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A STUDY ON INVESTMENT DECISION AT ICICI BANK LIMITED

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I. ABSTRACT

The banking industry plays an important role in the economic development of a country. It supplies the lifeblood of the economy, i.e., finance, that supports and fosters growth in all the industries and thereby ensures economic development. The Indian banking industry is one of the fastest growing industries in India. In this context, a study has been undertaken to evaluate the financial performanceof ICICI bank that is India's largest private sector bank. It is the most precious financial institution inIndia in terms of market capitalization and is ranked third among all the companies listed on the IndianStock exchanges (Sharma, 2012). The main purpose of this analysis is to know the capability of payment of interest and earning capacity or profitability.

II. STATEMENT OF THE PROBLEM

Although financial statements is the activity related to the provision of adequate information for adopting necessary options and importance of financial statement in banking sector, commercial banks in less developed countries is constrained by several challenges including macroeconomic instability, instability of stock markets and inadequacy of the advancement and specialization of banks and thus justifies the reason why customers are dedicated to Financial statements to use in examining the performance of bank and involved for making decisions.

III. INTRODUCTION

Investment decision refers to financial resource allocation. Investors opt for the most suitable assets or investment opportunities based on risk profiles, investment objectives, and return expectations.

Firms have limited financial resources; therefore, the top-level management undertakes capital budgeting and fund allocation into long-term assets. Managers overseeing business operations opt for short-term investments to ensure liquidity and working capital. Investment decisions are also influenced by the frequency of returns, associated risks, maturity periods, tax benefits, volatility, and inflation rates.

Process: Investing in an asset, security, or project requires a lot of patience; ideally, the decision-making process should be analytical. Following is a five-step process decision making process that guides investors:

1. Analyze Financial Position: For financial management, one has to understand the company or individual's current financial condition.

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2. Define Investment Objective: Then, investors must set up an investment objective—whether to invest short-term or long-term. They should also be aware of their risk appetite (level of risk they desire to take).

3. Asset Allocation: Based on the objective, investors must allocate assets into stocks, debentures, bonds, real estate, options, and commodities.

4. Select Investment Products: After narrowing down on a particular asset class, investors must further select a particular asset or security. Alternatively, this could be a basket of assets that fit the requirements.

5. Monitor and Due Diligence: Portfolio managers keep an eye on the performance of each investment and monitor the returns. In case of poor performance, they must take prompt action.

IV. NEED OF THE STUDY:

Investment decision is important because they will influence the company size (fixed assets, sales, and retained earnings). They increase the value of the company's shares and thus its credibility The fact that they are irreversible means that they have to be made carefully to avoid any mistake which can lead to the failure of such investment Due to heavy capital outlay, more attention is required to avoid loss of huge sums of money which in the extreme may lead to the closure of such a company.

V. OBJECTIVE OF THE STUDY:

- To examine the practical usage of investment decision of ICICI BANK LIMITED.
- To measure the present value of rupee invested.
- To analyze the risk and uncertainty in ICICI BANK LIMITED.
- To examine suggestions based on findings of the study.
- To analyze about the investment industry.
- To measure about the investment decisions like equity, bond, mutual fund, gold and life insurances.

VI. SCOPE OF THE STUDY:

You can take investment decision only after analyzing entire process of investment that starts with funds contribution and ends with getting expectations fulfilled. The investment decision rules allow you to formalize the process and specify what condition or conditions need to be met to accept the project. You will take decision only after ensuring that the required expectations in terms of returns are ensured at any cost. The study is conducted to understand the functioning of Equities in Indian Equity market.

The choice of location for the study is based on the responses given by the investors of who are operating the stock market in twin cities. This study will helpful in understanding the behaviour and risk preferences of investors.

VII. RESEARCH METHODOLOGY:

The data used for analysis & interpretation is collected through secondary sources.

RESEARCH DESIGN

A research design is an arrangement of condition for collection and analysis of the data in manner that aims to combine relevance to the research purpose with economy in procedure. The study is descriptive in nature i.e., descriptive research.

DATA COLLECTION

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Equities, Bonds, Gold, Mutual Funds and Life Insurance were identified as major typesof investment decision at ICICI BANK LTD.
The secondary data for the project regarding investment and various investment decisionwe recollected from websites, textbooks and magazine.
Secondary method: The secondary data collection method includes:

- The data related to Annual reports of ICICI Bank through websites. The brochures and material provided by ICICI BANK LTD.
- The data collected from the magazines of the NSE, economic times, etc.
- Various books relating to the investment capital market and other related topic.

