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A STUDY OF MUTUAL FUND OF ICICI PRUDENTIAL IN CHANDRAPUR

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Abstract
Mutual fund is a form of collective investment that pools money from many investors and invests their money in stocks, bonds, short-term money market instruments, and/or other securities. In a mutual fund, the fund manager trades the fund's underlying securities, realizing capital gains or losses, and collects the dividend or interest income. The investment proceeds are then passed along to the individual investors. The value of a share of the mutual fund, known as the net asset value per share (NAV), is calculated daily based on the total value of the fund divided by the number of shares currently issued and outstanding.

Keyword: Securities, Realizing Capital Gains Or Losses, Collects The Dividend Or Interest Income.

Introduction

A Mutual Fund is a trust that pools the savings of a number of investors who share a common financial goal. The money thus collected is then invested in capital market instruments such as shares, debentures and other securities. The income earned through these investments and the capital appreciations realized are shared by its unit holders in proportion to the number of units owned by them. Thus a Mutual Fund is the most suitable investment for the common man as it offers an opportunity to invest in a diversified, professionally managed basket of securities at a relatively low cost.

Company Profile

ICICI Bank is India's second-largest bank with total assets of Rs. 3,446.58 billion (US$ 79 billion) at March 31, 2007 and profit after tax of Rs. 31.10 billion for fiscal 2007. ICICI Bank is the most valuable bank in India in terms of market capitalization and is ranked third amongst all the companies listed on the Indian stock exchanges in terms of free float market capitalization.

The Bank has a network of about 950 branches and 3,300 ATMs in India and presence in 17 countries. ICICI Bank offers a wide range of banking products and financial services to corporate and retail customers through a variety of delivery channels and through its specialized subsidiaries and affiliates in the areas of investment banking, life and non-life insurance, venture capital and asset management.

Research Methodology

1. **Primary Source:** Primary data are those, which are collected afresh and for the first time and thus happen to be original in character. It is not only relevant for research project but also reliable, accurate and dependable. A questionnaire was used as a research tool to collect the primary data. The questionnaire was designed using both quantitative and qualitative questions. Data collection was done through primary method of collecting data, i.e., personal interviews, telephonic Interview and through mails.
2. **Secondary Source:** Secondary data are those which have already been collected by someone else and which have been already passed through statistical process. For example like company website, magazines, company articles, previous journals, etc. The company website gives details of the company profile and its products and services.

The data thus collected were tabulated. Charts and diagrams were also used to simplify the data.

Objectives of Study

1. To understand the concept of Mutual Funds.
2. To study the different schemes of Mutual Funds of ICICI Bank.
3. To analyse the performance of different mutual funds of bank.
4. To identify the best Mutual Funds to invest.
5. To suggest the best mutual funds for investors.

Hypothesis

H1: ICICI mutual fund is the biggest Mutual Fund house in India.

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Data analysis

Q1) "Why Should I Choose To Invest In Mutual Funds"?

Sr.no	Options	%
1	Growth potential	40
2	Diversified risks	15
3	Steady returns	25
4	Flexible investments	20

The above chart shows that the majority of investors invest in mutual funds because of its growth potential and steady returns.

Q2) Can Mutual Funds Be Viewed As Less Risky Instrument Than Direct Investment In Equity /Shares?

Sr.No.	Options	%
1	Yes	58
2	No	42

The above chart shows that the majority of investors view mutual Funds are risk free instrument.

Q3) What Are The Risk Involved In Investing In Mutual Fund?

Sr.No.	Options	%
1	Subject to market risk	70
2	Non Guaranteed returns	30

The above chart shows that the majority of investors believe that risk involve in Mutual Fund is subject to market risk.

Q4) Are Tax Benefits from 'Mutual Fund Are Satisfactory?

Sr.No.	Options	YES %
1	Mutual Funds	25
2	ULIP better	35
3	Can't say	40

The above chart shows that the majority of the investors don't have a clear idea regarding tax benefits from both Mutual Funds and ULIP's.

Q5) Are You Aware Of ICICI Mutual Fund?

Sr.No.	Options	YES %
1	Yes	65
2	No	35

The above chart shows that the majority of the investors are aware about ICICI mutual funds while 35% are not aware about it.

Q6) Have You Detailed Information about ICICI Mutual Fund?

Sr. No.	Options	YES %
1	Yes	60
2	No	40

From the above table it is found that 60% peoples have detailed information about ICICI mutual fund while 40% have not detailed information of ICICI mutual fund.

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Conclusion

Further comparing ICICI Mutual Fund with other funds we find that the charges in the ICICI Mutual Fund are comparatively low and less in number than Other mutual funds comparing the performance of the two we find that the average return since inception by ICICI mutual funds is greater than that of other mutual funds, the net asset value of ICICI mutual fund are also comparatively higher. The risk is even between the two as money is invested in the capital market in both the cases but money invested in mutual funds.

Hence, returns are higher and we find that ICICI mutual fund is better than other mutual funds for investments.

Suggestions

1. Banking and FMCG sectors have fared well in the last one year and it is suggested to invest in these sectors.
2. FMCG has the least risk and Banking has the highest risk among the sectors. It is better to avoid banking funds for people who want to avoid the risk.
3. Investors who expect slow and steady returns are advised to for FMCG sector.
4. UTI Banking Sector has a beta of greater than 1 (i.e market beta). This implies that Banking Sector has a higher risk compared to the market portfolio.
5. FMCG, Services, Transportation and Logistics sector has the least beta and investors can invest in these funds

References

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