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Research Paper

INVESTMENT DECISIONS AT ICICI BANK

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ABSTRACT

The project "INVESTMENT DECISIONS" gives the brief idea regarding the various investment options that are prevailing in the financial markets in India. With lots of investment options like banks, Fixed Deposits, Government bonds, stock market, real estate, gold and mutual funds the common investor ends up more confused than ever. Each and every investment option has its own merits and demerits. This project I have discussed about few investment options available.

Any investor before investing should take into consideration the safety, liquidity, returns, entry/exit barriers and tax efficiency parameters. We need to evaluate each investment option on the above-mentioned basis and then invest money. Today investor faces too much confusion in analyzing the various investment options available and then selecting the best suitable one. In the present project, investment options are compared on the basis of returns as well as on the parameters like safety, liquidity, term holding etc. thus assisting the investor as a guide for investment purpose.

INTRODUCTION:-

The financial stability of a nation depends on a strong banking system. New rules and constantly shifting consumer preferences provide difficulties for India's rapidly expanding and competitive banking business. The Mumbai-based Industrial Credit and Investment Corporation of India Bank has risen to the top of its field thanks to its innovative products, extensive financial education outreach, and streamlined distribution channels, all made possible by the bank's smart use of technology. The Industrial Credit and Investment Corporation of India Bank has maintained its lead in the market by anticipating its customers' needs for safe, quick, and easy banking. The financial stability of a nation depends on a strong banking system. New rules and constantly shifting consumer preferences provide difficulties for India's rapidly expanding and competitive banking business. Industrial Credit and Investment Corporation of India Bank, with headquarters in Mumbai, has quickly risen to the top of its field by using cutting-edge technology to provide its previously unreachable services—including innovative products, financial education programmes, and streamlined distribution channels—to previously unbanked consumers in rural areas. Industrial Credit and Investment Corporation of India Bank has maintained its lead over rivals by anticipating customers' needs for safe, quick, and trouble-free service through its emphasis on cutting-edge technology and customer care. The financial stability of a nation depends on a strong banking system. New rules and constantly shifting consumer preferences provide difficulties for India's rapidly expanding and competitive banking business. The Mumbai-based Industrial Credit and Investment Corporation of India Bank has quickly risen to the top of its field thanks to its innovative products, financial education initiatives, and streamlined distribution channels that enable the bank to serve previously unreachable segments of the population in rural and remote areas of India. Industrial Credit and Investment is marketing itself to customers as innovative and user- friendly.

NEED AND IMPORTANCE OF STUDY

Choices on where to put money are crucial since they determine how big a business may grow (fixed assets, sales, and retained earnings). They improve the company's reputation and, by extension, the value of its stock. Since they can't be undone, you need to be extra cautious when making them so you don't end up losing money. Because of the huge outlay of funds required, extra care must be taken to prevent the loss of substantial quantities, which could, in the worst case scenario, result in the company's dissolution.

SCOPE OF THE STUDY

Only after considering the full investing process, from the first deposit of funds to the eventual satisfaction of those funds' intended purpose, can a decision be made. By using the investment decision guidelines, you may establish a protocol and outline the steps that must be taken before the project is accepted. You won't make a move until you're confident that your return expectations can be met regardless of the expense. Research is being done to get insight into the dynamics of the Indian stock exchange.

OBJECTIVE OF THE STUDY

- ❖ For the purpose of analysing how ICICI Bank Ltd.'s investment decisions play out in the real world.
- ❖ Calculating the Future Value of an Investment in Rupees.
- ❖ I want to be aware of the dangers and unknowns associated with ICICI Bank Ltd.
- ❖ To provide recommendations in light of the research results.

RESEARCH METHODOLOGY

Common categories of investment choices include stocks, bonds, gold, mutli-funds, and life insurance. Conversations with ICICI Bank Ltd. employees provided the bulk of the project's information on investments and related decisions.

Websites, books, and periodicals were scoured for secondary data on investing and the many decisions that go into making an investment for this research.

Technique number two: When gathering secondary information, we do things like:

- ❖ Superintendents from several departments gave lectures.
- ❖ Documentation and pamphlets given by ICICI BANK LTD.
- ❖ Information culled from publications including NSE's magazine, Economic Times, and others.
- ❖ Literature on the venture capital industry and related fields.

PERIOD OF STUDY

This analysis relied on information from the 2022-2023 fiscal year. Criteria such as expected returns, level of risk, availability of funds, etc. are used in the analysis. This is done by assigning numerical values to the various investor requirements, and then multiplying those numerical values by those numerical values.

