the trading pattern of 390 retail investors and the outcome revealed that the pattern of investment by the investors is influenced by the risk involved in the investment avenues.

4. **Remigius Mary S (2016)** thesis “Investment Pattern and Behaviour of Working Women on Financial Investment Avenues a Study with Special Reference to Chennai City”, found that the majority of the working women are more aware of traditional investment avenues than modern investment avenues and prefer to invest their savings on an annual income basis. They mostly take decisions to invest in equity with more returns and tax benefits like insurance as well as based on credit rating.

5. **Dr. C. M. Shinde and Priyanka Zanvar (2015)** in their paper “A Study of Investment Pattern on the basis of Demographic Traits” examined the effect of demographic traits on investor’s risk tolerance levels with regards to choice of investment through parametric and non-parametric tests. Finally, the paper found that there is a significant difference in investment patterns among the demographic traits i.e. age, income & educational qualification.

6. **S. Umamaheswari and Dr. M. Ashok Kumar (2013)** paper “A Study on Investment Pattern and Awareness of Salaried Class Investors in Coimbatore District” highlights on the awareness of investment patterns among salaried class investors. Especially it focussed on the influence of socio-economic variables on investment patterns by using Chi-Square and ANOVA and found that age, gender, marital status, no. of dependents, income, education, occupation, and monthly investments are significant whereas the place of residence, no. of earning members, monthly expenses are not significant.

## 3.0 Objectives of the study

1. To study the socio-economic background of IT Employees.
2. To examine the pattern of investment made by them.

3. To test the significant relationship between socio economic background of IT employees & type of Investment Avenues opted for.

#### 4.0 Scope of the study

The present study is confined only to IT employees. Investment avenues refer only the nine select investment avenues i.e. Equity Investments, Mutual Funds, Insurance, Provident Fund (PF), Term Deposits, Postal Savings Products, Government Bonds, Gold and Real Estate.

#### 5.0 Research Methodology

##### 5.1 Population

In this research, the target population is taken as information technology employees who are investing in various investment avenues.

##### 5.2 Sample size and technique

As the population of information technology employees is very large, the study has taken 70 samples randomly through Random sampling technique and collected the responses through questionnaire. Total 70 questionnaires were sent to the IT employees and received 64 responses are used for the study.

##### 5.3 Data collection method

The study considered both primary and secondary data. Primary data was collected through structured questionnaire and the secondary data was collected from various external sources like doctoral theses, articles, online sources and journals are referred to.

##### 5.4 Method of Analysis

The collected data is tabulated and percentages are calculated. To test the significant relationship between socio- economic background of IT employees and type of Investment Avenue that they have opted a two way Chi-Square is applied.

##### 5.5 Research Hypothesis

**H<sub>0</sub>:** There is no significant relationship between socio-economic background of IT employees and the type of Investment Avenues opted for.

**H<sub>1</sub>:** There is significant relationship between socio-economic background of IT employees and the type of Investment Avenues opted for.

##### 5.6 Limitations of the Study

1. Primary and secondary data may have their limitations.
2. All the investment avenues are not covered in the study.
3. The paper considered only the perception of information technology employees from Hyderabad city.

#### 6.0 Data Analysis and Interpretation

##### 6.1 Socio Economic Background of IT Employees

**Table 1: Gender**

Options	Number of responses	Percentage of responses
Male	48	75%
Female	16	25%
Total	64	100%

Source: Primary data

**Inference:** From the above table, it is clear that 75% are males and 25% are females.

**Table 2: Age**

Options	Number of responses	Percentage of responses
21 to 30 yrs	38	59%
31 to 40 yrs	12	19%
41 to 50 yrs	14	22%
Above 50 yrs	0	0
Total	64	100%

Source: Primary data

**Inference:** The above data shows that the 59% of the employees belong to the age group of 21 to 30 yrs, 19% of the employees between 31 to 40 yrs and the remaining 22% comes under 41 to 50 yrs.

