

A Study on Growth of Indian Mutual Fund Industry

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Abstract:

In recent years, tremendous growth is found in the Mutual Fund Industry. Mutual funds provide the opportunity to all kind of investors to invest in the capital market. It tries to reduce the risk & maximizes the return through the diversified basket of the selected securities. Any individual can start investing in mutual funds with nominal amount. Mutual funds industry provides the higher rate of growth to the investors and benefit of the liquidity. Mutual fund's industry's assets under management has increased from 7.01 trillion (31.03.2013) to 22.20 trillion (28.02.2018), there is tremendous increase in 5 years span. This paper attempts to analyses the growth of Mutual Fund Industry through the parameters i.e. Growth of Asset under Management of Indian Mutual Fund Industry, Sector wise Resource Mobilization by Mutual Funds, Scheme wise Resource Mobilization by Mutual Funds and AUM, Trends in Mutual Fund Transactions on Stock Exchanges.

Keywords — Mutual Funds, Mobilization, Scheme, Sector.

Introduction:

An individual earns hard core money & savings are made. So before investing their savings, individual tries to search maximum investment options so that he can earn the maximum profits in future. Individuals expects to invest his money in those ventures which gives the high returns in future but sometimes the individual is not able to gather information about all the prospective of the investment and the individual takes the wrong decision of investment. Investment decision is the crucial as well as difficult decision with future prospective. Future is uncertain, nobody can predict accurately but with the experience of market uncertainties, expert advisors help the investors to invest the money in the proper place. Now a days expert advisors play important role in the economy for decision making of the investors.

There are so many agencies of the expert advisors who pool the money of investors and invest their money in different ventures like Govt. Bonds, Share, Mutual Funds or mixture of securities to ensure certain fixed revenue to the investors. They protect the interest of the investors.

Mutual funds are the investment vehicle which facilitate/ motivate the investors (all the strata of investors) to invest their money in the financial market. Every individual is not aware about the capital market i.e. trading of securities so the expertise accomplished by trained & specified persons in portfolio management acts as a catalyst protective umbrella. It is expertise skill of the asset management companies

to pool the money from the investors and invest the same in different ventures. Fund Managers plays an important role in mutual fund concentration backbone.

SEBI has mandated mutual funds industry to education investor. For awareness of the investors outreach program (media and communication campaign) launched by Association of Mutual Funds in India (AMFI), the trade association of mutual funds in India named as “Mutual Funds SahiHai” in Mar 15, 2017 launched by G. Mahalingam, whole time member, SEBI. The campaign- “Mutual Funds SahiHai”- tries to communicate to prospective investors that mutual funds are the right option for them through different media such as TV, Digital, radio, print, cinema and outdoor hoardings in different languages. According to the Association of Mutual Funds in India (AMFI) due to awareness of mutual funds through 'Mutual Funds SahiHai' campaign, Mutual fund industry has added 32 lakh new investors in Financial year 2017-18.

Literature Review

1. Ajaz Ahmad Bhat, “Behavior of Retail Investors of Jammu and Kashmir towards various investment alternatives” (2018) studied the behavior towards investment alternatives through the sample size of 200 retail investors in Jammu & Kashmir, the most of the investors are male and invested their money in less risky alternatives i.e. debentures, mutual funds, fixed deposits and more interested to invest their money in real estate as long term investment.
2. Mital Bhyani, “A study of recent trends in Indian Mutual Fund Industry” (2017) observed that the mutual fund industry is constantly rising but institutional investor have bigger share in this industry. Large segment of investors have not invested their money in the mutual funds. Researcher advises that financial knowledge & awareness about investment will attract the non investors in the society.
3. Mamta & Satish Chandra ojha, “Performance evaluation of mutual funds: a study of selected equity diversified mutual funds in india” (2017) observed the market for 50 months & sample size of 5 ranking of mutual fund schemes (all equity diversified Mutual Fund) are taken for research. Researcher has utilized the benchmark portfolios such as BSE Sensex. Mutual Fund show the higher returns in comparison to higher risk in equity Funds.
4. Shivangiagarwal and Nawazish Mirza “A study on the risk adjusted performance of Mutual Fund Industry in India” (2017) studied the sample size of 100 funds in her study, top rated by the CRISIL and concluded that 90% of schemes of Mutual funds performed very well. Mutual fund schemes provide the higher returns to the investors. It is also concluded that equity funds have higher returns & higher risk rather than debt funds.

