

ANALYTICAL STUDY OF GROWTH OF THE MUTAL FUND INDUSTRY**Dr. Shuchi Gautam¹ and Dr. Mishu Tripathi²**¹Professor and ²Assistant Professor, Thakur Institute of Management Studies and Research¹Shuchi.gautam@thakureducation.org**1. INTRODUCTION**

India has been ranked 7th in terms of nominal GDP, and in terms of mutual fund assets under management, the ranking of india is 17th. Less than 2% of the 1.3 billion people in the nation invest in mutual funds, compared to significantly larger percentages in industrialized economies such as the US.

Mutual funds investments have have significantly increased over the last decades and have contributed to the growth of markets significantly (Anderson & Ahmed, 2005). The phenomenal growth in the Asset under management (AUM) has been witnessed in last decade years-from Rs. 5.9 trillion at the end of 2011-12 to 28 trillion crore at the end of 2020-21(Source AMFI Annual report 2021) shows a successful and bright story ahead for the mutual fund industry.

Instead of being an asset management sector as described by international peers, the industry has transformed itself into a mutual fund industry. There is a chance to provide items that cater to various needs of investors. Increasing the adoption of products like ETFs and tapping into the management of pension and insurance funds are opportunities presented by global trends.

The mutual fund industry was started in the year 1963 in India with the establishment of the Unit Trust of India (UTI) with the initiative of the RBI and the government of India. According to AMFI, the growth journey of mutual funds in India falls into five broad phases.:

Phases of Mutal Fund Industry

Phase	Year	Key Milestone
First Phase	1964-1987	Formation of UTI, Unit Scheme 1964 the very first scheme which was launched, In 1988 UTI AUM was 6700 cr.
Second Phase	1987-1993	Public Sector entry in the mutual funds, At the end of 1993 Aum was Rs 47004 crores
Third Phase	1993-2003	Private sectors entered the Mutal funds,33 Mutal funds with an AUM of Rs 121805 crores
Fourth Phase	2003-2013	Global turmoil hits, and Growth becomes sluggish, In 2013 the AUM was Rs
Fifth Phase	2014--ongoing	Mutual funds penetrate in tier 1 and tier 2 cities, AUM crossed the significant mark of 10 lakh crore in 2014 and since then created new milestones. In Nov 2020 it crossed the milestone of 20 lakh crore

(Source: AMFI)

2. OBJECTIVES**The Objective Framed for this Research Papers Are**

1. To study the analysis of performance and growth of Mutual fund industry in India in last 10 years
2. To Analyse the growth in Asset management and growth pattern in the Mutal fund industry
3. To analyze the mutual fund industry AUM / GDP ratio

3. METHODOLOGY

The methodology used in the study is analytical in nature. The analysis of secondary data is conducted to conclude the findings. The secondary sources include journals, research articles and reports, books, websites, and publications and reports of various research bodies like AMFI, Reserve bank of India report, SEBI reports CRISIL reports, etc. The collected data anslysis was done using analytical tools and charts and interpreted to draw findings and conclusion

4. THEORETICAL FRAMEWORK

Deepak Agrawal (2011) observed that since the development of the financial markets in India and establishment of regulations of the economy in year 1992, financial markets and economy witnessed a lot of changes. Mutual funds contribute significantly to the globalization of markets and sources of capital flows to the economy. Their study observed that the growth and performance of Mutual funds is influenced by investment and saving habits and the loyalty of the fund Manager.

Bansal et.al (2014) compare the Performance of various types of Schemes in their research. The study holds great value for Asset management companies and investors also to monitor and evaluate the portfolios performance.

Renu Gosh (2014) analysed in her research analysed the mutual fund schemes performance through the analysing risk-return and various mutual funds performance ratio. With the results of performance tools and ratio the researcher observed that the mutual fund scheme that are sponsored by private foreign companies is better than the mutual fund schemes sponsored by public and private companies

Bhagyasree et.al (2016) investigated the performance of various schemes between 2011 to 2015 of the transitioning economy. The study found that there are various problems faced by the schemes among which underperformance and diversification are the major reasons. It was also observed that ratios are positive for maximum funds which interpreted that funds were providing better return.

