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A STUDY ON INVESTMENT DECISIONS OF ICICI BANK

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Abstract

This abstract presents an overview of investment decision-making, its importance, and key aspects to consider when making educated and effective investments. Making an investment decision entails evaluating different investment options, estimating risks and potential benefits, and deciding on the best assets to commit resources to. These decisions are critical in the accumulation of wealth, portfolio diversification, and attainment of financial objectives. This abstract examines the significance of investment decision-making in terms of maximizing returns, controlling risks, and optimizing financial resource allocation. It emphasizes the importance of making informed investment decisions in terms of long-term financial growth, capital preservation, and wealth generation. Furthermore, the abstract delves into essential investment decision-making concerns such as risk assessment, return appraisal, asset valuation, market analysis, and investment plan design. It emphasizes the significance of knowing one's risk tolerance, investing goals, and time horizon in order to make effective investment decisions.

Key Words: *Investment Decisions, Equity Bonds, Debt, Mutual Funds etc*

INTRODUCTION

Money allocation is also known as capital planning. Choosing wisely between expensive options is what capital budgeting, or investment selection, is all about. There are three key points to remember when planning a major purchase. Capital investments typically yield positive results over extended periods of time. In addition to the high initial investment needed, they can be challenging and pricey to

eliminate. Due of its significance, this issue is referred to as strategic asset allocation for businesses. Businesses should ensure that marketing, engineering, and manufacturing department heads are involved in assessing capital budgeting plans and given adequate time to make judgments. This is due to the significance of the decisions made in the capital budgeting process.

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Both investment and investing can have very distinct connotations. Spending money to make more money is a straightforward reason. There are numerous ways this can occur. Each financial commitment is unique. Our goal is to demonstrate how simple it is to make the most suitable purchase. The correct kind of assistance is all you need. A financial investment is a long-term financial commitment made with the expectation of future financial gain. Putting money to work is what you do when you invest. To prevent losses due to speculation, investments should be secured by tangible collateral or third-party guarantees. A loan that has been thoroughly analyzed and is secured by immediate collateral worth more than the loan amount is an investment.

Deposits in insured banks and other financial instruments backed by the promise of assets from other parties are examples of investments. Organizations like the Securities Investor Protection Corporation, the Federal Deposit Insurance Corporation, the National Credit Union Administration, and the Canada Deposit Insurance Corporation exist to protect investors in the United States and Canada.

The investment decision rules:

When making choices, businesses should follow these guidelines:

- Profits for the owners are maximized.
- Consider the project's potential returns and benefits.
- Picking the best method for decision making.
- Keeps the money coming in regularly.

Review of literature:

Nagy and Obenberger (1994) conducted a survey on determining the underlying criteria that affect decisions of individual equity investors with substantial holdings in fortune 500 firms. According to empirical evidence, wealth-

maximization criteria were found significant among respondents while the effect of recommendations of brokerage houses, individual stock brokers, family members and co-workers were identified as insignificant.

Kiran and Rao (2005) examined whether demographic and psychographic variables were effective on risk-bearing capacity of Indian investors by conducting a sampling survey. By analyzing the collected data through multinomial logistic regression and factor analysis (FA) of SPSS, they verified a strong relationship between risk taking attitude and demographic and psychographic variables.

Goodfellow et al. (2009) investigated institutional and individual investors' trading behaviour by testing for the presence of herding on the Polish stock market from July 1996 to November 2000. According to empirical evidence, contrary to institutional investors, individual investors exhibited herding during market downswings and to a lesser extent also in market upswings which implied that individual investment decisions were prone to sentiment during market stress, while they mostly trusted their beliefs and information when stock prices rose.

Tabassum Sultana and Pardhasaradhi (2012) carried out a survey on factors influencing Indian individual equity investors' decision-making and behaviour. By performing FA, out of 40 attributes, they identified 10 factors which represent investors' decisions in common.

Sarac and Kahyaoglu (2011) examined the demographic and socio-economic factors affecting the risk perception of individual investors engaged in buying and selling transactions in Stock Exchange Istanbul. As a result of the study, it was determined that the risk perception changed according to the demographic and socio-economic factors.

Demir, Akçakanat, and Songur (2011) investigated the impact of psychologists'

investor investment decisions on individuals investing in stocks in Istanbul Stock Exchange. The study was carried out by face-to-face questionnaires and random sample method of 270 individual investors in Lake District (Isparta, Burdur, & Antalya) between 01.11.2009-10.12.2009. As a result of the research, it was found that some psychological factors affected investor decisions.

