

Study of Impact of Demonetization on Costumer Investment w.r.t ICICI Prudential Mutual Fund

Sanju Kanojiya and Prof. Ishwari Ukunde

Jhulelal Institute of Technology, Nagpur, India

Abstract: *A mutual fund is a pool of money collected from many small investors, which is professionally managed by the portfolio managers. It is a type of collective investment scheme that reinvests the collected money accordance with a stated objective in various securities such as in stocks, bonds and short-term money market instruments etc. 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. Performance Evaluation of mutual funds is important for investors. Hence the present study aims to evaluating the performance of ICICI Prudential Mutual Fund 3 schemes with the application of Risk Adjusted Performance Measures.*

Keywords: ICICI Prudential Mutual Fund, Risk – Return analysis, fund return, Market Return.

I. INTRODUCTION

The first introduction of a mutual fund in India occurred in 1963, when the Government of India launched Unit Trust of India (UTI). [1] UTI enjoyed a monopoly in the Indian mutual fund market until 1987, when a host of other government-controlled Indian financial companies established their own funds, including State Bank of India, Canara Bank, and Punjab National Bank. This market was made open to private players in 1993, as a result of the historic constitutional amendments brought forward by the then Congress-led government under the existing regime of Liberalization, Privatization and Globalization (LPG). The first private sector fund to operate in India was Kothari Pioneer, which later merged with Franklin Templeton. In 1996, SEBI, the regulator of mutual funds in India, formulated the Mutual Fund Regulation which is a comprehensive regulatory framework. A mutual fund is a professionally managed investment fund that pools money from many investors to purchase securities. While there is no legal definition of the term "mutual fund", it is most commonly applied to open-end investment companies, which are collective investment vehicles that are regulated and sold to the general public on a daily basis

II. LITERATURE REVIEW

Author: N Jayaprada

Affiliation: Sri Sathya Sai Inst. Of Higher Learning, Anantapuramu, Andhra Pradesh

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Mutual fund is a collective savings scheme. Mutual funds play an important role in mobilizing the savings of small investors and channelizing the same for productive ventures in the Indian economy. Mutual fund is the most suitable investment for the common man as it offers an opportunity to invest in diversified portfolio management with good research team and professionally managed Indian as well as the foreign market operations. Mutual fund industry has witnessed a lot of changes in the past few years with multinational companies coming into the country; bring in their professional expertise in managing funds worldwide. Financial markets are constantly becoming more efficient by providing more promising solutions to the investors of mutual funds.

III. OBJECTIVES

- Study the after effect of demonetization on mutual fund sector specially ICICI prudential mutual fund.
- Find the different monitor and improve the knowledge about demonetization effect on capital market.
- To examine the risk and return component among these mutual funds.

IV. HYPOTHESIS

H0. ICICI prudential mutual funds' performance remains same even during demonetization.

H1. ICICI prudential mutual funds' performance remains not same even during demonetization

V. RESEARCH METHODOLOGY

Methodology is the systematic, theoretical analysis of the methods applied to a field of study. It comprises the theoretical analysis of the body of methods and principles associated with a branch of knowledge. Typically, it encompasses concepts such as paradigm, theoretical model, phases and quantitative or qualitative techniques.

A methodology does not set out to provide solutions - it is, therefore, not the same as a method. Instead, a methodology offers the theoretical underpinning for understanding which method, set of methods, or best practices can be applied to specific case, for example, to calculate a specific result.

Primary data collection:-

The most common methods of collecting primary data are conducting questionnaires, surveys, interviews, observations, case studies and focus groups, and examining documents and records. Data collection is the process of gathering information from different source.

Secondary data is the data:-

Secondary data is the data that have been already collected by and readily available from other sources. Such data are cheaper and more quickly obtainable than the primary data and also may be available when primary data cannot be obtained at all.

VI. ANALYSIS & INTERPRETATION

With the increasing deposits base of banks which in turn is expected to impact positively on government borrowing program and deflationary economy, yields on government securities have fallen sharply in last few days. Bank deposits rates are also impacted with almost all banks have cut down their 1-2 years bank FD rates. With yields coming down, soon you will see a sharp cut in the rates of small saving schemes which are now reset quarterly. So your PPF, NSC, SCSS, MIP etc. all will see a decline in rates in next quarter. In last 14 days where Sensex and Nifty have delivered negative 6-7% of return, there long-term gilt funds have delivered positive 3-4% of the absolute return. To some, it may not sound that significant, but it is when you compare the returns with bank Fixed deposits. It is half the rate your small saving schemes and other fixed rate instruments generates in 1 year, and these long-term debt funds schemes have generated in 14 days.

VII. CONCLUSION

The less positive impact of the organization after demonetization. The stock market jitters when the demonetization announced in country. The impact on ICICI direct mutual funds is less but positive impact of short term and long term. Large cap fund has negative in short but, positive in long term. The positive change to ICICI PRUDENTIAL MUTUAL FUND.

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