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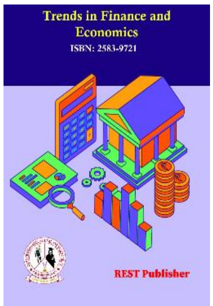

A Study on Investment Strategy on Mutual Funds with Reference To ICICI

*** Saniya Begum, S. Malla Reddy**
Aristotle PG College, Hyderabad, Telangana, India.
*Corresponding Author Email: saniyabegum2212@gmail.com

Abstract. *Mutual fund investments are important if you want to build yourself financially in the long term. A mutual fund is a financial vehicle that is composed of money collected from investors for investing in bonds, stocks, and other assets. These are operated by professional oney managers who allocate fund assets to produce gains for fund investors. This article will help your journey of mutual fund investments.*
Keywords: *Mutual Funds, Investments, money managers, investors.*

1. INTRODUCTION

A mutual fund is a special type of company that pools together money from many investors and invests it on behalf of the group, in accordance with a stated set of objectives. Mutual funds raise the money by selling units of the fund to the public, much like any other company can sell stock to the public. Funds then take the money they receive from the sales of their shares (along with any money from previous investments) and use it to purchase various investments vehicles, such as stocks, bonds and money market instruments. In return for the money, they give to the fund and, in effect, to each of its underlying securities. For most mutual funds, shareholders are free to sell their share at anytime, although the price of a share in a mutual fund will fluctuate daily, depending upon the performance of the securities held by the fund. Mutual fund units are investment vehicles that provide a means. Many investors pool their money to obtain a spread of professionally managed Stock Exchange investments that they cannot obtain individually.

2. REVIEW OF LITERATURE

Renu Gosh (2014) evaluated the performance of mutual funds through risk-return analysis, Treynor's ratio, Sharpe's ratio, Jensen's measure and Fama's measure. The facts used in the study is daily closing NAVs of selected schemes consist of three public-sponsored, three private-sponsored and three private (foreign)- sponsored mutual fund schemes for the period from 1st January 2010 to 31st December 2013. With the results of performance measures, she suggested and concluded that the private foreign companies sponsored mutual fund scheme performance is better than public and private companies–sponsored mutual fund schemes.

3. OBJECTIVES OF THE STUDY

The present study of ICICI bank has been undertaken to evaluate the overall performance of the organization by establishing the following objectives:

1. To determine the progress or profitability of ICICI mutual funds
2. To assess the trends in selected components of mutual funds of ICICI bank.
3. To give appropriate suggestions for objectives of study.

4. SCOPE OF THE STUDY

The project requires a comprehensive understanding on the various processes of the mutual fund products. The mutual funds dealt in [ICICI] Bank are:

- Subscription
- Redemption
- Switches
- Systematic investment plan
- Systematic withdrawal plan
- Systematic transfer plan
- Complaint & request processing
- Dividend payout processing
- Distributors payout processing

5. METHODOLOGY OF THE STUDY

Research design or research methodology is the procedure of collecting, analyzing and interpreting the data to diagnosing the problem and react to the opportunity in such a way where the costs can be minimized, and the desired level of accuracy can be achieved to arrive at a particular conclusion.

Sampling design: The sample is selected by random sampling method and sample size taken for study is 100 respondents. Data analysis tools used for analysis of data are percentage analysis, bar charts and pie- charts.

Sources of Information: The data obtained for the study must be divided into two groups.

1. Primary data
2. Secondary data

Primary data: Primary data comprises information obtained by the candidate during discussions with heads of organization and from the meetings with the officials and staff members.

Secondary data: Secondary data comprises information obtained from annual reports, files and other important documents maintained by the organization. In the study one fourth of the total information was obtained from primary data and the rest from secondary data.

Tools and techniques: To analyse the data tables and graphs are used.