DATA ANALYSIS & INTERPRETATION

1. Net present value

$$NPV = \sum_{t=0}^{n} \left(\frac{R_t}{(1+i)^t} \right)$$

R_t = net cash inflow-outflows during a single period
I = discount rate or return that could be earned in alternativeinvestmentst = number of time periods
The decision rule: Accept, if NPV > 0 Reject, if NPV < 0

2. Average rate of return

ARR= Average returns during the period Average investment

3. Profitability index

PI = NPV-(I_t-C_t)
(I_t – C_t)
PI = Profitability index
I_t = Total cash inflow in time period
C_t = Total cost in time period

4. Present value

PV1= CF1(1+R)
PV1 = Present value of future cash flow after one year
CF1= Cash flow after one year
R = Discount rate which is, typically, between 0 and 1

5. The adjusted present value method

APV = NPV (all-equity financed case) + Present Value of the net benefits of debt

VIII. LIMITATIONS OF THE STUDY:

- The study was limited to only five investment options.
- Study is based upon secondary data, there is a possibility that the data could be manipulated or not accurate.

- The data is compared and analyzed on the basis of performance of the investmentoptions over the past five years, so there is no surety that the result will be continued in near future.
- While considering the returns from mutual funds only top performing schemes wereanalyzed.
- It was very difficult to obtain data regarding the returns yielded by others and henceaverages were taken.

IX. REVIEW OF LITERATURE

ARTICLE 1

Title: A Study On Investment Decision Making Of Casual Investors In Risky Instruments

Authors: Sharma, Meenakshee, Chhattisgarh Swami Vivekanand Technical University

Publication year: 2013

Abstract:

Investors hedge their funds by investing in a portfolio of high and low risk instruments. Many portfolio management theories (such as Markowitz Portfolio Utility Theory, Sharpe Single Index Model and Capital Asset Pricing Method) have been proposed in an attempt to design an optimal portfolio. However, casual investors do not have detailed knowledge of these theories or calculations involved therein to make an informed investment. Casual investors form a big chunk of prospects for the financial services companies. These firms attempt to such investors by developing financial products that seem to provide high returns with low risk.

Keywords: Arts and Humanities, Arts and Recreation, Humanities Multidisciplinary

ARTICLE 2

Title: Behavioural Finance in Investment Decision Making Process of Mutual Fund Investors

Authors: Kohli, Garima

Publication year: 2019

Abstract: Behavioural Finance in Investment Decision Making Process of Mutual Fund Investors newline

Keywords: Social Sciences, Economics and Business Management

ARTICLE 3

Title: Factors Influencing Investment Decision Making Process A Select Study

Author: Amit Agrawal

Publication year: 2020

Abstract: The process of Capital Formation (Saving and Investment) is of prime importance for any country and same is true with India. It is considered as the fuel for growth engine of any economy. Gross Domestic Capital Formation as a percentage to GDP at current market price in India was 31.4, in the year 2017-18 (RBI Annual Report, 2017-18), with a household share of just 12.1 (RBI Annual Report, 2017-18). A high growth in capital formation rate cannot be expected without active participation of households.

Despite of the excellent per capita income growth of India in last few years, households share in the saving- investment process has not increased significantly. To increase the contribution of households in the process of capital formation in India, importance of understanding investment behaviour of Indian households has been felt. Therefore, the basic purpose to carry out this research is to explore the aspects and factors related to investment behaviour of individual households. During the literature review it has been observed that apart from demographic and cognitive factors there are many psychological and behavioural factors which have their influence on the behaviour of household investors. A gap has been identified in literature for understanding the influence of such factors on Indian household investors.

Keywords: Economics and Business, Management, Social Sciences

ARTICLE 4

Title: A study of investment pattern through portfolio management approach

Authors: Hrishikesh J. Juikar

Publication year: 2019

Abstract: The researcher has analyzed the primary data collected for the present study. Various tools are used, such as frequency and percentage analysis, cross tabulation, chi-square test, factor analysis, and regression test, non-parametric test done for answering of conclusions. With the help of factor analysis data analysis is done, identifying the mean score of the factor helping to make proper decision for making investment. Investment objectives of the investor are analyzed in association with socioeconomic factors and priority for saving and investment. Demographic factor and reasons for change in the portfolio, investor s preferences for source of information before investing money checked. Awareness about the portfolio is verified with change in monthly financial requirement, factors affecting the investment decisions, conditions for selecting a company, factors affecting

ARTICLE 5

Title: Financial constraints and investment decisions of listed Indian manufacturing firms

Authors: Sanjeev Kumar & K. S. Ranjani

Publication year: 2018

Abstract

The purpose of the study is to understand the role of cash flow sensitivity to investment as a measure of financial constraints among listed Indian manufacturing firms. It also analyses the role of tangibility in alleviating financial constraints. Further, the role of other financial factors in investment decisions is explored.