**Table 3: Marital Status**

Options	Number of responses	Percentage of responses
Single	38	59%
Married	26	41%
Total	64	100%

Source: Primary data

**Inference:** The above information shows that 59% of the employees are single and 41% of them are married.

**Table 4: Educational Qualifications**

Options	Number of responses	Percentage of responses
Graduate	38	59%
Post Graduate	26	41%
Doctorate	0	0
Total	64	100%

Source: Primary data

**Inference:** The above table shows that 59% of the employees are graduates and 41% of them are post graduates.

**Table 5: Annual Income**

Options	Number of responses	Percentage of responses
Up to Rs.3 Lakhs	4	6%
Rs.3 to 5 Lakhs	26	41%
Rs.5 to 7 Lakhs	4	6%
Rs.7 Lakhs & above	30	47%
Total	64	100%

Source: Primary data

**Inference:** The above data infers that 6% of the respondents have an annual income of below Rs. 3 lakhs, 41% have between Rs. 3 to 5 lakhs, 6% have between Rs. 5 to 7 lakhs and 47% of employees have above Rs. 7 lakhs.

## 6.2 Investment Pattern of IT Employees

**Table 6: Percentage of income spent on investment**

Options	Number of responses	Percentage of responses
Less than or equal to 10%	26	41%
11 to 20%	12	19%
21 to 30%	18	28%
31 to 40%	6	9%
More than 40%	2	3%
Total	64	100%

Source: Primary data

**Inference:** The data says that 41% of the employees invest up to 10% of their income, 19% invest between 11 to 20% of income, 28% of the respondents invest between 21 to 30% of their income, 9% of the respondents invest between 31 to 40% of their income and only 3% of them invests above 40%.

**Table 7: Type of Investment Avenue opted**

Options	Number of responses
Equity Investments	32
Mutual Funds	24
Insurance	26
Provident fund	42
Term Deposits	10
Postal Savings Products	8
Government Bonds	2
Real Estate	16
Gold	24

Source: Primary data

**Inference:** The above data shows that the respondents have invested in multiple avenues. Among nine avenues given, the Provident fund is highly preferred and Government bonds are least preferred.

**Table 8: Frequency of investments in a yr**

Options/Number of responses	Monthly	Quarterly	Semi-Annually	Annually
Equity Investments	42	12	4	6
Mutual Funds	50	6	6	2
Insurance	6	6	10	42
Provident fund	52	2	8	2
Term Deposits	6	8	8	42
Postal Savings Products	2	6	52	4
Government Bonds	-	6	58	-
Real Estate	2	6	50	6
Gold	8	8	6	42

Source: Primary data

**Inference:** The above data shows that the greatest number of employees are investing monthly with respect to Equity investments, Mutual funds, and Provident fund, majority of the employees frequency of investment is on annual basis with respect to Insurance, Term deposits, Gold and towards Postal savings products, Government bonds & Real estate, most of the employees' frequency of investment is semi-annual.

**Table 9: Types of Equity investments**

Options	Number of responses	Percentage of responses
Shares	50	78%
Equity options	6	9%
Equity futures	0	0%
Equity mutual funds	8	13%
Total	64	100%

Source: Primary data

**Inference:** The above data shows that 78% of the employees are investing in shares, only 9% of them are investing in equity options and 13% of them are investing in equity mutual funds.

**Table 10: Types of Mutual funds**

Options	Number of responses	Percentage of responses
Income fund	0	0%
Growth fund	10	16%
Balanced fund	4	6%
Tax savings fund	4	6%
SIP (Systematic Investment plan)	46	72%
SWP (Systematic Withdrawal Plan)	0	0%
Total	64	100%

Source: Primary data

**Inference:** Above data says that 72% of the respondents are investing in SIP, 16% of them in a growth fund, only 6% of them investing in balanced fund & 6% in a tax savings fund.

**Table 11: Types of Insurance**

Options	Number of responses	Percentage of responses
Term Insurance	48	75%
Whole Life Insurance	5	8%
ULIPs (Unit Linked Insurance Plan)	7	11%
Pension & Retirement plans	4	6%
Total	64	100%

Source: Primary data

**Inference:** From the above data, it is clear that 75% of the employees are investing in term insurance, followed by 11% in ULIPs, 8% in whole life insurance, and 6% in pension & retirement plans.

**Table 12: Types of Term deposits (Banks)**

Options	Number of responses	Percentage of responses
Recurring deposits	6	9%
Fixed deposits	56	88%
Tax savings deposits	2	3%
Total	64	100%

Source: Primary data

**Inference:** The above table says that 9% of the employees are investing in the recurring deposits, 88% of them in the fixed deposits & 3% in the tax savings deposits.