Sharma (2016) her research, examined the stages of development through mutual fund industry has passed through since UTI was founded and public and private firms began to enter the finance sector. According to this study, a nation's inadequate capital management is the primary reason of its underdevelopment, and it is suggested that a healthy financial system depends greatly on the efficient mobilization of deposits.

Kanodia (2017) in his study, conduct the review of literature of the various papers on mutual funds and he observed that there exists correlation between the return of market and mutual funds.

Rajesh Chakrabarti et.al (2020), the research attempted to ascertain the various possible reasons of the lower rate of penetration of mutual fund in India as well as to comprehend the reasons. Through the use of this research, they have attempted to shed light on reasons for the lower and less penetration of MF and has examined the critical elements that are crucial to their success.

Y. Maheshwari (2020)- A comparative analysis of a few chosen mutual funds is presented in this study. The evaluation and analysis of mutual fund execution is the goal of this study. This research study's primary goal is to analyze particular mutual fund schemes using a few useful factors and think about financial issues.

Mwabuli Eric, Gwacha Annabahati (2023), The author of this research attempted to evaluate impact of the mutual fund cash flow on investors' returns. The quantitative secondary data used in this investigation. EC, FG, and IR are its three variables. Using secondary data, this eight-year study is focused on investors in Tanzania. This analysis shows that mutual funds offer a strong return and that both the economy and fund growth are favorable.

Surendra Kumar Verma¹, D. K. Nema (2023) The following factors will encourage the mutual funds industry in India to grow: (i) technology and internet advance, investing becomes easier. (ii) Mutual fund products are used more widely and with greater knowledge in rural regions. The long-term wealth-producing potential of mutual funds, as perceived by investors; a growth in household excess and discretionary income; and a rise in family and overall savings.

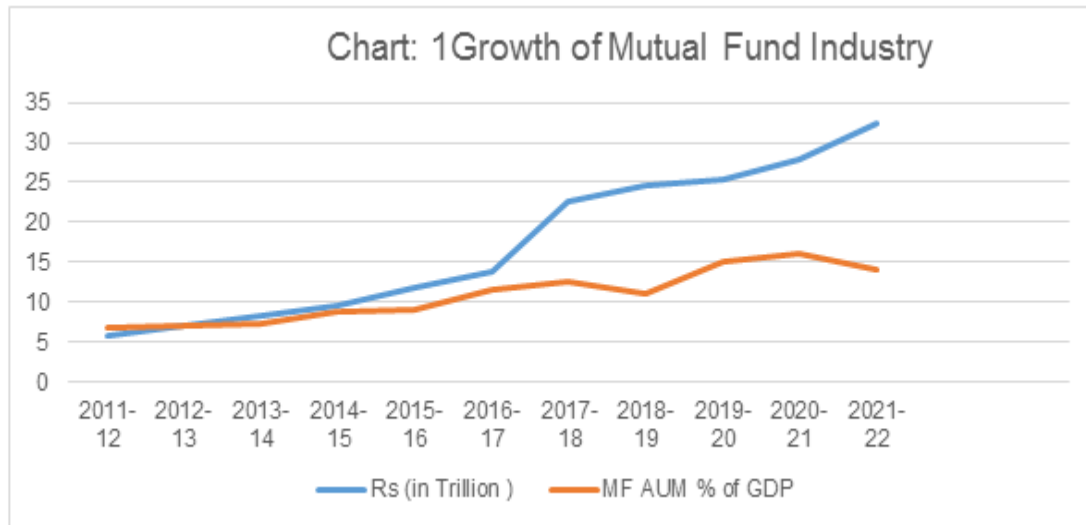
5. DATA ANALYSIS

Table 1: AUM Growth and MF AUM % of GDP

Year	Rs (in Trillion)	MF AUM % of GDP	Year	Rs (in Trillion)	MF AUM % of GDP
2011-12	5.9	6.7	2017-18	22.71	12.7
2012-13	7	7.1	2018-19	24.58	11
2013-14	8.3	7.3	2019-20	25.28	15
2014-15	9.45	8.7	2020-21	27.78	16
2015-16	11.93	9	2021-22	32.42	14

