



INTERNATIONAL JOURNAL OF ADVANCE RESEARCH, IDEAS AND INNOVATIONS IN TECHNOLOGY

ISSN: 2454-132X

Impact Factor: 6.078

(Volume 7, Issue 5 - V7I5-1301)

Available online at: <https://www.ijariit.com>

ICICI Mutual Fund

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ABSTRACT

ICICI Securities Limited functions in providing various investment banking products with addition it is also responsible in providing services to investors, financial authorities, corporates and retail investors in India and globally. It plays vital role in providing corporate finance services to corporations, financial institutions, financial sponsors, and government, which comprises equity capital market products, such as initial public offerings (IPO), further public offering, rights offerings, convertible offerings, qualified institutional placements, non- convertible debentures, buyback, delisting, and open offers and international offerings for both unlisted and listed entities. The company also offers mergers and acquisitions advisory services, and private equity advisory.

Keywords— ICICI Securities, IPO

1. INTRODUCTION

ICICI Securities Ltd can be described as an integrated securities firm which is known to offer a wide range of services. The services it offers comprises of institutional broking, private wealth management, investment, banking, retail broking and financial product distribution. It plays vital role Creating Informed Access to the Wealth of the Nation for its diversified set of clients. The diversified set of clients it targets includes financial authorities, corporates, highly paid professionals, and retail investors. Its headquarters is located in Mumbai. It is spread in 66 cities and town in India. Moreover, it also have global offices in Singapore and New York. It is well known as member of the Financial Industry Regulatory Authority (FINRA) / Securities Investors Protection Corporation (SIPC). It is recognized to be registered with MAS i.e., Monetary Authority of Singapore. It is known to run a branch office in Singapore. It is responsible for different activities such as Dealing in Securities and Corporate Advisory Services in the United States.

2. HOW IS A MUTUAL FUND SET UP?

A Mutual Fund can be described as a form of a trust, which comprises of undermentioned groups:

- Sponsor: They can be more than one in number and functions in promoting the company. It also establishes trust.
- Trustees: They hold its property in order to generate maximum advantages for the unit holders.
- Assest management company (AMC) : It is supported and confirmed by SEBI. It makes investments in different types of securities and thus plays a vital role in managing the funds.
- Custodian: They are known to be registered with SEBI. It functions in holding the security of different types of schemes of funds in its custody.

The trustees are vested with the general power of superintendence and direction over Assest management company. They function in monitoring the performance and compliance of SEBI regulations by the Mutual Fund.

It has undermentioned advantages:

It emphasizes providing most advantages to its investors. It's designed in such the way that a quest team is below the fund manager so as to attain the scheme's objective. so as to attain the market come correct designing for strategic investment is needed by the various sector funds comprising the Assets Management Company.

- PORTFOLIO DIVERSIFICATION:** It invests in a portfolio of securities that are different on the basis of a number of factors. It functions in serving to investors bearing a heterogeneous investment portfolio regardless of the number of the investment created.
- PROFESSIONAL MANAGEMENT:** Fund managers bear varied analysis works and therefore have higher capability of investment skills that ensures higher returns to the capitalist. He's more capable of managing investments than what a capitalist will handle on his/her own.

- (c) **Low RISK:** Capitalist acquire a heterogeneous portfolio of securities whether or not it's a huge investment or atiny low investment in a very investment firm. The danger in a very heterogeneous portfolio is relatively lesser than finance in simply two or three securities.
- (d) **LOW TRANSACTION COSTS:** Due to the economies of scale (benefits of larger volumes), mutual funds pay lesser group action prices. These advantages area unit passed on to the investors.
- (e) **LIQUIDITY:** An capitalist might lose the flexibility to sell a number of the shares controlled by him terribly simply and quickly, whereas units of an investment firm are way more liquid.
- (f) **OPTIONS OF SCHEME:** mutual funds furnish various schemes with totally distinct investment goals,..... investor get option of finance in a very theme having association between its investment goals and their money objectives. All these schemes additionally having totally distinctive choices.
- (g) **PELLUCIDITY:** funds give latest info about bearing on the markets and also the schemes. PRN by the regulator all material fact area unit disclose to investors
- (h) **FLEXIBILITY:** Investors conjointly get pleasure from the comfort and adaptability assured by Mutual Funds. Investors have the choice of changing their holdings from a debt theme to Associate in Nursing equity theme and vice- versa. Additionally to the present in most open-end schemes possibility of investment and withdrawal at regular period of time is additionally provided to the investors.
- (i) **SAFETY:** Mutual Fund businesses are often delineated joins of the well-regulated investment environments wherever the different interests that individual investors have are assured protection by the regulator. All funds area unit registered with SEBI and transparency is assured.