NEED FOR THE STUDY

- The campaign's objective is to raise awareness of Investment decisions as a solution for both short- and long-term needs.
- The campaign's goal is to increase awareness of investment decisions in different routes as a reliable investment option for people with modest income.
- The primary purpose of this research is to demonstrate the flexibility of investment decisions in different class assets to reduce the risk of the portfolio in ICICI.
- True beneficiaries of the investment and the consequences of an unexpected event have not been given the due consideration they need.
- The investor spends a lot of time and effort thinking about which assets to buy, how long to hold them, and what kind of return to expect. Understanding the advantages and disadvantages of investment decisions is crucial to the success of this investigation.

SCOPE OF THE STUDY

- Examining the investment decisions of ICICI bank is the focus of this research.
- The study analyzes the performance evaluation of different assets in investment decisions at ICICI bank.

- The reason for this research is to better understand the various investment options available in ICICI bank.
- This research examines the potential gains and losses associated with investing in various investment option.
- The purpose of the research is to gain an understanding of the Indian stock and bond markets.
- The study is conducted for the duration of five(5) years from 2018 to 2022.
- Data analysis consist of return on investment and net asset value.

OBJECTIVE OF THE STUDY

- To examine the absolute change of stock indexes in BSE100, BSE200, BSE500.
- To identify the bond returns at a glance at ICICI.
- To analyse the investment decisions of ICICI such as mutual fund, real estate returns, life insurance returns, equity returns.
- To know the requirement of people investing in equity, bonds, gold, equity mutual fund, debt mutual fund.
- To observe the investment needs of people according to their risk appetite.

RESEARCH METHODOLOGY

Business decisions were found to benefit from knowledge of stock markets, bond markets, gold markets, mutual fund markets, and life insurance markets.

The project gained a foundational understanding of investing from conversations with ICICI employees, who also aided in the formation of certain investment DECISIONS.

The secondary data used in this project came from a variety of sources, including online databases, text books, and scholarly articles.

Primary method:

This technique makes advantage of data

obt

ained through personal interactions with verified ICICI Ltd. members.

Secondary method:

- Data collected from the NATIONAL STOCK EXCHANGE(NSE), BOMBAY STOCK EXCHANGE(BSE) and other magazines; lectures from department heads; ICICI Ltd.- supplied pamphlets and materials for gathering secondary data; etc.
- Investment options are compared based on the period of 5 years from 2018-2022. Then, we perform a thorough analysis of the many factors, such as returns, security, liquidity, etc. To do this, we multiply each investor's request by the appropriate quantity and then apply the resulting weights.

LIMITATIONS OF THE STUDY

- The study focuses on investment decisions in ICICI Bank only.
- The study is conducted in short period 5 years, due to which the study may not be detailed in all aspects.
- The findings cannot be generalized as a whole because it needs to be completed in a specific time.
- The data taken into account for analysis is very general. Confidential data is ignored as it is highly sensitive. As a result, the information presented in the research report is limited.

DATA ANALYSIS AND INTERPRETATION

PERFORMANCE ANALYSIS OF RETURNS

It's simple to see the stock returns. When we examine the performance of stocks over the past five years, we find the following: able no: 4.1. Tabular e Analysis

of returns in terms of Sensex

SL. NO	YE AR	IND EX	ABSO LUTE CHAN GE	PERCE NTAGE CHANG E(%)
1	2018	13908	122	0.88
2	2019	20323	6415	31.57
3	2020	19426.71	-896.29	-33.01
4	2021	21064	1637.29	8.42
5	2022	26508.21	5444.21	2.58

Table no:4.2. Tabular representation of BSE 100

SL. N O	YE A R	IN DE X	ABSO LUT E CHA NGE	PERCE NTAG E CHAN GE(%)
1	2018	7026	44	0.65
2	2019	9132	2106	23.06
3	2020	9547.25	415.25	4.34
4	2021	9987.54	440.29	4.61
5	2022	10020.4	32.46	0.0325

Table no:4.3. Tabular representation of BSE 200

SL NO	YE AR	IN DEX	ABS OLUTE CH ANGE	PERC ENTA GE CH ANGE(%)
1	20 18	16 22	7	0.42
2	20 19	21 60	498	23.05
3	20 20	24 24. 38	264.2 8	10.9
4	20 21	28 97. 41	473.0 3	19.51
5	20 22	33 68. 77	471.3 6	16.28

Table no:4.4.
Tabular
representation of
BSE 500

S L. N O	Y E AR	IN D E X	ABS OLU TE CH AN GE	PERC ENTA GE CH ANGE(%)
1	20 18	52 95	2 5	0 .4 7
2	20 19	68 33	1 5 8 8	2 3 .0 7
3	20 20	75 81. 57	6 9 8 .5 7	9 .2 1
4	20 21	79 85. 67	4 0 4	5 .3

			. 1	3
5	20 22	10 53 8.6 5	2 5 5 3 .0 2	3 .1 9

BONDS RETURNS AT A GLANCE

According to this calculation, the average annualized return on central government stocks was

10.57 percent. State government bonds currently yield 10.57 percent annually on average.