2016-17	13.86	11.5			
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Source: AMFI



(Source: AMFI)

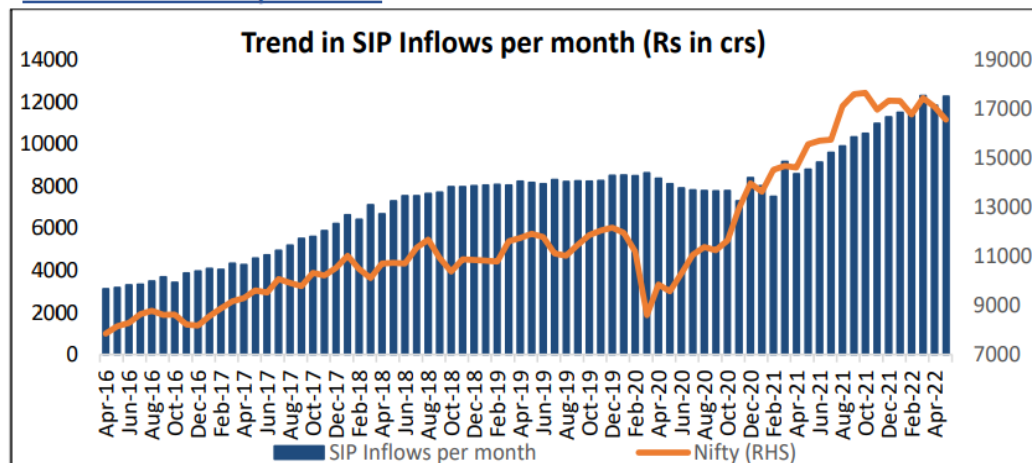
The mutual fund industry has shown an excellent journey with significant increase in current net assets under management (AMU) as of month ending March, 2020, being Rs.25.28 trillion. The Indian mutual fund industry breakthrough an important milestone an AUM of Rs. 10 lakh crores on May 31, 2014. By start of December 2020, the AUM size of the mutual fund industry achieved an important landmark and it crossed Rs. 30 lakh crores

In March 2020, this ratio fell to a four-year low of 10.9% due to the impact of the Indian market crash and COVID-19. Before outbreak of COVID-19, ratio of assets under management to gross domestic product grew steadily for six fiscal years, peaking at 12.5 percent. The ratio of assets managed by mutual funds to the gross domestic product has grown considerably over the years.