It has undermentioned disadvantages:

In addition to the benefits that the investment firm offers to the capitalist, disadvantages of the funds are there. The fund manager may produce loss rather than profit for not therefore correct management. The fund contains it's own plan of action for investment to carry, to sell, to buy unit at sure fundamental quantity.

- (a) **COSTS MANAGEMENT IS NOT IN THE HANDS OF AN INVESTOR:** capitalist has got to give investment management fees and in addition to this have to also pay fund distribution prices as a proportion of the worth of his investments (as long as he holds the units), regardless of the performance of the fund.
- (b) **NO CUSTOMIZED PORTFOLIOS:** The portfolio of securities within which a fund invests that is to put money into financial schemes, plan or commercial venture with the expectation of achieving a profit are often ascertained as a call taken by the fund manager, Investors consists of unethical to disturb the judgement-making method of a fund manager, which might be looked as a constraint in achieving money goals set by the capitalist.
- (c) **DIFFICULTY IN CHOOSING AN APPROPRIATE FUND SCHEME:** Range of investors might realize the choice of one possibility troublesome from the excessiveness of funds/schemes/plans on the market. For this, they'll need recommendation from money planners so as to speculate within the right fund so as to attain the set objectives.

3. MUTUAL FUNDS ARE OF THE UNDERMENTIONED TYPES

3.1 Based on objective

- **EQUITY FUNDS/ GROWTH FUNDS:** Funds that people put money into financial schemes, plans or commercial ventures with the expectation of achieving a profit in equity shares are described as equity funds. They act as carriers of the main goal of capital appreciation of the put money into financial schemes, plans or commercial ventures with the expectation of achieving a profit over the medium to long-time period. The returns in these sorts of funds are risky in nature considering they're immediately related to the stock markets.. They are most suitable for investors who are searching out for capital appreciation. They can be of different types, for example: Diversified funds.

Sector specific funds and Index based funds.

- **DIVERSIFIED FUNDS:** It is known to funds carry out the action of investment in companies extended across sectors. These funds are generally meant for investors who are ready to take risk for risk-taking and aren't bullish about any certain sector.
- **SECTOR FUNDS:** It is known to invest initially in equity shares of companies during a particular business or industry. These funds are centered at investors who are extraordinarily bullish on some certain sectors.
- **INDEX FUNDS:** It is known to invest within the identical pattern as renowned market indices like S&P 500 and BSE Index. The worth of the mutual fund varies in proportion to the benchmark index.
- **TAX SAVING FUNDS:** It is known to under the Income tax act provide tax benefits to investors. Opportunities given under this scheme are within the sort of tax rebates U/s 88 also saving in Capital Gains U/s 54EA and 54EB. They are highly suitable for investors looking for tax concessions.
- **DEBT / INCOME FUNDS:** It is known to invest predominantly in instruments consisting of high-rated constant-income like bonds, debentures, commercial paper, government securities, and different money market instruments. They are most appropriate for the medium to long-duration investors who are averse to risk and seek capital preservation. They supply regular income as well as safety to the investor.
- **LIQUID FUNDS/MONEY MARKET FUNDS:** It is known to carry out the action of investment in highly liquid money market instruments. The duration of investment could be as short as a day. They supply easy liquidity. They have emerged as an substitute for savings and short period fixed deposit accounts with higher returns in comparison to others. These funds are highly suitable for institutional investors, corporates and business houses who prefer investing their funds for a very short period of time.
- **GILT FUNDS:** It is known to invest in Central and State
- **Government securities.** Since they are Government backed bonds, they assure a secured return and moreover they are responsible for ensuring safety of the principal amount. They are highly suitable for the medium to long-duration investors who are ready to take risk.