**Table 13: Types of Postal Savings Products**

Options	Number of responses	Percentage of responses
National Savings Certificate (NSC)	2	3%
Kisan Vikas Patra (KVP)	0	0%
Post Office Savings	2	3%
Post Office Fixed deposits	0	0%
Public Provident Fund (PPF)	60	94%
Total	64	100%

Source: Primary data

**Inference:** Above data represents that 94% of the employees are investing in public provident fund, 3% in NSC & 3% in post office savings.

**Table 14: Types of Government Bonds**

Options	Number of responses	Percentage of responses
Treasury bills	64	100%
Fixed Rate Bonds	0	0%
Floating Rate Bonds	0	0%
Municipal Bonds	0	0%
Total	64	100%

Source: Primary data

**Inference:** Above data states that 100% of them prefer treasury bills.

**Table 15: Types of Real Estate investments**

Options	Number of responses	Percentage of responses
Agricultural Land	2	3%
Commercial property	0	0%
Residential property	62	97%
Total	64	100%

Source: Primary data

**Inference:** The table shows that only 3% of the employees are investing in agricultural land and 97% of them are investing in residential property.

**Table 16: Types of Gold investments**

Options	Number of responses	Percentage of responses
Gold bars	0	0%
Gold coins	4	6%
Gold schemes	2	3%
Jewellery	58	91%
Total	64	100%

Source: Primary data

**Inference:** The table shows that 6% of the employees are investing in gold coins, 3% of them in gold schemes and 91% in jewellery.

**Table 17: Frequency of review of Investments**

Options	Number of responses	Percentage of responses
Monthly	28	44%
Quarterly	16	25%
Semi-annually	6	9%
Annually	14	22%
Total	64	100%

Source: Primary data

**Inference:** Above data says that 44% of the employees are reviewing their investments on monthly basis, 25% of them on a quarterly basis, 9% of them on a semi-annual basis and 22% of them on annual basis.

### 6.3 Relationship between socio-economic background of IT employees & the type of Investment Avenues opted for. (At 1% level of significance)

**Table 18:  $H_0$  – There is no significant relationship between gender and the type of Investment Avenues opted for.**

Investment Avenues	Gender	
	Female	Male
	Column N %	Column N %
Equity Investments	38%	54%
Mutual Funds	50%	29%
Insurance	13%	50%
Provident Fund (PF)	38%	75%
Term Deposits	38%	8%
Postal Savings Products	0%	17%
Government Bonds	0%	4%
Real Estate	0%	33%
Gold	38%	38%

Source: Primary data

Chi Square	102.4784
DF	8
P Value	$P < 0.0001$

**Interpretation:** From the above table we can say that as the p value is less than 0.01, the null hypothesis is rejected.

**Table 19:  $H_0$  – There is no significant relationship between age and the type of Investment Avenues opted for.**

Investment Avenues	Age		
	21 to 30 years	31 to 40 years	41 to 50 years
	Column N %	Column N %	Column N %
Equity Investments	58%	33%	43%
Mutual Funds	37%	17%	43%
Insurance	32%	50%	57%
Provident Fund (PF)	53%	67%	100%
Term Deposits	21%	17%	0%
Postal Savings Products	5%	33%	14%
Government Bonds	5%	0%	0%
Real Estate	11%	17%	71%
Gold	37%	50%	29%

Source: Primary data

Chi Square	148.2524
DF	16
P Value	$P < 0.0001$

**Interpretation:** From the above table we can say that as the p value is less than 0.01, the null hypothesis is rejected.



**Table 20: H<sub>0</sub> – There is no significant relationship between marital status and the type of Investment Avenues opted for.**

Investment Avenues	Current Marital Status	
	Married	Single
	Column N %	Column N %
Equity Investments	46%	53%
Mutual Funds	31%	37%
Insurance	46%	37%
Provident Fund (PF)	77%	58%
Term Deposits	8%	21%
Postal Savings Products	23%	5%
Government Bonds	0%	5%
Real Estate	46%	11%
Gold	46%	32%

Source: Primary data

Chi Square	44.5787
DF	8
P Value	P < 0.0001

**Interpretation:** From the above table we can say that as the p value is less than 0.01, the null hypothesis is rejected.