6. LIMITATIONS OF THE STUDY

1. This Study is mainly based on Secondary data.
2. There are many debt schemes but Only 10 AMCs are taken into consideration.
3. There was a time limitation for carrying out analysis of various other schemes.
4. Suggestions are only suggestive in nature.

7. DATA ANALYSIS AND INTERPRETATION

TABLE 1. Awareness % of Mutual funds of Respondents

Awareness of mutual fund	Number of persons	Percentage
Yes	75	75
No	25	25
Total	100	100

Interpretation: 75% of people are acquainted with Mutual funds. 25% of people do not know at least what the Mutual fund is. They never come across the name of Mutual fund. So, although Mutual fund industry is being developed still 25% persons do not entered in mutual funds as per my survey.

TABLE 2. Opinions of the investors

Opinions	Number of persons	Percentage
Good to Invest	67	67
Risk factor	13	13
No spot Liquidity	10	10
Limit Tax Benefit	10	10
Total	100	100

Interpretation: 67% of the investors said that investment in MFs were better to invest. 13% of investors fear the risk factor. No spot liquidity, limit tax exemption are limitations of MFs said by 10% investors.

TABLE 3. Most preferable alternatives of MFs investors

Alternatives	Number of persons	Percentage
Bank	20	20
Mutual fund	53	53
Shares	17	17
Others	10	10
Total	100	100

Interpretation: As per the above data MFs are preferred by many of the investors compared with other alternatives. The second most preferable alternative is bank deposits. Shares are preferred to invest in by 17% of investors. It is nearly equal to bank depositors. Others (like NSC, Debentures, Post office savings and certificates etc.,) are preferred by 10% investors.

TABLE 4. Earnings levels of respondents

Earnings	Number of persons	Percentage
Below Rs.100000	33	33
Rs.100000 – 150000	17	17
Rs.150000 – 200000	12	12
Above Rs.200000	38	38
Total	100	100

Interpretation: Total respondents to my questionnaire are 60 people. Above Rs. 2, 00,000 income level people more than other income level people. Most of these are software jobholders. Below Rs. 1, 00,000 income level people are II most persons. Most of these people are small business holders, job holders.

TABLE 5. Percentages of investors' interest in Mutual funds.

General Investors	Number of persons	Percentage
Interested	67	67
Not interested	33	33
Total	100	100

Interpretation: As per above data majority (67%) of people are interested in investing Mutual funds. Because of low risk, good returns, and tax exemption. Only 33% of people do not show interest. Because they do not know about Mutual funds, a risk factor in Mutual funds. (I found this some of the 33% of people are too awful about the MFs to invest.)

TABLE 6. Most preferable funds of Mutual funds Investors

Fund	Number of persons	Percentage
Regular	25	25
Capital	20	20
Hybrid	13	13
Tax exemption	42	42
Total	100	100

Interpretation: Many (42%) investors prefer tax exemption schemes that are from high income category. Regular income schemes are preferred by many (25%) of the investors. Capital appreciation is preferred by 20% of investors. Hybrid funds are preferred by 13% of investors. Most preferable schemes of Mutual funds investors.

TABLE 7. Most preferable schemes of Mutual funds investors

Types of funds	Number of persons	Percentage
Open ended	42	42
Closed ended	33	33
Both	25	25
Total	100	100

Interpretation: Majority (42%) of people are interested in open ended. 33% of people are only interested in closed ended. A very less percentage (25%) of people are going to invest in both schemes.

TABLE 8. Mutual funds investors and non - Mutual funds investors

Earnings	Investors	Non investors	Total
Below 1,00,000	5	23	28
Rs.100000-150000	7	10	17
Rs.150000-200000	13	7	20
Above Rs.200000	20	15	35
Total	45	55	100

Interpretation: Mutual funds investors' percentage is least below Rs.100000 income level people. We can understand that as per income level Mutual funds investment natures increased. There is a direct proportional relationship between income levels and investors in Mutual funds. Most mutual funds investors are from high income level people category. Low level income people do not come to invest in Mutual funds, because of these reasons:

- Not enough money.
- No awareness.
- Risk aver.