- Asset allocation fund: Both in share and investments which have fixed income in proportion. They furnish a fixed and secure return and decrease the fluctuations of the funds, while furnishing some upside appreciation of capital. These funds are best for medium to large term capitalist, who are want to face minimum risk.

3.2 Based on flexibility

- OPEN-ENDED FUNDS: It is known to not consist of a fixed date of redemption. Usually, they are available for subscription and redemption throughout the year. Their prices are connected to the daily net asset value (NAV). From the investors' perspective, they are much more liquid in comparison to the closed-ended funds.
- CLOSE-ENDED FUNDS: It is known to were available at first for entry during the Initial Public Offering (IPO) and after that were closed for both entry and exit. These funds have a set date of redemption. One of the traits of the close-ended schemes is that they are generally traded at a discount to NAV, but the discount narrows as maturity nears. These funds are available for subscription only once and can be redeemed only on the set date of redemption. The units of these funds are listed (with specific exceptions), are tradable and the subscribers to the fund would be able to exit from the fund at any point of time through the secondary market.
- INTERVAL FUNDS: It is known to have an aggregate of the traits of open-ended and close ended funds. For the initial years the fund is close ended and after that it is open-ended. Some funds allow new, latest, original subscriptions and redemption at a certain duration every year in order to reduce the administrative aspects of everyday entry or exit, still tries providing highly appropriate liquidity.

3.2 Based on geographic location

- DOMESTIC FUNDS: It is known to carry out mobilization of the savings of nationals throughout the country.
- OFFSHORE FUNDS: It is known to carry out facilitation cross border fund flow. They perform investments in securities of foreign companies and put efforts in order to attract and get foreign capital for the purpose of investment.

4. LITERATURE REVIEW

SAHIL JAIN is known to measure the performance of the equity based mutual funds in India. Under the Management segment of this industry assets of more than Rs 6.8 thousand billion were observed. Quantity of more than thousand mutual fund schemes are observable in the Indian market. All these schemes consider themselves to provide better returns to their customers in comparison to the other schemes. A study of 15 years between April 1997 to April 2012 was conducted on 45 schemes offered by 2 private sector companies. The study analysis was made on the basis of the risk-return relationship and Capital Asset Pricing Model (CAPM). The study analysis revealed the undermentioned results on the basis on expected returns on the risk - return relationship:

- HDFC and ICICI - excellent level performers
- UTI - average level performer
- LIC - worst level performer.

According to two individuals that are Ms. Avani Shah who is faculty of Shree Chimanbhai Patel Institute of Management and Research in Ahmedabad and Dr. Narayan Baser who holds the position of Associate Professor in Shri Jairambhai Patel Institute of Management and Computer Application in Gandhinagar, mutual fund is viewed as an ordinary pool of money. Here, the investors carry out investments according to a stated objective. Being a sector of financial markets although the mutual funds industry is growing rapidly by analyzing investor's views and hopes. The research conducted by them was carried out in Ahmedabad on 305 mutual fund investors by taking the help of non-probability convenience sampling. Researchers had made a conclusion after using One-Way ANNOVA, they concluded that Funds reputation, Withdrawal facilities, brand name, the past performance of sponsors such as the risk involved and the return received is different from one to another investor which belongs to different age groups and occupation.