**Table 21: H<sub>0</sub> – There is no significant relationship between educational qualifications and the type of Investment Avenues opted for.**

Investment Avenues	Educational Qualifications	
	Graduate	Post Graduate
	Column N %	Column N %
Equity Investments	53%	46%
Mutual Funds	26%	46%
Insurance	26%	62%
Provident Fund (PF)	63%	69%
Term Deposits	11%	23%
Postal Savings Products	11%	15%
Government Bonds	5%	0%
Real Estate	16%	38%
Gold	47%	23%

Source: Primary data

Chi Square	41.5364
DF	8
P Value	P < 0.0001

**Interpretation:** From the above table we can say that as the p value is less than 0.01, the null hypothesis is rejected.

**Table 22: H<sub>0</sub> – There is no significant relationship between annual income and the type of Investment Avenues opted for.**

Investment Avenues	Annual Income in Rupees			
	Up to Rs.3 lakhs	Above Rs. 3 lakhs to Rs.5 lakhs	Above Rs.5 lakhs to Rs. 7 lakhs	Above Rs.7 lakhs
	Column N %	Column N %	Column N %	Column N %
Equity Investments	50%	62%	0%	47%
Mutual Funds	50%	38%	0%	33%
Insurance	0%	31%	50%	53%
Provident Fund (PF)	0%	62%	50%	80%
Term Deposits	50%	23%	0%	7%
Postal Savings Products	0%	8%	0%	20%
Government Bonds	0%	8%	0%	0%
Real Estate	0%	0%	0%	53%
Gold	50%	23%	50%	47%

Source: Primary data

Chi Square            484.3931  
 DF                        24  
 P Value                P < 0.0001

**Interpretation:** From the above table we can say that as the p value is less than 0.01, the null hypothesis is rejected.

## 7.0 Findings of the Study

### 7.1 Socio-Economic Background of IT Employees

- The majority of the employees are male.
- Most of the employees fall in the age group of 21 to 30 years.
- It was found that the majority of the employee's marital status is single.
- Observed that the highest percentages of the employees are graduates.
- The highest percentages of the employees annual income is above Rs. 7 Lakhs.
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### 7.2 Investment Pattern of IT Employees

- Most of the employees spend 10% of their income on investments.
- It is observed that among the nine investment avenues, the majority of the employees prefer provident fund, equity investments, insurance, mutual funds & gold, followed by real estate, term deposits, postal savings products and Government bonds.
- It is noticed that with respect to Equity investments, Mutual funds, and Provident fund greatest number of the employees are investing monthly, majority of the employees frequency of investment is on annual basis towards Insurance, Term deposits, Gold and Postal savings products, Government bonds & Real estate most of the employees frequency of investment is Semi-annual.
- In equity investments, most of the employees invest in shares.
- In mutual funds, the majority of them invest in SIPs.
- Greater percentages are investing in term insurance.
- Most of the employees are investing in fixed deposits.
- Greater numbers of employees are investing in Public Provident Fund.
- Most of them are investing in treasury bills.
- The majority of them are investing in residential property.
- With regard to the gold investments, most of them are investing in jewellery.
- Greater numbers of employees are reviewing their investments on monthly basis.

### 7.3 Chi- Square results

As the p value is less than 0.01, the null hypothesis is rejected and was found that there is a significant relationship between socio-economic background of IT employees and the type of investment avenues opted for.

### 8.0 Suggestions

1. To fulfil the dreams of life, every earning employee must plan his/her current savings for the prospects for better wealth.
2. Government should initiate more awareness programs so that all the avenues available in the market and factors like safety, affordability, return, risk etc. should be known to everyone in the society.
3. Financial experts' suggestions should be taken from time to time to intellect more knowledge on various investment options available in the market.

### 9.0 Conclusion

The paper concludes that among 64 respondents investigated; IT employees give more preference to the Equity investments, Insurance, Mutual funds, Provident fund & Gold as investment avenues, followed by Real estate, Term deposits, Postal savings products and Government bonds as the least preferred investment avenues. Most of the employee's frequency of investments is monthly, semi-annually and annually. Finally among the nine investment avenues, a greater percentage of the employees pattern of investments are shares, SIPs, term insurance, fixed deposits, provident fund, treasury bills, residential property & jewellery and they review the investments on monthly basis. In the end, the Chi Square results concluded that there is a significant relationship between the socio-economic background of IT Employees and the type of investment avenues opted for.

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