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X. DATA ANALYSIS AND INTERPRETATION

Data Analysis

STOCK RETURNS Table X.i. PERFORMANCE ANALYSIS OF RETURNS

The below table shows returns and percentage change of performance analysis of the past5years.

YEAR	INDEX*	ABSOLUTE CHANGE	PERCENTAGE CHANGE(%)
2018	18786	4389	23.4
2019	18908	122	0.65
2020	20323	1415	7.00
2021	25631	5308	20.79
2022	30241	4610	15.244

Source: performance analysis

ABSOLUTECHANGE=P2-P1 •PERCENTAGECHANGE (%) =(P2–P1)/P1

P1–Present year.

P2–Previous Year.

Interpretations:

The year 2018 is an underlying year, and the Sensex 18786 focuses on the file that is thought to be changing.

The Sensex decreased and there was a minimal change in Performance Analysis of Returns, which resulted in a 0.65% which is a negligible change.

The market has not improved since it has a significantly lower return than it did in 2019 (the previous year).

The Sensex increased in 2020 with 1415 targets, resulting in a 7 % rise and minimal improvement on the surface.

The Sensex increased to 5308 points in 2021 and this year, there has been some improvement, with a gain of 20.79%.

In 2022 the Sensex was shutting 4610 focuses which brought about difference in 15.24%. The downturn happens in 2019, so the market tumbles to 122 focuses (0.65%).

Towards the finish 2021 market has cover with a colossal benefit 5308 focuses (20.79%).

EQUITY RETURNS

TABLE X.ii PERCENTAGE CHANGE IN BSE

YEAR	INDEX	ABSOLUTECHANGE	PERCENTAGE CHANGE(%)
2018	3580	506	14.13
2019	4953	1373	27.72
2020	6982	2029	29.06
2021	8110	1128	16.15
2022	9182	1072	13.21

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Source: changes in BSE ABSOLUTECHANGE=P2-P1 PERCENTAGECHANGE (%) =(P2–P1)/P1
P1–Present
year.
P2–
Previous
Year.

Interpretation:

The year 2018 is an underlying year, and the Sensex 3580 focuses on the file that is thought tobe a change.

The market was shut 1373 focuses in the time of 2019organizations with the last year the Sensex rate is 27.72%.

In 2020 the Sensex is moved upwards with 2020 focuses i.e., 29.06%.

It is higher bring in the market with extraordinary improvement on the lookout and had benefits. In the year 2021, Sensex got misfortune about 16.28% i.e., change in1128focuses contrasted with last year.

In the year2022, the Sensex shut with 1072 focuses with change in 13.21%.

LIFE INSURANCE

Table X.iii PERCENTAGE CHANGE IN BSE

YEAR	INDEX*	ABSOLUTECHANGE	PERCENTAGECHANGE(%)
2018	884	168	19
2019	1686	802	47.57
2020	1855	169	9.11
2021	1925	70	3.77
2022	2180	255	11.67

Source: changes in BSE

- ABSOLUTECHANGE=P2-P1
- PERCENTAGECHANGE(%)=(P2– P1)/P1P1–Present

year. P2–Previous Year.

Interpretation:

In 2018 and 2019, the Sensex increased from 168 to 802 points, 19% to47.57% respectively. In 2020, the Sensex was shut in 169 focuses with a difference in 9.11% which is a fall contrastedwith earlier year i.e.,2019.

By the end of 2022, the market had been covered with an advantage of 255 foci (11.67%). Inthe year 2021, organizations had Sensex decreased with 70 points and an almost negligible change, or 3.77.

BOND RETURNS

The given prices of bonds in the following table are the march month prices of every year.

TABLE X.iv Bonds returns

Year	Price	Absolute change	Change%
2018	6.828	0.552	7.88
2019	7.315	0.487	6.65
2020	6.933	0.382	5.50
2021	5.578	1.355	24.29
2022	5.705	0.127	2.22

Source**:** changes in BSE

• ABSOLUTECHANGE=P2-P1 •PERCENTAGECHANGE (%) =(P2–P1)/P1
P1–Present year.
P2–Previous Year

Interpretation:

In the year 2018 which is an underlying year, the cost was rs. 6.828 and with a percentagechange in 7.88%.
In 2019, the cost was raised vertically by Rs. 0.487 while falling by 6.65%. In 2020, the cost has changed by 5.5%, coming close to 0.382.
2021 will see a huge increase in the price of Rs.1.355 and a percentage change of 24.29%.
The cost has decreased minimally vertically in 2022, or by Rs. 0.127 with a change of 2.22%.