ICICI returns at a glance

There's a proverb that goes something like, ICICI shines when everything else crumbles. The luster has returned, yes. Gold's value increased little throughout the 1950s. It went up from \$35 to \$40 between the years of 1960 and 1970. A 1,407% increase from \$40 in 1970 to \$614 in 1980. The following table displays an overview of the fluctuating gold prices in India.

Table no:4.5. Tabular representation of ICICI returns

S L. N O	Y E AR	P R I C E (\$)	ABS OLU TE CH AN GE	PERC ENTA GE CH ANGE(%)
1	20 18	63 6	1 1 9	2 3 .0 1
2	20 19	99 5	3 5 9	3 6 .0

				8
3	20 20	12 07. 5	2 1 2 . 5	1 7 . 5 9
4	20 21	13 34. 55	1 2 7 . 0 5	1 0 . 5 2
5	20 22	17 96. 8	4 6 2 . 2 5	3 . 4 6

Mutual Funds return at a glance

Table no:4.6. Tabular representation of mutual fund returns From 2018-2021

Equity tax savings	NA V	1YE AR	2 YE AR	3 YE AR
Magnum Tax saving	47. 58	109 .65	9 3. 6 8	1 1 1 . 5 8
Principal tax savings	74. 6	91. 2	5 9 . 3	7 3 . 7
ICICI Ta x saver	138 .5	104 .6	8 3 . 6	9 1 . 6

EQUITY BALANCED

**Table no:4.6.
Tabular
representation of
Equity Balance
From 2018-2021**

Eq uit y Ba la nc ed	N A V	1 Y E A R	2 Y E A R	3 Y E A R
M ag nu m Ta x sa vin g	3 2 . 4	7 4 . 6	5 3 . 4	6 3 . 7
Pri nci pa l ta x sa vi ng s	2 3 . 8	7 1 . 1	4 9 . 1	5 2 . 8
ICI CI Ta x sa ve r	9 6 . 3	6 1 . 8	4 2 . 9	5 5 . 9

Life Insurance as Tax Planning

Purchasing insurance is also an excellent method to lessen your taxable income. The Indian government has provided tax incentives for insurance products in an effort to get its citizens to invest their money wisely. According to Section 88 of the Income Tax Act of 1961, taxpayers are

eligible for a 20% refund on annual premiums paid for their own and their adult children's lives.

Primary Needs

Investors prioritize liquidity, profitability, and security while making investment decisions. Following the events of US-66, many people are wary of investing in government-insured financial institutions. Most of them are currently investing in fixed deposits at banks since they consider it one of the most secure methods to spend their money. It's common to hear people say things like, I don't mind getting low returns, but I should make sure I get them.

Secondary Needs

There should be little barriers to entrance, accurate tax payments, and smooth financial flow. There are a number of tax incentives in place to boost the construction and real estate markets nationwide. Borrowing money for a home purchase or construction may qualify the taxpayer for an annual interest deduction of up to Rs. 2 lakh. While dividends will be taxed this year, mutual funds still offer dividend tax shelters like the growth option and the systematic withdrawal program. The capital gains tax rate decreases over time from a maximum of 20% to 10% for long-term gains. Low barriers to entry and favorable tax treatment make mutual funds an attractive investment option. Mutual funds are more accessible than bonds because investors don't have to wait for an issue to open before investing. Mutual funds have several advantages, but the initial investment may appear high. However, with a strong strategy and just 500 rupees, you can begin investing in mutual funds.

Tertiary Needs

Investing in stocks is one option for making your money work for you. Stocks outperform every other

investment option. They are the most reliable means of sustaining financial success and expansion. The best strategy to save money for the future is in this way. If a company you own goes bankrupt, you will lose money on your investment. These situations will always occur, but profit may typically be maximized by being frugal.

If a person had invested Rs. 1 lakh (\$15,000) in the stock market 22 years ago, they would have Rs. At the time of its initial public offering in June 1993, Rs. 10,000 invested in Infosys stock would have yielded a return of more than Rs. Debt returned 12% year during the same time span, gold returned 3.4% annually, and real estate returned 10% annually; yet, it remained difficult to appraise, sell, and make a profit on real estate. Another excellent option is a systematic investment plan (SIP) in mutual funds.

Table no:4.7. Tabular representation of people investing according to their requirements.

Particulars	Equity	Bonds	Gold	Equity MF	Debt MF
Primary Needs	2.33	1.9	2.33	2.91	2.64
Secondary Needs	2.42	1.33	1.65	2.65	2.32
Tertiary Needs	1.5	2.46	1.27	2.2	2.3
Value of Specific Instrument	6.25	5.69	5.25	7.76	7.26

Procedure followed

To begin, the three most crucial needs

ha

ve been categorized into three large buckets: Core needs, Supplemental needs, and Portfolio fit. Additional categories include primary needs, safety returns, and liquidity. Secondary requirements include tax effectiveness, low entry barriers, and adequate cash flow. Examples of secondary criteria include long-term objectives, investments, and selling prices. Each classification has a distinct weight, but the overall distribution is as follows: 40% primary, 30% secondary, and 30% tertiary.