LIMITATIONS

The scope of this research has been constrained to just the city of Chennai. It can be generalised to other major cities for a more comprehensive examination of the country as a whole in terms of investors' perception, their level of knowledge, their investment preferences, and their motivation to save and invest Only a small number of professional factors, including job title, years in the IT industry, and years in the financial industry, have been taken into account in this study.

Only a subset of demographic factors, including age, gender, education, formal education in finance, marital status, number of dependents, and number of earning members of the family, were considered in this study. In the future, researchers may look at investors' investment habits and strategies by analysing a wider range of demographic and psychographic factors.

REVIEW OF LITERATURE

INVESTMENT DECISIONS

The vast majority of individuals today are investors, be it in a rental property they own, a savings account at a financial institution, or a checking account that accrues interest.

Many people, though, are overwhelmed by the prospect of investing itself, let alone the multiplicity of choices they may pursue. Don't think that because everyone else seems to know who to invest in and when, that you will have the same success. The vast majority of people who put money into the stock market simply do what everyone else does.

Before deciding on a course of action that will help you achieve your specific goals and objectives, it is essential to have a firm grasp of the fundamentals of the numerous investing possibilities at your disposal. Knowledge is your best ally in spotting and rejecting poor investing advice, whether you choose to invest on your own or with the help of a professional.

In terms of financial investments, you can pick from a wide variety of options. Choose the most appropriate investment vehicle for you in light of your risk tolerance, available funds, and time restrictions. If you have faith in your ability to weather the inevitable market fluctuations, stocks could be an excellent investment for you. Investments in fixed-income securities can provide a steady stream of income with minimal exposure to market fluctuations. Remember that there is a linear link between risk and profit. When taking on a harder challenge, you can expect a greater payoff.

VARIOUS FORMATS OF INVESTMENT

The following is a brief overview of some potential investment vehicles:

Equities: The term "equities" is used to describe funds invested in companies that are exchanged on an exchange.

Investors can choose between going through an IPO or going through the secondary markets (where traded stocks are purchased and sold) (primary market). Assuming you can hold onto your money for an extended period of time, investing in equities is your best bet because the economy's long-term growth trend will assist to mitigate the effects of market volatility and the danger of losses that come with it. There are two methods in which this investment can bring in profit.

Dividend: Dividends are distributions of a company's earnings to its shareholders at regular intervals.

Growth: Capital growth occurs when a stock's price rises in proportion to the company's earnings growth.

One might expect a 25% return on equity investments made in India. With proper portfolio management and timing, a return of 40% or more is feasible. If you pick the correct stocks at the right time, the value of your portfolio is assured to rise as a result of market appreciation, or capital gains.

INDUSTRY PROFILE

A **bank** is a financial institution that accepts deposits and channels those deposits into lending activities. Banks primarily provide financial services to customers while enriching investors. Government restrictions on financial activities by banks vary over time and location. Banks are important players in financial markets and offer services such as investment funds and loans. In some countries such as Germany, banks have historically owned major stakes in industrial corporations while in other countries such as the United States banks are prohibited from owning non-financial companies. In Japan, banks are usually the nexus of a cross-share holding entity known as the keiretsu. In France, bancassurance is prevalent, as most banks offer insurance services (and now real estate services) to their clients.

The level of government regulation of the banking industry varies widely, with countries such as Iceland, having relatively light regulation of the banking sector, and countries such as China having a wide variety of regulations but no systematic process that can be followed typical of a communist system.

The oldest bank still in existence is Monte dei Paschi di Siena, headquartered in Siena, Italy, which has been operating continuously since 1472.

History

Origin of the word

The name *bank* derives from the Italian word *banco* "desk/bench", used during the Renaissance by Jewish Florentine bankers, who used to make their transactions above a desk covered by a green tablecloth. However, there are traces of banking activity even in ancient times, which indicates that the word 'bank' might not necessarily come from the word 'banco'.

In fact, the word traces its origins back to the Ancient Roman Empire, where moneylenders would set up their stalls in the middle of enclosed courtyards called *macella* on a long bench called a *bancu*, from which the words *banco* and *bank* are derived. As a moneychanger, the merchant at the *bancu* did not so much invest money as merely convert the foreign currency into the only legal tender in Rome—that of the Imperial Mint.

The earliest evidence of money-changing activity is depicted on a silver drachm coin from ancient Hellenic colony Trapezus on the Black Sea, modern Trabzon, c. 350–325 BC, presented in the British Museum in

London. The coin shows a banker's table (*trapeza*) laden with coins, a pun on the name of the city.
In fact, even today in Modern Greek the word Trapeza (*Τράπεζα*) means both a table and a bank.