Objectives of present study

1. To study the growth of Mutual Fund Industry in India.
2. To study the Pattern of investment of Mutual Funds Industry.

Research Methodology

The present study is descriptive in nature based on secondary data. Data is collected through news papers, journals, periodicals, Annual reports of Security Exchange Board of India.

Analysis & Interpretation

1. **Table -1, Growth of Assets under Management of Indian Mutual Fund Industry.**

Period	Assets at the end of period(Cr)
2000-01	90587
2001-02	100594
2002-03	109299
2003-04	139616
2004-05	149600
2005-06	231862
2006-07	326292
2007-08	505152
2008-09	417300
2009-10	631979
2010-11	592250
2011-12	587217
2012-13	701443
2013-14	825240
2014-15	1082757
2015-16	1232824
2016-17	1754619
2017-18	2136000

Sources: SEBI Annual Reports Data

Above Table 1 indicates, Assets under Management are increased from Rs. 90587 crores in the Financial Year 2000-01 to Rs. 2136000 crores in the Financial Year 2017-18. There is continuous increase in the assets of Mutual Funds Industry over the years and also indicates the immense scope for unprecedented growth of the industry.

TABLE – 2, Sector wise Resources Mobilization

Period	Private Sector MFs Net Inflow/ Out Flow of funds (Cr)	Public Sector MFs Net Inflow/ Out Flow of funds (Cr)	TOTAL (Cr)
2009-10	54928	28152	83080
2010-11	-19215	-30191	-49406
2011-12	-15446	-6578	-22024
2012-13	65102	11437	76539
2013-14	48838	4943	53781
2014-15	103700	-412	103288
2015-16	91394	42787	134181
2016-17	279388	63661	343049
2017-18	228471	43326	271797

Sources: SEBI Annual Reports Data

Table 2 reveals that, in the financial year 2009-10 the private sector mutual funds share in net resource mobilization was 66.1 per cent comparatively the share of Public sector Mutual Funds was 33.89 per cent. In the financial year 2017-18, the share of Private Sector Mutual Funds in net resource mobilization is 84.1 and the share of Public sector Mutual Funds is 15.9 per cent which shows that private sector have continue dominance in the mutual fund industry.

Table 3 Scheme wise Resource Mobilization by Mutual Funds

Figures in crores

Schemes		2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Income/ Debt Oriented Schemes	Sales	9944693	8777034	6754113	7213578	9709762	10912088	13551553	17303610	20420305
	Redemption	9863485	8817377	6779766	7123396	9646422	10889532	13518545	17090456	20432029
	Net	81208	-40343	-25653	90182	63340	22556	33008	213154	-11724
Growth / Equity Oriented Schemes	Sales	64714	66592	50619	43364	46093	148171	165276	219550	400451
	Redemption	62566	79730	50498	57951	55362	77142	91249	149183	229382
	Net	2148	-13138	121	-14587	-9269	71029	74027	70367	171069
Balanced Schemes	Sales	4693	7490	5027	5205	3435	9974	28487	50621	119326
	Redemption	5386	6145	4645	4989	5421	9198	8744	14011	29569
	Net	-693	1345	382	216	-1986	776	19743	36610	89757
Exchange Traded Fund	Sales	3535	7709	8563	5052	6869	9974	19966	41421	58372
	Redemption	2752	4072	5540	3850	6273	9198	12145	18143	35249
	Net	783	3637	3023	1202	596	776	7821	23278	23123
Fund of Funds Investing Overseas	Sales	1387	689	1356	686	1941	609	274	347	20998652
	Redemption	1754	1596	1254	1160	840	1509	691	707	20726855
	Net	-367	-907	102	-474	1101	-900	-417	-360	271797
Total	Sales	10019022	8859514	6819678	7267885	9768100	11080816	13765556	17615549	41997106
	Redemption	9935943	8908920	6841703	7191346	9714318	10986579	13631374	17272500	41453084
	Net	83079	-49406	-22025	76539	53782	94237	134182	343049	544022