According to Prof Gauri Prabhu who is the associate professor in AISSMS Institute of Management, Pune and Dr. N.M. Vechalekar who is associate dean in IndSearch, Pune, a common investor gets an opportunity to participate in the Indian capital with a professional fund and platform from mutual funds whether the amount invested by the customers is big or small. The expansion observed in Assets under management of different fund houses evidently shows that the Indian mutual fund industry is increasing and growing at a rapid pace. Mutual fund investment provides a safer platform to risk averse investors and thus is comparatively less riskier than directly investing in stocks. Monthly returns and investment generally in debt oriented instruments with minimum introduction to equity is assured by the Monthly Income Plan funds. However it has been observed that the maximum number of investors don't have complete knowledge regarding the benefits of investment in mutual funds. These observations are reflected by the study conducted in this research paper. This study paper tries to figure out a number of different factors affecting investors' perception about investment in Mutual funds.

According to Deepti Goel who is member of Department Of Economics and Assistant Professor in PGDAV College, Delhi university, India and Richa Gupta who is member of Department of Commerce and Assistant Professor in PGDAV College, Delhi university, India the segment of financial sector is undergoing a continuously changing in which regulatory alternatives are being taken resulting into leading market participation such as the asset management companies (AMCs) and distributors restructuring their strategies and adopting business models which will ultimately results in sustainable benefits. Other trends which have been observed over the past year are heavy outflows triggered by market volatility and partnering of asset management companies with banks in order to expand strong distribution networks.

5. RESEARCH METHODOLOGY

Research methodology can be described as a methodology for performing collection of different data & data pertaining to the subject in question. The objective of the research is to conduct situational analysis by observing and surveying different issues that are

involved. The methodology includes firstly designing the whole research, sampling procedure, performing fieldwork and at last reflecting upon the data. The methodology used by us in the research comprises a sample survey using primary data. The collection of primary data has been performed with the help of a survey consisting of sets of questions that was provided by us to different respondents. The questionnaire was in online mode that has been composed & provided by the ICICI Securities.

5.1 Problem of the study

- (a) Maximum number of customers of ICICI Mutual Fund simplified were observed to remain inactive for a long time.
- (b) In order to improve their service.
- (c) In order to create awareness among their existing customers of their updated website.
- (d) In order to know about their future investment.

5.2 Objective of study

- (a) For creating awareness to its customers regarding Mutual Fund.
- (b) For making them well informed of the online portfolio of ICICI Direct.
- (c) In order to get data from the response of the customer regarding their plans of future investments in mutual funds.

6. SCOPE OF THE STUDY

- (a) We have received the primary data with the help of Survey form consisting of sets of questions.
- (b) All the reflections and recommendations are based on the analysis of our primary data.
- (c) In recent times a huge increase has been observed in the Mutual Fund Industry. A large number of customers have get in the market in order to try to gain market share in this rapidly changing market which is full of opportunities.
- (d) The research was performed in Kailash Colony. We had completed our project work by visiting the Kailash Colony branch of ICICI Securities.

7. SAMPLING FRAMEWORK

- (a) Sample Size: The study will include data collection of 50 customers of ICICI
- (b) Sample Area: The area around Delhi – NCR will be taken as sample-area.
- (c) Time taken for the project: The estimated tenure in order to finish the project is approximately 2 months
- (d) Data Collection: The aggregate of primary information and data was carried out using:
 - Survey form consisting of sets of questions
 - Direct communication

Reviewing and Analyzing the Data

We would be able to analyze different aspects such as customer views, perception and opinions regarding mutual funds from the data we collected. Moreover, the data collected helped the ICICI Securities to know about different requirements of customers.

Data Interpretation

This is a process of interpreting data that is performed by using quantitative techniques and statistical tools such as bar graphs, pie representation etc. in order to achieve almost correct and accurate information.

8. LIMITATIONS OF THE STUDY

- In order to reach the final conclusion, I relied upon the information provided to me by the customers.
- Their responses may or may not be true.
- The study may not be applicable universally as all the respondents belong to Kailash Colony. Thus, due to restricted sample size the observations can't be applied to different areas and their respective individuals.
- Since the research is conducted by students who lack a professional approach.