COMPANY PROFILE

ICICI Bank is India's second-largest bank with total assets of Rs. 4,736.47 billion (US$ 93 billion) at March 31, 2012 and profit after tax Rs. 64.65 billion (US$ 1,271 million) for the year ended March 31, 2012. The Bank has a network of 2,897 branches and 10,021 ATMs in India, and has a presence in 19 countries, including India.

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 specialised subsidiaries in the areas of investment banking, life and non-life insurance, venture capital and asset management.

The Bank currently has subsidiaries in the United Kingdom, Russia and Canada, branches in United States, Singapore, Bahrain, Hong Kong, Sri Lanka, Qatar and Dubai International Finance Centre and representative offices in United Arab Emirates, China, South Africa, Bangladesh, Thailand, Malaysia and Indonesia. Our UK subsidiary has established branches in Belgium and Germany.

ICICI Bank's equity shares are listed in India on Bombay Stock Exchange and the National Stock Exchange of India Limited and its American Depositary Receipts (ADRs) are listed on the New York Stock Exchange (NYSE).

Corporate Profile

ICICI Bank is India's second-largest bank with total assets of Rs. 3,562.28 billion (US$ 77 billion) as on December 31, 2009.

Board Members

Mr. K. V. Kamath, Chairman
Mr. Sridar Iyengar
Mr. Homi R. Khusrokhan
Mr. Lakshmi N. Mittal
Mr. Narendra Murkumbi
Dr. Anup K. Pujari
Mr. Anupam Puri
Mr. M.S. Ramachandran
Mr. M.K. Sharma
Mr. V. Sridar
Prof. Marti G. Subrahmanyam
Mr. V. Prem Watsa
Ms. Chanda D. Kochhar, Managing Director & CEO

Mr. Sandeep Bakhshi, Deputy Managing Director

Mr. N. S. Kannan, Executive Director & CFO

Mr. K. V. Kamath is a mechanical engineer and did his management studies from the Indian Institute of Management, Ahmedabad. He joined ICICI in 1971 and worked in the areas of project finance, leasing, resources and corporate planning. In 1988, he joined the Asian Development Bank and spent several years in south-east Asia before returning to ICICI as its Managing Director & CEO in 1996. He became Managing Director & CEO of ICICI Bank in 2002 following the merger of ICICI with ICICI Bank. Under his leadership, the ICICI Group transformed itself into a diversified, technology-driven financial services group, that has leadership positions across banking, insurance and asset management in India, and an international presence. He retired as Managing Director & CEO in April 2009, and took up the position of non-executive Chairman of ICICI Bank effective May 1, 2009. He was the President of the Confederation of Indian Industry

(CII) for 2008-09. He was awarded the Padma Bhushan by the President of India in May 2008. He was conferred the Lifetime Achievement Awards at the Financial Express Best Bank Awards 2008 and the NDTV Profit Business Leadership Awards 2008; was named 'Businessman of the Year' by Forbes Asia and The Economic Times' 'Business Leader of the Year' in 2007; Business Standard's "Banker of the Year" and CNBC-TV18's "Outstanding Business Leader of the Year" in 2006; Business India's "Businessman of the Year" in 2005; and CNBC's "Asian Business Leader of the Year" in 2001. He has been conferred with an honorary PhD by the Banaras Hindu University. He is a member of the Board of the Institute of International Finance, a Director on the Board of Infosys Technologies and a member of the Board of Governors of the Indian Institute of Management, Ahmedabad.