TABLE 9. Percentage of investment of total earnings

Investment (%)	no of persons	percentage
Below 10% of total earnings	17	17
10 – 15	25	25
15 -20	50	50
20 &above	8	8
Total	100	100

Interpretation: 50% of people are interested in investing 15-20% of their total earnings. 25% of people are interested in investing 10-15% of their total earnings. 17% of people are interested to invest up to 10% of their total earnings. 8% of people are interested to invest up to 20% of their total earnings.

TABLE 10. Preferable period for investing in mutual funds.

Investment period	No of persons	Percentage (%)
1 year	25	25
3years	60	60
5years	15	15
TOTAL	100	100

Interpretation: 60% of the investors are interested in 3 years lock in period schemes because of their tax benefit. 25%of the investors are interested in 1-year schemes because of the risk factor. 15% of the investors are interested in 5 years lock-in period because of their tax benefit as well as because they are ready to bear risk.

TABLE 11. Most preferable company for investors likes to invest.

Company	No of persons	Percentage
PruICICI	36	36
SBI	27	27
Reliance	17	17
HDFC	12	12
Others	8	8
TOTAL	100	100

Interpretation: 36% of the investors are interested to invest in Prudential ICICI.27% of the investors are interested to invest in SBI Mutual funds.17% of the investors are interested to invest in Reliance Mutual funds.12% of the investors are interested to invest in HDFC Mutual funds. 8% of the investors are interested in investing in Others Mutual funds.

Findings

1. Most people do not know what Mutual Funds are in society. (Poor awareness).
2. It cannot meet low-level income people. This category people (tailors, fruit sellers and small merchants) go to invest or save their money in unauthorized chit funds which are locally existed.
3. Mutual funds agents do not approach all category investors. Some investors cannot meet MFs managers personally to invest.
4. Once accustomed to MFs they would like to invest in MFs again and again. They become as if permanent investors of MFs.
5. Many investors invest money simultaneously in more than one company and more schemes.
6. Investors do not bother much more about risk in MFs.
7. Retired people migrate from NSC to MFs.
8. MFs industry is being developed more than the existing private sector.
9. Some people are aware of investing. These people have illusions about MFs industry.

Suggestions

1. Fund managers give more advertisements to increase awareness.
2. The number of advisers must be increased by MFs.
3. The government must increase the tax benefits to MFs investors.
4. Information should be revealed to public about mergers and acquisitions among MFs companies.
5. SEBI must allow funds in foreign exchange, gold, real estate, as soon as possible.
6. Exclusively, awareness should be increased among women.
7. The liquidity period must be reduced, and spot liquidity must be taken place.
8. MFs managers must tap unauthorized saving holder (who are saving money in unidentified chits)

8. CONCLUSIONS

If *we* analyze Equity and Debt funds the Return on Equity funds are very high when we compare them with Debt funds for a long-term period. The return on Debt funds is not more than 14% on Average. As we know the concept of Inflation which is increasing 8- 10% every year. And if we are getting the maximum return on the Debt fund i.e. (14% return - 10% inflation) = 5% return. Whereas in Equity Funds there are many fluctuations even then the returns are high if we keep our investments for a longer period. There are two types of Investors.

1. Risk Takers
2. Risk Averse.

Risk Takers: Is a person who would like to take the risk? The liquidity is high, but we cannot take the investment whenever we require but we can take back or redeem our investments when the NAV is high. Because these are totally dependent on market risks. They are not bothered about the principal amount. Only they look for higher returns. For the risk takers the Equity schemes are very good for investment, because they can keep the investments for a longer period and get good returns.

Risk Averse: Is a person who doesn’t like to take the risk? They are bothered about the principal amount. They don't want high returns. They are content with low returns. They look for high liquidity and whenever they want, they can take back their investments, but the returns are very low.

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