The ranks are multiplied by the weights assigned to the various categories, and then by the weights assigned to the primary criteria. Mutual funds that invest in stocks are the riskiest option. The market dictates the direction of most stories. Almost anything can have an impact on the market. However, government-backed loans are the greatest option. One of the finest ways to get substantial profits is through investing in contrast equity, which is why it is ranked first. Because the government guarantees to repay bonds, they get the lowest rating. Both of these options offer annual yields of 8–9%.

Gold and mutual funds, because their owners can easily convert their holdings into cash, are the most liquid investments. However, real estate and PPF accounts can't be sold or accessed for 15 years.

Because they can be purchased at any time for a relatively low cost, stocks and mutual funds are often considered superior investments, even when there is a barrier to entry. However, this doesn't work with property because you can't get the land you desire unless a seller appears.

Mutual funds that invest in stocks and real estate tend to provide the best tax advantages. If you hold onto your mutual fund units for more than a year, you'll pay tax on only 10% of your capital gain instead of the maximum rate.

For two reasons (lower interest and TDS), fixed bank deposits aren't the most tax-efficient way to save money.

Few options exist that will allow us to achieve our long-term objectives. For the identical mutual funds with the greatest asset grid score, the systematic investing strategy is the best way to fulfill your long-term goals. There is a good possibility that real estate's value will rise over time, and only a small chance that it would fall. The low returns on bank CDs place them last on the list of investment options.

Table no:4.8. Tabular representation of people according to their risk appetite

Investment Needs	Weight (%)	Equity	Bonds	Gold	Equity MF	Debt MF
Safety	40	2	7	7	5	7
Returns	40	8	4	5	8	5
Liquidity	20	7	4	8	7	9
Entry Barrier	60	9	5	5	8	7
Tax Efficiency	20	3	6	3	7	8
Cash Flow Effectiveness	20	8	3	9	8	9
Long term Goals	40	4	5	6	9	7
Holding/Liquidation cost	60	5	9	3	7	8

FINDINGS

- Over the past decade, the Indian stock market has expanded significantly. There has been a lot of volatility on the stock market since the 1990s began, with multiple bull and bear markets.
- The Indian market expanded at a rapid rate toward the end of the 1990s. The real estate market is seeing more interest from investors.
- The S&P BSE 200 looked at 200 firms whose stock was included on the BSE's designated and non-specified listings.
- The current market capitalization of the traded scrip was the primary consideration while selecting the firms. The final 200 organizations were selected based on market activity, as demonstrated by revenue numbers, and a number of other variables.
- The value of the BSE may be summed up in one index: the S&P BSE 500. The BSE 500 index includes the 500 most important economic components.

SUGGESTIONS

- A good stock may rise while the market is down, but a bad stock may fall when it is up.
- The market values a company's stock based on projections of its future profits. A company's success in the past is no guarantee of its future success.
- A company's fundamentals, such as its sales, profitability, and cash flow, help investors determine if its pricing is fair. Success forecasts for businesses are often compared to averages in their respective industries. Companies in slow-growing industries are evaluated differently from those in fast-growing

ones.

- In most cases, diversifying your stock holdings among a variety of companies is a good idea. In this way, you can rest assured that your firm is well-prepared for any eventuality.

CONCLUSIONS

- Buying stocks, bonds, real estate, or gold are just a few examples of the many ways money can be spent. Unique characteristics characterize each object category. Some of these investments will provide income at any given time, while others may incur losses. When searching for profitable investments, most people zero in on one single product.
- While others search for the next Infosys, some prefer to invest in real estate or gold. Some investors choose debt mutual funds, while others use PPF or post office accounts.
- Only a minority of investors diversify their holdings between asset classes or even among sub-categories of the same asset class. The adage Don't put all your eggs in one basket gained widespread recognition as a result of this. Diversifying your investing portfolio can help you sleep better at night.
- Many equities have increased by large amounts since the beginning of May 2016, when circumstances began to shift. Over 61% of the market has risen. Real estate prices are also on the rise, making it difficult to predict their future movement in this competitive market. Both gold and silver prices have skyrocketed recently.
- Assets should be converted to equity and land if the problem is expected to endure for a long time. This issue may not be resolved for some time. Increases in market returns are desirable provided that earnings continue to rise. It's possible that this trend will continue for some time as the economy improves, with significant increases in real estate prices, particularly in less populous areas. Improved connectivity will elevate the significance of development in outlying

regions. The real estate market has been negatively impacted by tenancy regulations and urban limits, both of which are hotly debated.

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