Sources: SEBI Annual Reports Data

Table 3 Depicts the scheme wise Resources Mobilization by Mutual Funds for the period of 2009-10 to 2017-18, The sales of all the schemes are increased to Rs. 17615549 in the financial year to Rs. 10019022 in the financial year 2009-10 and redemption is also increased to Rs. 17272500 to Rs. 9935943. The net utilization of resources by mutual fund in all schemes are increased to Rs. 343049 in the financial year 2017-18 from Rs. 83079 in the financial year 2009-10 which shows the continue increase in the mutual funds resources mobilization during the years.

TABLE 4, Total Number of Schemes in Mutual Funds

Schemes	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Income / Debt Oriented Schemes	458	679	872	857	1178	1346	1831	1675	1357
Growth / Equity Oriented Schemes	355	376	352	347	325	434	473	484	514
Balanced Schemes	33	32	30	32	29	25	28	30	31
Exchange Traded Fund	21	28	35	37	40	48	58	63	68
Fund of Funds investing Overseas	15	16	20	21	27	31	30	29	28
Total	882	1131	1309	1294	1599	1884	2420	2281	1998

Sources: SEBI Annual Reports Data

Table 4 indicates that there is continue increase in number of schemes from 2009-10, 882 schemes to financial year 2011-12, 1309 schemes and then reduced in the financial year 2012-13 again started increase number of schemes in financial year 2013-14 (1638 schemes) to Financial year 2016 -17 (2420 schemes), in financial year 2017-18- 1998 schemes are retained. There is also increase in the schemes of Funds of funds investing overseas from 15 schemes to 28 schemes.

TABLE: 5 Trends in Mutual Fund Transactions on Stock Exchanges

Period	Equity (Cr)	Debt (Cr)	Total (Cr)
2008-09	6985	81803	88788
2009-10	-10512	180588	170076
2010-11	-19802	249153	229351
2011-12	-1358	334820	333462
2012-13	-22749	473460	450711
2013-14	-21224	543247	522023
2014-15	40722	587018	627740
2015-16	66144	376292	442436
2016-17	56559	319853	376412
2017-18	141769	370716	512485

Sources: SEBI Annual Reports Data

Table 5 shows that during the financial year 2017-18 mutual fund investment in debt is 72.3 per cent of total mutual fund investment in stock exchange. There is more investment in the debt funds during the past years rather than equity share capital.

Summary of Findings

The Assets under Management of mutual funds increased in the financial year 2017-18 by 24% in comparison to 2000-01. Sector wise mobilization of resources in private sector in the financial year 2009-10 was 66.11 per cent and in public sector was 33.89 per cent in the financial year where as in the financial year 2017-18 the share of private sector has increased to 84.06 per cent and decreased the share of public sector to 15.94 per cent. Sales are increased to Rs. 41997106 in the Financial year 2017-18 from Rs. 10019022 in the Financial Year 2009-10 and comparatively redemption is also increased in the financial year 2017-18 to Rs. 41453084 from Rs. 9935943 in the financial year 2009-10, as a result the net sales are increased by Rs. 460943 which shows the higher increase of mutual fund industry and total number of schemes are also increased from 882 (Financial Year 2009-10) to 2420 (Financial Year 2015-16). The investment in the equity is also increased from Rs. 6985 (Financial year 2008-09) to Rs. 141769 (financial year 2017-18) and there is also increase in the debt funds to Rs. 370716 (financial year 2017-18) from Rs. 81803(financial year 2008-09).

Conclusion

As per the analysis, it is observed that Mutual Fund industry is growing very fast. Industry also contributed to the GDP ratio by 12.8 per cent in the financial year 2017-18 which is also increased from the financial year 2016-17 (contributed to GDR ratio 11.6 per cent) which shows the higher contribution of industry towards the growth of the nation. Mutual fund industry attracted the individuals towards the stock market. Individuals who are not able to invest their money in the stock market due to higher risk and higher investment amount, now started to make investment in the stock market through bundles of securities in the mutual funds. Mutual Fund Industry preferred the Private Sector for the higher returns and growth of the investors.

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