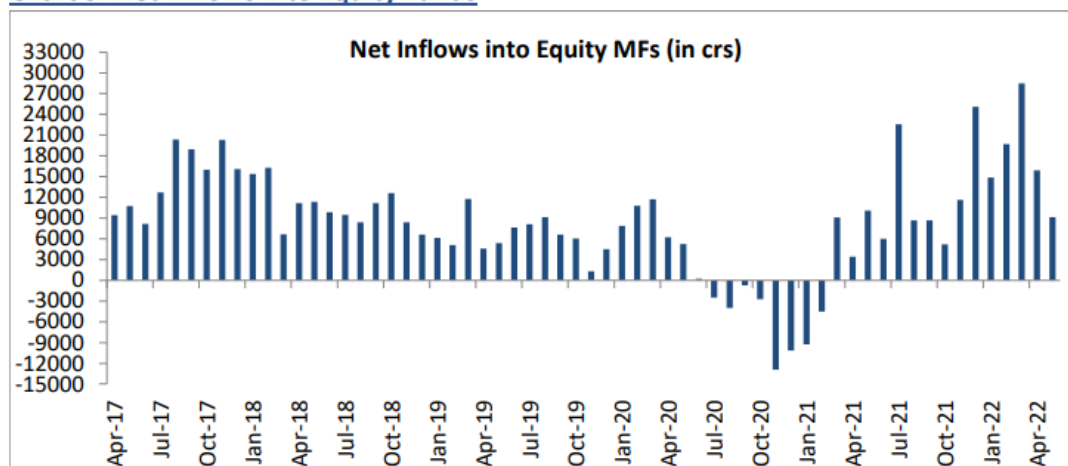
Mutual Fund Industry Key Milestones

AUM Milestone Number	Timeline
Rs 10 lakh crore	May-14
Rs 20 lakh crore	Aug-17
Rs 30 lakh crore	Nov-20
Rs 40 lakh crore	Nov-22

With growing investment opportunities and operational excellence and flexibility, the mutual fund industry also provides an attractive return to investors (RBI, 2021). As of now, there are 43 AMC registered with the SEBI of India. Babbar & Sehgal (2018) in their research identified the significance of various fund characteristics in determining mutual funds performance in India. The results show that size of fund and nav can have a negative impact on one-year risk-adjusted returns in India, although aging of fund has a positive impact.

Chart 2: SIP inflows per month

(Source PWC report & AMFI)

Chart 3: Net Inflows into Equity Funds

(Source PWC report & AMFI)

The mutual fund industry was able to add Rs 2.2 lakh crore in AUM in year 2022, driven by a significant consistent increase in monthly SIP

Mutual fund AUM % of GDP also shows a significant growth from 11.5 % in 2016-17 to 16 percent in the year 2020-21. The industry growth pace become slower in the year 2022 due to uncertainty financial markets, global slowdown, fluctuating interest rate rising inflation affecting the economy environment at large

The major contributor in increase in asset base in year 2022 is because of advanced Systematic Investment plans flows, which crossed Rs 13,000 crore in November.

6. FINDINGS

Significant growth was observed in mutual funds. The assets under management are growing year after year. There has been a constant growth in the investments in mutual funds. Average assets under management are steadily growing, although investment levels have decreased slightly during the coronavirus pandemic, but investment in mutual funds has continued.

Analyzing the data in Table 1 revealed that the best years were 2016-17 and 2017-18, as it shows a significant increase in the percentage change in AUM of the fund. The data analysis demonstrates growth in performance mutual funds which reflects that AUM is increasing yearly even after the slowdown impact of pandemic in 2020-21 and 21-22.

Study shows that mutual funds industry in India showing a promising story with increasing growth rate, and investors are aware about investments because education level people is increasing day by day.

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Investors trust investment funds, but parallel it shows that there is room for improvement. Mutual funds give positive returns comparatively, that's why investors prefer investing in them. Investors compare different investment methods to put their investments, and anticipate the best return that an investment can offer.

Investors compare traditional investment methods like etc with mutual funds, although if you think about traditional methods, mutual funds offer better returns in the long run, around 10-12%, which is clearly better than other traditional investments. Another factor that an investor should consider is the different professional backgrounds, it becomes difficult for investors to keep tracking of shares and equities, so it's better to take the professional help and let them get managed by professional fund manager.

Although mutual funds remain always a good choice, same type of people have different investment preferences and mutual funds offer them the various avenues for the investments.

7. CONCLUSION

The Indian investment industry is poised for significant growth and offers enormous investment potential. With a growing middle class financial literacy and savings culture, it plays an important role in wealth creation and financial planning. Fuelled by recent tax reforms, increased transparency, and new horizons, the dynamic outlook for the Indian mutual industry promises an exciting journey. The Indian investment market will grow at a CAGR of 22.5% during the forecast period (2022-2028). (Blue Textile Consulting) Evolving regulations, innovative fund houses, and savvy investors are further enhancing its potential and making it an attractive area for both new and experienced investors. Today, mutual funds have become one of the most sought-after financial instruments for private and institutional investors to achieve various financial goals. The industry has also seen several trends that highlight its bright future ahead.

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