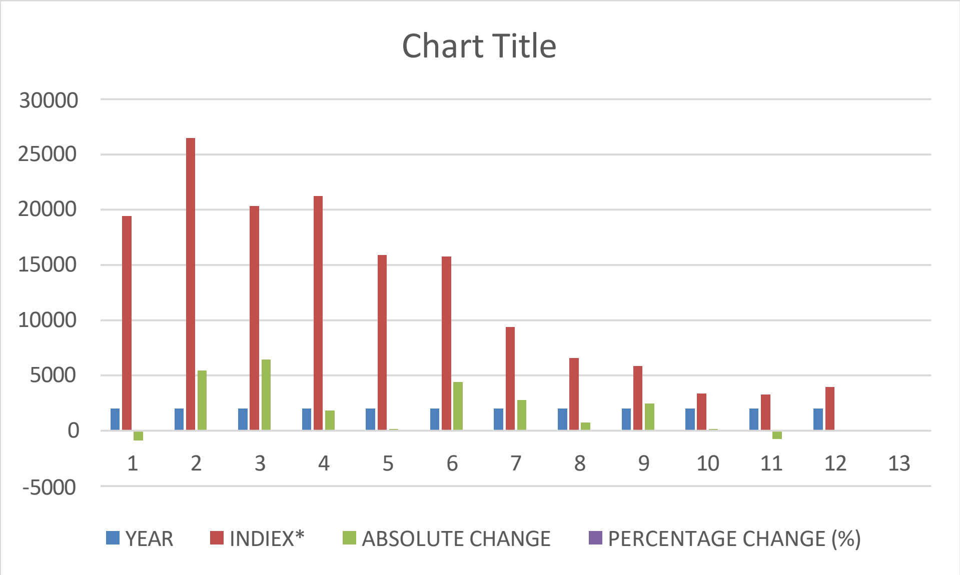
Equity returns at a glance

A examination of stock market returns over the past 14 years reveals the following :

SENSEX

YEAR	INDIEX*	ABSOLUTE CHANGE	PERCENTAGE CHANGE (%)
2023	21426.7	-896.29	-33.01
2022	26510.2	5444.21	2.58
2021	20323	6421	31.57
2020	21264	2037.29	10.42
2019	15910	142	0.88
2018	15786	4389	46.7
2017	9397	2795	42.34
2016	6602	764	15.1
2015	5838	2461	72.88
2014	3377	137	3.52
2013	3262	-712	-21.88
2012	3972	0	0

Interpretation: Incredible gains have been made in India's stock market in recent years,



Interpretation: today's decade In the last ten years, India's stock exchange has expanded at an astounding rate. A careful record of these events has been kept by the BSE SENSEX. The longest time series data is available from this index because it is the oldest in the country (from 2012 onwards). One of the most recognised names in India is the BSE SENSEX.

FINDINGS

ICICI Bank Ltd.'s dividend decision analysis results are as follows:

1) Revenue has increased from 45.75 Cores to 265.68 Cores in Profit After Tax.
2) There has been an increase in earnings per share, from Rs 9.99 to Rs 58.10.
3) The previous dividend of Rs. 3.00 has been increased to Rs.
4) Increased wealth by Rs 654.43 from Rs 420.07 Cores.

SUGGESTIONS

- Buying stock gives you a piece of a company's ownership pie. All the stockholders own the corporation as a whole, and their individual shares constitute claims on the company's assets and profits.
- Markets are often segmented based on firm size (as shown by market capitalization), industry, and growth patterns. Different types of equities are often compared and contrasted by investors.
- The market reacts to short-term factors such as investor optimism, anxiety, speculation, and official announcements. But over the long term, it is mostly corporate earnings that determine whether a stock's price goes up, down, or sideways.
- The market as a whole may rise or fall, but a good stock may rise and a bad stock may fall.
- Earnings expectations form the basis for stock prices. Having a proven track record is encouraging, but even the most successful businesses can experience setbacks.

CONCLUSION

Equities, bonds, property, and precious metals are just few of the many investment options available. Different types of assets have different characteristics. There will always be some winners and losers among those assets. Most people who are looking for exceptional investments focus their efforts on locating a particular item. Some people try to find the next Infosys, while others put their money into real estate or precious metals. While some choose debt mutual funds, many others put their money in the Public Provident Fund (PPF) or in post office deposits. Only a minority of investors diversify their holdings by purchasing assets from multiple categories. For this reason, "Don't put all your eggs in one basket," as the old adage goes. Having a variety of investments under one's belt might help spread out risk.

The market rose by about 61% since early May of 2023, and several individual equities performed much better. Prices in the real estate sector are also on the rise, although they are more diffuse and difficult to track. Increases in the price of gold and silver.

Bonds still provide respectable returns, but they are no longer at the top of the competitive heap. For the time being, equities appears to be the safest choice, followed by real estate. The big mystery is how much longer this will continue. It may not be worthwhile to go to the trouble of transferring over from debt if this is just a temporary event. Investments in stock and real estate should be made if the time horizon is extended. It's possible that this will be an ongoing problem. Investors might expect a positive rate of return from the market if profits continue to rise. Since the economy is just now showing signs of improvement, that might be the case for a while yet. Suburban and rural real estate, in particular, may see more price increases. The value of outlying construction will rise as a result of upgraded road infrastructure. An effort is also being made to change tenancy laws and raise urban ceilings that have stifled the real estate sector.

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