9. RESPONSIBILITIES ASSIGNED BY THE PROJECT MENTOR

- (a) We were accountable for conducting a meeting with ICICI Securities customers and had to unfold awareness among them about mutual funds and the advantages it has.
- (b) We had to show a mutual fund and ICICI Direct site demo to the ICICI Securities customers.
- (c) We had to perform the task of solving customer's queries regarding mutual funds.
- (d) In case a customer is interested in knowing further information regarding virtual portal and virtual trading then we had to provide them sufficient information regarding the same by providing them with a site demo.
- (e) We had made customers fill up an online feedback form.

10. STATISTICAL TOOLS USED FOR ANALYSIS

We had considered only those respondents who responded logically out of the total respondents in order to get an account of statistical details & analysis of data. Mainly we have used statistical tools like percentage, averages, etc for analyzing data & inference drawing. As per questionnaire, we have received non-identical responses from unassociated respondents. We have critically analyzed the research and findings and drawn few remarks according to the responses provided by respondents.

11. FINDINGS

- (a) Lack of information among the maximum number of customers was observed regarding mutual funds and its advantages.
- (b) Customers were lacking the knowledge about mutual funds and thus even after knowing about mutual funds they were not investing their money into it.

- (c) Customers were mostly preferring substitutes to mutual funds for investing their money such as equity and Share market.
- (d) Customers were showing their interest in finance in funds in future just in case ICICI Securities produced awareness among them and supplied them correct and right information regarding mutual funds.
- (e) Online mode of payment was most often utilized by customers.
- (f) Mostly all the clients decided to remain connected with ICICI Securities services.
- (g) A gap in communication between a few customers and their respective Relationship Manager was observed.
- (h) Generally, most of the customers were observed to be updated about investment decisions they have made. They take decision either on their own or take guidance and advice from their or their families and friends.

12. SUGGESTIONS AND RECOMMENDATIONS

- (a) ICICI Securities should spread awareness by providing their customers proper guidance and awareness regarding mutual funds through seminars or some other sort of interactions such as via online resources.
- (b) They should ensure a particular segment for addressing customers queries and their problems or complaints must be taken care of in order to reduce communication gap which will in turn increase the trust of people.
- (c) Awareness sessions on mutual funds and other investment plans should be provided by ICICI Securities at the time of opening an account in order to reduce lack of guidance and awareness in the customer's mind.
- (d) ICICI Securities should provide their customers details regarding investment decisions through e-mail or SMS in order to enable them to take decisions with proper knowledge and guidance.
- (e) The financial advisors should be well informed about the customers background such as regarding how much risk the investor can handle, what are their needs and this enquiry should be done by the financial advisor before making any investment. By the consideration of these issues' customers will feel a sense of security.

13. CONCLUSION

The prerequisite of running a productive Mutual Funds is complete knowledge of the mind set of small investors. The study we have conducted is performed in order to emphasize, observe and understand ICICI Securities customer's financial behavior and perception. We had observed and analyzed that ample of customers' fears from investing in Mutual Funds. There are countless customers who have the requirement for cash for investment however they do not prefer investing in funds because they do not have enough information and understanding about mutual funds. Generally, customers value investing in equity. Investors ought to be provided with correct data and awareness concerning the advantages they'll acquire further so as to make them convinced that they ought to be provided each and every aspect of the investment.

ACKNOWLEDGMENT

All praise to the almighty with whose auspicious blessings we have been able to accomplish my research project report successfully. Equal credit goes to my parents and teachers who made me what I am today by their hard labor, devotion, support & prayer. My special thanks to my parents for generic cooperation, coordination and valuable support. We pay my gratitude towards my other faculty members. We would like express our deep feelings of gratitude and thanks to all the respondents whom we have visited for conducting the survey in order to collect valuable information, co-operation, advice and suggestion to make this endeavor a great success. We are grateful to my guide Mr. Arshad for his efforts during my project work. We would like to express our sincere thanks to everyone who were associated directly or indirectly with the project for providing me the excellent guidance during the project.

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