GOLD RETURNS

The trend of gold prices in India over the past five years as a percentage change is given in the following table.

TABLE X.v CHANGES IN GOLD RETURN

Year	**PRICE**	**Absolute Change**	**Percentage Change**
2018	Rs.29,667.50	1525	6.4%
2019	Rs.31,438.00	1771	5.6%
2020	Rs.35,220.00	3782	10.73%
2021	Rs.48,651.00	13431	27.60%
2022	Rs 50,300.00	1649	3.27%

Source: changes in BSE

• ABSOLUTE CHANGE=P2-P1
• PERCENTAGE CHANGE (%) =(P2– P1)/P1P1–Present year.

P2–Previous Year

Interpretations:

The year 2018, the gold cost is considered as no change as it is an underlying year with %

change of 6.4%. The price of gold increased by Rs. 1771 in 2019 due to a shift in percentage that caused destruction to increase by 5.6%.
The price increased once again in 2020 by Rs. 3782, representing an astonishing jump of10.73%.
In 2021, the cost adjustment was increased in addition to by 13431, which resulted in an astonishing improvement of 27.60%.
The cost adjustment for 2022 is Rs. 1649, an increase of 3.27 percent.

XI. FINDINGS

From the analysis of data, we have the following findings.

- The SENSEX with reference to returns on stock reached upto 5308 points in 2021; this year, when there has been some growth, theSensex closed at a benefit, or 20.79% change.
- In relation to the BSE 110 rate chance, with reference to returns on equity the Sensex closed at 1072 points with a change of 13.21% in 2022.The SENSEX closed in 2021 with a change of 29.06% in 2020.
- Regarding the rate change in the BSE 200, with reference to returns on life-insurance the market closed 255 points at the end of 2022, coveringthe SENSEX rate profit of 11.67%, and at the year 2019, the Sensex maximum gained 802 points or 47.57%.
- With the reference of returns on bond, the maximum points gained in the year 2021 i.e., 24.29% change and fallen significantly in 2022 i.e., 2.22 %change, due to raise in the bond’s price.
- According to another estimate, the increases in gold rates between 2021 and 2022 will be 12.6% and 38.64%.
- In the event of ICICI of mutual fund, the tax saver decreases from 102.60 to 92.60.
- Finally, as investigators are hesitant to take a chance, the evaluation results are regarded to be of medium strength.

XII. SUGGESTIONS

The following are suggestions.

- Exchange authorities must be taken action to inform investors of their rights and obligations related to returns on stock.
- Investors must have more awareness related to returns on equity, so that they can invest in to right equity stock.
- Investors must be financially stable with respect to the raise in the bonds price respectively.
- Mutual fund products should be created and launched in such a way as to convey an impression of newgoods to broaden the market's reach for mutual funds. Since each investor category has different needs and preferences, the mutual fund product must be tailored to meet their needs.
- Complete and appropriate information must be presented to investors of all categories of life- insurance to increase their confidence and loyalty. As the ICICI Tax Saver faced decreased trend during 2020-2022
- It is advisable to own stock to reduce expenses in ICICI. So, that you have something to fall back on if any region's economy falters.

XII. CONCLUSION

With the ICICI BANK LIMITED online continuity and efforts to streamline the overall

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trading system, things have improved. Investors have benefited greatly from the development of internet trading since they may now sell or purchase shares as needed through this medium. In the present scenario to invest, investors would require sound knowledge on the risk and return on their investment. Brokers have a higher rate than in the past due to the establishment of online trading. Because this is a service-focused market and the company idea has evolved, they must give their clients the finest service possible to survive.

The greatest difference between stocks and bonds are their risk levels and their return potential. Speaking very generally, stocks have historically offered higher returns than bonds but also come with increased risk. While you may earn more with stocks, you may also stand to lose more.

Mutual funds are generally considered a safer investment than stocks because they offer built-in diversification—something that helps mitigate the risk and volatility in your portfolio.

investing in any kind of life insurance policy leads to tax saving. That is not true for MFs, unless one specifically invests in tax-saving MFs. Since many people can't differentiate between tax saving and investing, they end up buying insurance policies.

Safety, income, and capital gains are the big three objectives of investing. Therefore, investing in equities and mutual funds can be a good option.

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